TOWARD A CONFLICT-SENSITIVE POVERTY REDUCTION STRATEGY

A Retrospective Analysis

Second Edition

Social Development Department
June 1, 2007
Document of the World Bank
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FOREWORD

In what ways have Poverty Reduction Strategies (PRS) in conflict-affected countries taken their particular contexts into account? How did the countries plan to address sources of conflict and deal with the destructive consequences of violence? These are among the key questions discussed in this report, based on retrospective case studies of the first PRS in Bosnia-Herzegovina, Burundi, Cambodia, Chad, Georgia, Nepal, Rwanda, Sierra Leone, and Sri Lanka.

This study was conducted as part of a four-year program, implemented by the World Bank’s Social Development Department (SDV) in cooperation with other Bank departments and the UK Department for International Development (DFID), aiming to contribute to effective poverty reduction strategies in conflict-affected countries.

The report was written by Shonali Sardesai, Katrina Sharkey, and Per Wam. They received inputs and contributions from a large number of colleagues, including: Sigrun Aasland, Bhuvan Bhatnagar, Sarah Cliffe, Maria Correia, Deborah Davis, Vincent Fruchart, Donata Garrasi, Linda van Gelder, Mileydi Guilarte, Peter Harold, Brendan Horton, Zlatko Hurtic, Stephanie Kuttner, Mark Mattner, Duncan Overfield, Jennifer Stuttle, and Robert Wilkinson. The report was originally developed as Economic and Sector Work (ESW) led by Per Wam and Katrina Sharkey, under guidance of Ian Bannon and Caroline Kende-Robb (June 30, 2005). The second edition of the report is slightly reorganized and incorporates comments received.

The retrospective case studies were conducted by Sigrun Aasland, Niclas During, Lindsay Judge, Svetlana Luca, Victoria Salinas, Shonali Sardesai, Katrina Sharkey, Maude Svensson, and Per Wam. They received inputs and help from a large number of individuals, including government officials, NGO staff, donor representatives, local consultants, and DFID, UN, and World Bank staff working with the countries covered by the retrospective study.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>APC</td>
<td>All People’s Congress (Sierra Leone)</td>
</tr>
<tr>
<td>BiH</td>
<td>Bosnia and Herzegovina</td>
</tr>
<tr>
<td>CAF</td>
<td>Conflict Analysis Framework</td>
</tr>
<tr>
<td>CBO</td>
<td>Community-based Organization</td>
</tr>
<tr>
<td>CPN</td>
<td>Unity Centre Party (Nepal)</td>
</tr>
<tr>
<td>CSO</td>
<td>Civil Society Organization</td>
</tr>
<tr>
<td>DEPAC</td>
<td>Development Partnership Committee (Sierra Leone)</td>
</tr>
<tr>
<td>DfID</td>
<td>Department for International Development (UK)</td>
</tr>
<tr>
<td>DWG</td>
<td>Donor Working Group on the Peace Process (Sri Lanka)</td>
</tr>
<tr>
<td>GNI</td>
<td>Gross National Income</td>
</tr>
<tr>
<td>HIPC</td>
<td>Highly Indebted Poor Countries</td>
</tr>
<tr>
<td>IDP</td>
<td>Internally Displaced Person</td>
</tr>
<tr>
<td>IFI</td>
<td>International Financial Institution</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>I-PRSP</td>
<td>Interim Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>LICUS</td>
<td>Low Income Country Under Stress</td>
</tr>
<tr>
<td>LTTE</td>
<td>Liberation Tamil Tigers of Eelam (Sri Lanka)</td>
</tr>
<tr>
<td>NCHR</td>
<td>National Commission for Human Rights (Rwanda)</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organization</td>
</tr>
<tr>
<td>NPFL</td>
<td>National Patriotic Front (Sierra Leone)</td>
</tr>
<tr>
<td>NPRS</td>
<td>National Poverty Reduction Strategy (Cambodia)</td>
</tr>
<tr>
<td>NRS</td>
<td>National Recovery Strategy (Sierra Leone)</td>
</tr>
<tr>
<td>NURC</td>
<td>National Unity and Reconciliation Commission (Rwanda)</td>
</tr>
<tr>
<td>PRA</td>
<td>Participatory Rural Appraisal</td>
</tr>
<tr>
<td>PDR</td>
<td>People’s Democratic Republic (Laos)</td>
</tr>
<tr>
<td>PRS</td>
<td>Poverty Reduction Strategy</td>
</tr>
<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
</tr>
<tr>
<td>RUF</td>
<td>Revolutionary United Front (Sierra Leone)</td>
</tr>
<tr>
<td>SAPRI</td>
<td>Structural Adjustment Participation Review (Ghana)</td>
</tr>
<tr>
<td>UNAMSIL</td>
<td>United Nation’s Mission to Sierra Leone</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UXO</td>
<td>Unexploded Ordinance</td>
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</table>
SUMMARY

Building on a retrospective assessment of the experiences with the Poverty Reduction Strategy (PRS) processes in nine conflict-affected countries\(^1\) – Bosnia-Herzegovina (BIH), Burundi, Cambodia, Chad, Georgia, Nepal, Rwanda, Sierra Leone, and Sri Lanka,\(^2\) this report discusses how the causes and consequences of violent conflict can best be addressed within a country’s poverty reduction program. The report identifies the main conflict factors that have affected the nine countries in the sample; examines how the PRS teams took these factors into account in developing their strategies for growth and poverty reduction; and attempts to draw lessons based on the findings. The analysis does not assess resource allocation, budget or implementation because of uneven data between the nine cases which represent a broad range of stages in the PRS preparation and implementation process.

The analysis is part of a four-year program that aims to: (i) determine how the causes and consequences of violent conflict can best be addressed within a country’s poverty reduction program; and (ii) generate and disseminate lessons, good practices, tools, and guidance to increase the conflict sensitivity of the PRS. The analysis is based on the recognition that conflict and poverty are closely interrelated. Countries affected by violent conflict tend to experience increased levels and new types of poverty, including damage to economic, social and human capital. Conversely, although poverty itself is neither a necessary nor a sufficient condition for violent conflict, empirical evidence shows that poorer countries are more likely to experience violent conflict. Additionally, conflict is often driven by horizontal, group-based, inequalities and fueled by strong intra-group bonding at the cost of ties between social groups across society, a distortion which in turn is strengthened by conflict escalation.

In all nine countries, certain key factors affected conflict in different ways, including: exclusionary state and weak governance; economic stagnation or decline; social divisions along ethnic, religious or clan lines; in-country regional disparities; competition for land and other natural resources; militarization of society; and sub-regional instability caused by porous borders, accessible natural resources, arms trade, inter-state rivalries, and refugee flows. The report discusses how conflict factors were dealt with in the key pillars\(^3\) of the PRS process and suggests ways to strengthen sensitivity to conflict in each pillar as well as in the overall PRS approach. The findings are summarized below.

**Overall approach.** The report underlines the need for the PRS to capture and respond to the specific characteristics of the country situation. This would require focused, but not necessarily exhaustive, analysis of the situation to capture key characteristics of the country context, including the specific economic and social factors that affect conflict in the country. Furthermore, as conflict-affected countries are often characterized by great volatility and quickly changing situations, and their governments often face serious capacity constraints, the PRS should be nimble and flexible both in process and content. As the country becomes more stable and gains better capacity, later PRS iterations can incorporate more complex analysis and be more comprehensive. Finally, the report acknowledges that a PRS in conflict affected countries carries certain specific risks. The more carefully the process takes conflict factors into account and the more realistically the PRS content reflects the specific country context, the better the potential risks can be managed.

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\(^1\) Conflict-affected countries are defined as those that have recently experienced, are experiencing, or are widely regarded as at risk of experiencing violent conflict.

\(^2\) The program, entitled “Ensuring Effective Poverty Reduction in Conflict-Affected Countries,” is funded by the World Bank and DfID, and carried out in collaboration with interested donors.

\(^3\) Participation; poverty diagnostic; policy actions; institutional arrangements; and donor engagement
Participation. Despite constraints posed by insecurity, lack of territorial control, exclusionary governance, and weak capacity, the study showed that PRS processes opened up new space for participation by citizens into social and economic policy planning in several of the nine countries. Participation in conflict affected environments can be more effective when it systematically includes war-affected groups; takes place both at national and at local levels; is supported by strategic communications; and is gradually institutionalized. The study underscored the importance of transparency by tracking use or rejection of concerns and suggestions generated in the consultation process. There is evidence that the PRS participation process can be a vehicle for increased collaboration between population groups that have been on different sides of conflict fault lines. However, different approaches to participation entail risks as well as opportunities expectations need to be tempered with realism and seen in light of modest increments of change over time.

Poverty diagnostics. While the poverty diagnostics in the countries studied did contain a multidimensional view of poverty, they included only limited efforts in exploring how poverty factors and conflict drivers interact, which clearly reduced the effectiveness of the diagnostics. Because of the conflict situation, the countries were constrained by weakened statistical and analytical capacity as well as lack of data. Political tensions often also made it difficult to explicitly address conflict issues in the diagnostics. The report calls for a stronger focus on conflict-induced poverty and for a more systematic analysis of the relationship between poverty and conflict, including use of conflict analysis tools. Given the limited data availability and collection constraints, it encourages the use of complementary data sources and the use of more innovative methods for capturing poverty-conflict linkages.

Policy actions. The assessment showed that while all the nine countries sought to address many of the key consequences of violent conflict through the PRS, there was little systematic attempt in the action program to address sources of violent conflict. Because of the close link between poverty and conflict factors in these countries a more systematic exploration of the relationship could yield important conflict prevention impacts. Furthermore, while security issues were included they were not dealt with in a cohesive and strategic manner. The report calls for better contextual analysis as basis for applying a conflict lens on the selection, prioritization and content of the policy actions, and for assessment and monitoring of the effects of the policy actions on the country’s conflict dynamics.

Institutional arrangements. The formal structures and rules that determine the relationship between actors involved in the PRS process can either reinforce or redress power imbalances that underpin conflict in a country. Some governments placed a high premium on institutional arrangements that in some way took imbalances between groups into account. However, the actual process was usually less inclusive than its design. The report calls for transparent arrangements that are consciously designed and executed to take account of conflict fault lines and diverse interests. It also encourages governments to consider these arrangements as a first step in a wider process of gradual devolution of power, responsibilities and resources across the society.

Donor engagement. Weak domestic capacity in the immediate post-war period often gave donors excessive influence over countries’ development policy. At the same time, the study found donors to have unrealistic expectations regarding the ensuing PRS, given situations of continuing instability, political divisions, and weak capacity. Donor support would be more effective if it focused more on strengthening capacity and country ownership of the PRS, than on pursuing specific pet causes. Technical assistance, for instance to strengthen domestic capacity for conflict-sensitive poverty diagnostics, would be an important contribution to the PRS.
INTRODUCTION

This report presents a retrospective analysis of experiences with the Poverty Reduction Strategy (PRS) process\(^4\) in nine conflict-affected countries – Bosnia-Herzegovina (BIH), Burundi, Cambodia, Chad, Georgia, Nepal, Rwanda, Sierra Leone, and Sri Lanka. The analysis is part of a three-year program that aims to: (i) determine how the causes and consequences of violent conflict can best be addressed within a country’s poverty reduction program; and (ii) generate and disseminate lessons, good practices, tools, and guidance to increase the conflict sensitivity of the PRS. The PRS has become the primary tool for articulating a medium-term strategy for growth and poverty reduction in about 65 low-income countries – some 20 of which have been affected by conflict over the last decade, and with other conflict-affected countries still to begin the process. The ultimate goal of the three-year program is to contribute to more effective poverty reduction in countries affected by conflict.

Development agencies are increasingly recognizing the importance of viewing their interventions in conflict-affected countries through a conflict lens, as a way to more fully understand the complexities of the countries in which they work. As a result, increased efforts are being made to assess conflicts and identify factors that drive their escalation and de-escalation. The work is underpinned by a recognition that greater sensitivity to the sources and consequences of conflict throughout the PRS process will improve both outcomes in poverty reduction and conflict prevention.

The analysis aims to distill and disseminate lessons, good practice and potential measures through which PRSs can become more conflict sensitive, in order to make poverty reduction more effective in such circumstances. The report assesses the conflict sensitivity of each of the following PRS components: participation, poverty diagnostics, policy actions, institutional arrangements, and donor behavior.

The report does not assess the resource allocations and budgets, or implementation, of the nine PRSs. A robust assessment of conflict-sensitivity based on resource allocations would go beyond the scope of this analysis given the uneven level of such information, especially related to the I-PRSs, and the problem of comparing resource allocations to very different types of policy actions. Examination of actual PRS implementation was not included simply because of the time-line: most of the nine PRSs were still too new to provide a clear picture at the time of the case studies. The report does, however, refer to implementation challenges in several instances.

This report is divided into three sections. Section I lays out the approach to the analysis and clarifies the conceptual definitions. Section II discusses the main conflict findings that echo across the nine sample cases and proposes potential responses. Section III draws from the experiences of the nine cases to discuss how conflict issues are dealt with in the main PRS components and provides pointers on how the PRSs can more effectively integrate conflict sensitivity in their preparation processes as well as in the content of their strategies.

\(^4\) While PRSP originally referred to the Poverty Reduction Strategy Paper, it has now come to imply an iterative process (usually called the PRS process or approach), with the Paper being a tangible product but by no means the only outcome of the process. In this report, PRS is used for the general approach while PRSP (and I-PRSP) is used for a specific (named) country strategy and document.
SECTION I:
CONCEPTUAL FRAMEWORK AND APPROACH

**Box 1: Defining Conflict and Conflict-affected Countries**

For the purpose of this analysis, conflict is defined as a dynamic process involving two or more societal groups pursuing incompatible objectives, leading to positive and negative changes. The manifestations of conflict vary according to the means employed: A conflict is predominantly violent when the use of violence outweighs the use of political or other means. Violent conflicts range in intensity and scope from small occurrences that affect only a few members of the population, to full-scale wars that result in more than 1,000 combat deaths in a year.

Conflict-affected countries are defined as those that have recently experienced, are experiencing, or are widely regarded as at risk of experiencing violent conflict. The Conflict Analysis Framework (World Bank, 2005) applies select indicators to help determine risk of conflict escalation. Risk would increase with higher number of the following indicators correlating positively in the country: violent conflict in the past 10 years; low per capita GNI; high dependence on primary commodities exports; political instability; restricted civil and political rights; militarization; ethnic dominance; active regional conflicts; high youth unemployment.

**Interrelationship between Conflict and Poverty**

This analysis is based on the recognition that conflict and poverty are closely interrelated. Poor countries are more likely than other countries to experience violent conflict, evidenced by the fact that most civil wars since 1960 have erupted in low-income countries. At the same time, countries that have been affected by violent conflict tend to suffer from aggravated poverty and falling national incomes. Research suggests, for example, that countries lose about 2 percent of annual economic growth during civil wars. After a seven-year civil war, therefore, incomes would be about 15 percent lower than otherwise, which translates into 30 percent increase in absolute poverty. Similar trends can be observed within conflict-affected countries, with poverty tending to be higher in regions that have experienced violent conflict than in other parts of the country.

The destruction of economic and human capital and the distortion of social capital resulting from conflict have serious negative impacts on the levels of poverty. Severe damage to physical infrastructure and productive assets disrupt economic activity and tend to reduce employment levels and foreign investment inflows. Such adverse conditions are magnified by continuing insecurity. In addition, increases in security-related spending often divert scarce resources away from productive investments and public

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5 In a post-conflict society, the determinants of poverty can be classified as two types: structural issues pre-dating the conflict, which may or may not be correlated with the conflict (traditional structural-based poverty); and new issues that may have arisen as a consequence of conflict (conflict-induced poverty). While there are similarities between these forms of poverty, it is important to differentiate between them for two main reasons: (i) failure to pay special attention to poverty resulting from conflict could undermine the peace, i.e. unequal access to social services, shelter, and economic opportunities could intensify existing social divisions, thus producing more conflict; and (ii) conflict-induced poverty requires the redress of consequences of conflict, i.e. destroyed roads and infrastructure.

6 For example, the Sri Lankan PRSP, Regaining Sri Lanka, December 5, 2002, notes that a Central Bank of Sri Lanka study found that the conflict reduced economic growth by 2-3 percentage points a year. If Sri Lanka had not experienced conflict, its income level would have been at least twice the current level – similar to that in Thailand and Singapore.


8 Social capital is defined as the associations within and between groups in a society.
spending. Capital flight from conflict-affected countries also rises, along with dependence on imports and foreign aid. Furthermore, conflict undermines and weakens governing institutions and reduces both their ability to plan and implement policy, and to effectively uphold the rule of law. Conflict also erodes the government’s tax collection capability, and the tax base more generally. Lack of revenue, in turn, has important implications for post-conflict recovery, particularly rebuilding of infrastructure and social service delivery. The intersection of these factors increases both the depth of poverty and the risk of conflict being reignited.\(^9\)

Conflict-affected countries also face significant human capital constraints. The high financial cost to governments of engaging in violent conflict leads to a decrease in public expenditures on health and education in real terms, as well as in shares of GNI. Increasing illiteracy rates and poor education due to continuous disruptions, decline in health status of the population, and poor delivery of social services also weakens the ability of the population to recover economically and move out of poverty. The fall in the employable number of youth, as a result of death, injury or drafting into rebel groups, reduces the human capital available for livelihood development. In addition, violent conflicts generally create large numbers of internally displaced persons (IDPs), orphans and widows, as well as disabled and injured persons, who have lost their livelihoods and have often been brutally traumatized. These challenges in turn tend to be exacerbated by the emigration or death of the better educated segments of the population.

Viewed from the other direction, although poverty itself is neither a necessary nor a sufficient condition for conflict, poverty factors increase the likelihood of violent conflict. Analysis indicates that a country’s overall risk or proneness to violent conflict depends on baseline and other factors, with the baseline risk or vulnerability determined by a country’s recent history of conflict and income level.\(^10\) These baseline factors interact with other factors such as economic decline or stagnation, presence of a dominant ethnic group, dependence on natural resources, unequal income distribution between different groups, and presence of unstable political outcomes. When these factors are present in low-income countries, those countries are more likely to experience violent conflict than are middle-income and upper middle-income countries in comparable situations.

More specifically, poverty can act as a source of conflict in three main respects. First, a combination of poverty and unequal access to opportunities tends to result in a significant number of poor and disaffected, particularly young men, who can be easily mobilized and recruited into armed groups. Second, poor countries tend to be characterized by weak governance structures and thus a lower capacity to manage conflict through political institutions and non-violent processes. Third, if a country with a large poor population is endowed with significant natural resources, rebel organizations not only find it easier to raise revenues, but also are able to galvanize public support against a perceived or real injustice in revenue distribution. This suggests that when poverty is seen as the outcome of a political process by which specific groups become marginal or are deprived of their resource base, the mobilizing capacity of the group increases manifold.\(^11\) In these ways, poverty increases the risk of conflict escalating into violence and extends the duration of war.

The interrelationship between conflict and poverty is often affected by group-based inequalities, i.e., inequalities that develop between distinct social groups on the basis of their ethnic, social, regional or


\(^10\) This section draws heavily on analytical work by Collier and O’Connell (2005), Collier and Hoeffler (2003), and Chalmers et al (2005 and forthcoming). According to this literature, the likelihood of violent conflict recurring within five years of a previous civil war is significantly higher than in countries previously unaffected by violent conflict.

other characteristics. These horizontal inequalities may escalate conflict into violence when differences such as ethnicity are politicized for group mobilizations, and when conflict has distorted social capital by cementing associations internal to the group while depleting ties to other groups. This in turn weakens the social glue that binds the larger society together. The distortion of social bonds in the form of trust and networks negatively affect countries’ level of growth and development, which research shows to be significantly inter-linked with the intensity of social bonds.

**What does Conflict Sensitivity entail?**

For the purpose of this analysis, a *conflict-sensitive PRS* is defined as one that (i) recognizes the key factors of conflict at all stages of the PRS process; and (ii) seeks to address those factors, where appropriate.

Recognition of conflict factors would entail that the PRS takes them into account and integrates knowledge of them and of the specific ways they link with poverty and growth in that country. A PRS would seek to *address* a conflict factor if it includes policy actions designed to deal with the key negative aspects, or reinforce positive aspects, of the factor.

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**Box 2: Defining Conflict Factors (Factors of Conflict)**

The term *factors of conflict* (or conflict factors) is used for those features of a country’s natural resource base, economy, social structure, governance, or political environment that: (i) have or could contribute to escalation or de-escalation of conflict, or that: (ii) are consequences of conflict that impact economic growth and poverty reduction.

‘Conflict factors’ are deliberately defined broadly in this context to capture the various features of society that affect or have been affected by conflict – both aspects need to be taken into account in a PRS. A more detailed conflict analysis conducted to guide country programming should identify the main *sources* and *drivers* of escalation and de-escalation, and the *dynamics* between the different factors at play, as this would help prioritizing as well as deciding the content of action. Identifying ‘sources’ and ‘drivers’ is more pragmatic than attempting to determine ‘causes’ and ‘causality’ because of the methodological problems linked with the latter. The benefits for programming, however, would be similar.

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**Study Approach**

This analysis examines the PRS experience in Bosnia-Herzegovina, Burundi, Cambodia, Chad, Georgia, Nepal, Rwanda, Sierra Leone, and Sri Lanka, with a focus on how conflict factors were taken into account in designing the country’s poverty reduction strategy. The findings will contribute to developing an evidence base to guide future work.

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14 Conflict sensitivity at times may mean *not* explicitly addressing a specific conflict issue, when doing so could create or exacerbate tensions. However, avoiding dealing with a specific conflict factor can only be considered conflict sensitive when part of a broader strategy to address causes and consequences of conflict.
The countries in the sample were selected to represent:

- a geographically broad range of experience (although the absence of a case from the Latin America and Caribbean region is recognized);
- varying stages in the PRS cycle (I-PRSP, full PRSP, PRS implementation);
- different conflict dynamics (civil war, regional conflict, resource-driven conflict, ethnic conflict); and
- different stages of conflict (at risk, violent conflict, post-conflict).

### Table 1: Sample Cases Classified

<table>
<thead>
<tr>
<th>Region</th>
<th>Country</th>
<th>Status</th>
<th>Board Date</th>
<th>GNI/capita 2003 (US$)</th>
<th>HDI 2002</th>
<th>Conflict Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>Burundi</td>
<td>I-PRSP</td>
<td>January 22, 2004</td>
<td>90</td>
<td>0.339</td>
<td>At risk</td>
</tr>
<tr>
<td>Africa</td>
<td>Chad</td>
<td>PRSP</td>
<td>November 13, 2003</td>
<td>240</td>
<td>0.379</td>
<td>At risk</td>
</tr>
<tr>
<td>Africa</td>
<td>Rwanda</td>
<td>PRSP</td>
<td>August 8, 2002</td>
<td>220</td>
<td>0.431</td>
<td>Post-conflict²⁸</td>
</tr>
<tr>
<td>Africa</td>
<td>Sierra Leone</td>
<td>I-PRSP PRSP¹⁹</td>
<td>September 25, 2001, May 6, 2005</td>
<td>150</td>
<td>0.273</td>
<td>Post-conflict</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>Cambodia</td>
<td>PRSP</td>
<td>February 20, 2003</td>
<td>300</td>
<td>0.568</td>
<td>Post-conflict</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>Bosnia and Herzegovina</td>
<td>PRSP</td>
<td>June 15, 2004</td>
<td>1,530</td>
<td>0.781</td>
<td>Post-conflict</td>
</tr>
<tr>
<td>Europe and Central Asia</td>
<td>Georgia</td>
<td>PRSP</td>
<td>November 6, 2003</td>
<td>770</td>
<td>0.739</td>
<td>In conflict</td>
</tr>
<tr>
<td>South Asia</td>
<td>Nepal</td>
<td>PRSP</td>
<td>November 18, 2003</td>
<td>240</td>
<td>0.504</td>
<td>In conflict</td>
</tr>
<tr>
<td>South Asia</td>
<td>Sri Lanka</td>
<td>PRSP</td>
<td>April 1, 2003</td>
<td>930</td>
<td>0.740</td>
<td>At risk</td>
</tr>
</tbody>
</table>

Institutional considerations also influenced the sample selection – most significantly, the interest of both World Bank and DFID country teams in the analysis, as well as a desire not to duplicate the work of other ongoing research studies, notably a study conducted by the World Bank’s LICUS Unit.²⁰

Three main sets of issues bearing on the PRS process were considered for each country:

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¹⁷ The stages of conflict are fluid with most countries displaying characteristics of all the three main types (at risk, in-conflict, post-conflict). They are identified here according to the conflict stage that is most prominent at the time of writing this report.

¹⁸ Post-conflict suggests that the country has moved out of violent conflict; it does not mean that the country is no longer at risk of violent conflict because the underlying conflict factors as well as factors that emerged because of the conflict still may be present.

¹⁹ The retrospective study included an examination of the Sierra Leone I-PRSP and preliminary drafts of the PRSP.

²⁰ The Low-Income Countries Under Stress (LICUS) unit has carried out a two-part review of PRSPs in LICUS countries. The first phase included a broad desk review of the PRSP approach in LICUS. The second phase involved further analysis of four country cases (Eritrea, Lao PDR, Niger, and Yemen), and desk reviews of Sudan, Liberia, and Timor Leste. For details, see Nigel Thornton and Marcus Cox, *Developing Poverty Reduction Strategies in Low-Income Countries Under Stress (LICUS)*, Agulhas, 2005.
• Conflict sensitivity of the PRS. The extent to which conflict factors were reflected and addressed in the PRS process and in recommended policy actions; and key contextual issues that either constrained or facilitated the conflict sensitivity of the process.

• Challenges created by the conflict environment. For example, the extent to which diminished capacity, entrenched power interests, lack of full territorial control, political/social taboos, lack of vertical and horizontal trust, and donor behavior constrained the PRS process.

• Lessons. How the countries addressed these challenges and integrated conflict considerations into the PRS process. How donor behavior affected the process.

To examine these issues, the analysis was carried out in four steps:

• Literature review and discussions with experts to identify the factors of conflict in each country;

• Determination of what a conflict-sensitive PRS would entail for each country, given its particular factors of conflict;

• A desk review of each PRSP, to consider how conflict factors were reflected in the document and its preparation;

• Field work to assess how conflict factors informed the PRS preparation and implementation, what constraints were encountered, and how challenges were addressed. The field work included semi-structured interviews with government officials, Bank staff, relevant donors, and other stakeholders involved in (or excluded from) the process.
SECTION II: CROSS-CUTTING CONFLICT FINDINGS

The country-specific findings demonstrate that six broad conflict-related issues identified through the application of the Conflict Analysis Framework (CAF), resonate across the nine cases. These include: (i) governance challenges; (ii) stagnation or decline in economic performance; (iii) social divisions and regional disparities; (iv) competition for land and natural resources; (v) militarization of society, and (vi) sub-regional instability. These issues do not represent exclusive and fixed categories: they interact, overlap, and vary in their degree of importance depending on the country. The following discussion attempts to highlight the main manifestations of these six conflict-related issues as they played out in the sample country cases, and seeks to examine how they led to or worsened conflict conditions. For purposes of illustration, the section also provides an outline of suggestions on how to address some of the conflict challenges. (An overview of key conflict factors in each of the nine countries covered by the study can be found in Annex I).

Conflict Findings

Exclusionary States and Weak Governance

Most of the sample countries had state structures and governance systems wherein political power was exercised on the basis of religion, ethnicity, or clan structure; in others, urban-rural divisions formed the basis of identity. As a result, in all these cases, power was held by a specific identity group that made little effort to establish representative systems, protect minority rights, or allow for power sharing. In all cases, excluded groups viewed the state as an instrument of domination, purposely excluding them from decision-making and access to economic and political resources.

In at least two of the countries, the governments have pursued devolutionary policies in the post-war stage to stress their commitment to restructuring the state and promoting inclusion. Their performance, however, has been uneven and the center appears unwilling to devolve decision-making and share resources with lower levels of representative government, particularly if those levels are dominated by opposing groups. The reluctance to be inclusive increases risks as excluded groups could once again challenge the authority of a state they perceive as autocratic.

Economic Stagnation or Decline

In most cases, weak governance interacted with economic factors, such as decreased per capita incomes, increased income disparities, and inflation, to further reduce growth and increase instability. For example, reductions in export commodity prices interacted with high external dependency to reduce per capita incomes, often signaling the start of a negative downward spiral. Like in many non-conflict developing countries, these governments usually did not have any systematic policies in place to handle such volatile changes. Unlike many non-conflict countries, however, it was found that some states in this study adopted targeted measures to protect their ethnic or political support base from the impact of falling incomes. This increased the negative impact (and absolute size) of horizontal, group inequalities and strengthened ethnic or religious divisions. In other cases, inequalities in income and welfare between rural and urban areas worsened as economic growth stagnated, which, as a result, fueled rural-based insurgencies. Economic problems also led to increased youth unemployment, and the lack of education and job opportunities made it attractive for youth to participate in rebellions.

21 In some situations, the central government may refuse to transfer power out of concern that devolution will lead to balkanization of the state. While reasons of self-national interest may lead the center to concentrate power, it is seen by opposing groups as an excuse to avoid power sharing.
Social Divisions and Regional Disparities

The case studies identified six main types of social divisions: inter- and (occasionally) intra-ethnic or religious or clan fissures; socioeconomic divisions; inter-generational divides; returnees versus those who stayed behind; ex-combatants versus civilians, and gender-based divisions. No case was clearly characterized by only one type of social division, and commonly several types intersected to impact inter-group relations. Still, in most cases, ethnic or clan or religious divisions remained the most serious ones, and affected the level of conflict. When such identity-based affiliations coincided with regional divides, they further increased the likelihood of conflict.

Regional disparities were exacerbated by government policies that deliberately benefited the ethnic, religious, or clan group of its political base. In cases where the more prosperous region coincided with the government’s kin group, investment was concentrated in this region at the cost of other regions, thus exacerbating existing disparities. In cases where the productive land and precious natural resources were found in areas inhabited by other groups, the government tended to use revenues from those regions to improve the social and economic infrastructures of the regions inhabited by its own group, often at the cost of development in the other regions. In some countries, regional disparities occurred along rural and urban lines with urban areas being seen as benefiting disproportionately from growth and development interventions. Furthermore, in some cases, poor infrastructure and lack of social service delivery in rural areas raised the level of discontent among rural populations.

Irrespective of the different manifestations that social and regional divisions took in the sample cases, two disconcerting trends deepened them. First, social capital across divides (bridging social capital) depleted, while within-group social capital (bonding) strengthened. Within the group, intensifying bonds resulting from polarized communities served as a powerful instrument of in-group mobilization. While bonding may have tightened intra-group relationships, it had negative manifestations vis-à-vis other groups. In several cases, a polarized media contributed to worsening ethnocentrism through negative stereotypes. Second, divides, especially those along ethnic, religious, and clan lines, led to differential access to employment and education opportunities, and unequal access to social services.

Competition for Land and other Natural Resources

Many of the sample cases were primarily agricultural societies where competition for control over land led to conflict. Increased stress on limited fertile areas resulted in a fall in available productive land, environmental degradation, and a decline in agricultural production. Competition over the control of revenues from other, high-value natural resources (e.g. timber, diamonds) was also a significant source of conflict in several of the reviewed cases. The actual control of such revenues helped finance recruitment, equipment and operations of rebel armies in these countries.

In some cases, government policies and interventions were expected to prevent the unregulated exploitation of natural resources. While this was a sound decision in principle, the governments did not always apply regulations in a neutral and transparent manner, but instead awarded concessions and exemptions to certain private and political interests. In other cases, both government leaders and opposing rebel groups circumvented laws in order to capture and export valuable resources to finance the war and enrich themselves.
Militarization of Society

The cases demonstrate that with escalating violence, there was widespread proliferation of weapons, growth of paramilitary groups, increased military mobilization, and a stronger political role by military leaders. Such militarization of society invariably resulted in distortion of traditional power structures, human rights abuses, and drops in social spending and service delivery. Under these conditions, human security was threatened, and the only safety nets available were based on ethnic, religious or clan loyalties. Moreover, in the absence of viable economic alternatives, it became common for groups to resort to arms trading as a source of revenue, enabled by a system of impunity and clientelism.

Sub-Regional Instability

Kindred groups, accessible resources, porous borders, refugees, influential diaspora, and sub-regional politics such as inter-state rivalries, conditioned the evolution of the intra-state conflicts and exacerbated fragile situations. Taking advantage of porous borders, rebel groups found sanctuary in neighboring states and exploited commodities such as diamonds and gold to finance wars; increase recruitment, particularly among refugees; and purchase weapons and ammunition. In addition, inter-state rivalries increased political incentives to further destabilize neighbors in conflict and provide assistance to neighboring rebel movements. Fear, ethnicity, refugee flows, and arms trade, drove even relatively stable and neutral states into spiraling violence, and endangered the stability of entire sub-regions.

Potential Responses

Potential Responses to Conflict Factors

Drawing from the key manifestations of the conflict-related issues discussed above, an initial judgment can be made on how these concerns could be systematically considered and integrated in the development of conflict-sensitive economic policies and interventions. Some of these concerns overlap with potential priorities in non-conflict-affected countries but take on added significance in conflict countries because of the nature of existing divisions. Suggestions on how to address some of the conflict challenges are included here for purposes of illustration. They are generic, based on a cross-cutting analysis of conflict in the countries that were studied, and the actual issues in a specific country need to be based on an analysis of that specific country context. Note that several of the illustrative redress measures require substantive and long-term political effort.

<table>
<thead>
<tr>
<th>Governance Challenges</th>
<th>Possible Redress</th>
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</thead>
<tbody>
<tr>
<td>Ethnic, religious, clan-based state capture and preferential treatment</td>
<td>Implement power-sharing mechanisms that ensure minority rights, balance disparities and attempt to bridge ethnic, regional, or religious divides.</td>
</tr>
<tr>
<td>Concentration of power and limited representative systems</td>
<td>Build or recreate a functioning state with inclusive and representative institutions.</td>
</tr>
<tr>
<td>Limited state capacity (corruption, patron-client relationships)</td>
<td>Build institutional capacity to manage issues of corruption, accountability and transparency.</td>
</tr>
<tr>
<td>Displacement of the population (consequence of war)</td>
<td>Introduce measures that target specific vulnerable groups; work toward the effective reintegration of IDPs and refugees in a manner that does not threaten the host community.</td>
</tr>
<tr>
<td>Economic Performance</td>
<td>Possible Redress</td>
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<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Government protection of its support base when economy weakens</td>
<td>Commit to and ensure level economic playing field.</td>
</tr>
<tr>
<td>Youth unemployment (source and consequence of war)</td>
<td>Focus on youth employment by developing strategies for youth education and employment, including support of a broad-based business development.</td>
</tr>
<tr>
<td>Poor social indicators (consequence of war)</td>
<td>Strengthen human capital and productive capacity of all groups; improve social service delivery in all areas.</td>
</tr>
<tr>
<td>Destroyed infrastructure (consequence of war)</td>
<td>Rebuild destroyed assets such as infrastructure and housing; address challenges around the restitution of property.</td>
</tr>
<tr>
<td>Weakened social service delivery (consequence of war)</td>
<td>Prioritize delivery of social services particularly to groups that are excluded (remote, different identity) and conflict-affected.</td>
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<table>
<thead>
<tr>
<th>Social Divisions and Regional Disparities</th>
<th>Possible Redress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fissures along inter- or intra-group lines (religion, ethnicity, clan)</td>
<td>Acknowledge divisions (religious, ethnic, clan) and strengthen social capital across groups; ensure level playing field in all sectors.</td>
</tr>
<tr>
<td>Politicization of identity</td>
<td>Foster trust and understanding across groups, and build social capital between and among groups. Support development of civic identities.</td>
</tr>
<tr>
<td>Ethnocentric approaches (hate media, polarized civil society)</td>
<td>Promote an independent and responsive civil society and media, and encourage dialogue and consensus through inclusive participatory approaches, reconciliation and conflict-related trauma.</td>
</tr>
<tr>
<td>Structural disparities between regions</td>
<td>Focus on systematic redistributive policies but in inclusionary ways, i.e. should not undermine relations between groups and between government and groups.</td>
</tr>
<tr>
<td>Urban-rural disparities</td>
<td>Provide equal social and economic opportunities.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Access to Land &amp; Other Resources</th>
<th>Possible Redress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limited fertile lands in agricultural societies leads to increased rural competition and inequalities</td>
<td>Support non-land productive enterprises including rural industries.</td>
</tr>
<tr>
<td>Outdated land tenure systems</td>
<td>Support land reforms that take account of conflict sensitivities.</td>
</tr>
<tr>
<td>Unregulated exploitation of natural resources, often as source of war financing</td>
<td>Regulate and manage use of natural resources and revenues through transparent and accountable systems.</td>
</tr>
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### Militarized Society

<table>
<thead>
<tr>
<th>Problem</th>
<th>Possible Redress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weakened ability by state to provide security (source and consequence of war)</td>
<td>Reform and reorient state security system towards the provision of security for all citizens and communities as well as the state.</td>
</tr>
<tr>
<td>High numbers of mobilized soldiers and armed rebels</td>
<td>Undertake planned and transparent disarmament, demobilization and reintegration program (DDR)</td>
</tr>
<tr>
<td>Large numbers of illegal weapons in society</td>
<td>Strengthen control of borders and illegal arms trading and undertake civilian disarmament</td>
</tr>
<tr>
<td>Child soldiers, recruitment of unemployed youth</td>
<td>Focus on youth education and employment.</td>
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</tbody>
</table>

### Sub-Regional Instability

<table>
<thead>
<tr>
<th>Problem</th>
<th>Possible Redress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inter-state political rivalries (source and consequence of war)</td>
<td>Promote regional cooperation and integration.</td>
</tr>
<tr>
<td>Easy movement of rebels and weapons (source and consequence of war)</td>
<td>Work towards regional cooperation and disarmament; strengthen border control.</td>
</tr>
<tr>
<td>Politicized Diaspora</td>
<td>Encourage Diaspora to serve as peace-builders and provide opportunities for their constructive engagement.</td>
</tr>
</tbody>
</table>
SECTION III: KEY LESSONS AND RECOMMENDATIONS

This section considers the main components of the PRS in the nine countries, in terms of both process and content. It assesses the extent to which the different PRS components – participation, poverty diagnostic, policy actions, institutional arrangements and donor behavior – recognized and took account of conflict issues, and attempts to understand what facilitated and hindered efforts to recognize and address conflict factors. On this basis, it provides recommendations to colleagues working on PRSs on ways to better integrate attention to conflict-factors in the different PRS components.

Participation

Summary Findings

- In countries with limited public participation engagement with populations on poverty issues through the PRS process opened up space for greater inclusion and domestic accountability.
- PRS formulation generally took place in environments of low state capacity and legitimacy with weak links among political power, bureaucracy, and conflict-affected populations.
- Limited effort was made during the PRS process to diversify the means and geographic span of communication with conflict-affected groups on PRS methods and goals.

Poverty Reduction Strategies are expected to build upon a country-owned development model that is underpinned by broad and deep stakeholder participation. Governments are encouraged to incorporate the views and priorities of stakeholders, including civil society, parliament, social partners, vulnerable populations, and the media, into the design, monitoring, and implementation of the strategy. It is expected that poor people and their legitimate representatives will be increasingly included in debates on policy choices, and that public actions prioritized in the PRS will be developed to take into account their concerns.

The principles of sustained participation, domestic accountability, and social inclusion have special relevance for conflict-affected societies, particularly in cases where inequalities and exclusion were among the sources of conflict. In addition, given that failure to address the concerns of certain sections of the population through legitimate processes is often a key precursor of conflict, efforts to achieve consensus-based policymaking is critical. However, opening up policymaking entails real risks, most obviously that the government will be unable to manage multiple demands effectively, and that expectations will be unmet, causing disillusionment, withdrawal from the political process, and damage to the credibility of representative institutions. If not managed well, participation processes can lead to new or renewed tensions in conflict-affected countries. However, it can also contribute to a process of reconciliation between previously antagonistic groups as well as strengthen government – civil society relations.

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22 A recent update of World Bank policy with respect to policy lending is accompanied by a good practice note on supporting participation in development policy operations. Participation is defined in the note as “the process through which stakeholders (those affected by the outcome of the reform…) influence or share control over setting priorities, making policy, allocating resources, and ensuring access to public goods and services.”

23 This can be loosely described as accountability of the executive branch of government, which has been assigned by the citizenry, legislature, and judicial branches with the governance and stewardship of institutions, resources, and service delivery. The term also implies that stakeholder groups and individual citizens should be accountable to one another and to society, abiding by the laws that govern them.
Experience from the sample countries revealed a range of complex conditions that posed obstacles to participation. Some of the key challenges with respect to participation are summarized below.

**Box 3: Challenges to Participation in Conflict-Affected Countries**

- **Absence of the State.** Certain parts of the country may be beyond the territorial control of the government, and with few resources allocated and little service provided to those areas.
- **Limited in-country experience** with the country-driven model, and a belief that the PRS is a technocratic exercise undertaken largely to fulfill donor requirements.
- **Limited capacity** and tools at the disposal of authorities to structure or facilitate stakeholder engagement in unstable or hostile areas.
- **Timing.** The sequencing of the PRS process with HIPC decision points and other international commitments makes it difficult for some governments to ensure meaningful participation, especially while the country is at war or in a state of emergency.
- **Poor outreach/communication strategy.** There is an assumption that social divisions resulting from conflict preclude the use of mechanisms to engage certain populations located outside the authorities’ sphere of influence.
- **Low incentive** to engage with communities or groups considered to have a conflictual relationship with the authorities.
- **Limited voice** and exclusion from political institutions of certain sections of the population, reinforced by legacies of obedience, subordination, and respect for hierarchy.

In all of the sample cases, participatory processes undertaken in the PRS context constituted new opportunities for the authorities and the population. Countries employed a variety of participatory approaches as part of PRS formulation. These were widely seen as positive developments in their own right, as observers felt that the decision to engage the population opened up valuable space for information dissemination and, in some instances, debate on vital socioeconomic issues. Country experiences bore out the importance of PRS participation as a starting point for engaging populations previously unable to voice their basic concerns and poverty reduction priorities. They also reflect countries which were setting out from a history of limited participation in public debate.

Sample countries concentrated their participation efforts largely at national, and to a modest extent, sub-national levels, typically through a series of workshops covering various sector issues and involving large numbers of participants. In Cambodia, a total of 650 participants engaged in 3 national workshops, in addition to a number of regional events. In BiH, it is estimated that more than 300 roundtables were convened and several thousand people consulted over the course of PRS preparation. Active participation at local government and community levels was generally weaker, but some emerging good practice was found. During the preparation of the Burundi I-PRSP, the authorities made efforts to overcome problems of representation by sending members of parliament and senators to districts to inform populations about the PRS and elicit local input.

The weakened institutions and social divisions in conflict-affected countries often resulted in authorities relying heavily on peace accords and donor support to jump-start development and social cohesion building. Although there was modest involvement of other stakeholders such as civil society, parliament, and social partners, sample countries primarily defined participation as engagement with civil society organizations (CSOs), with participation consisting largely of consultation workshops and focus groups. The predominant role of international NGOs tended to undermine the involvement of national organizations. One of the more encouraging participatory processes from the sample – the case of BiH – is summarized in Box 1 below.
Box 4: Bosnia and Herzegovina PRS Participatory Process

Civil society tradition was limited in pre-war BiH, but the massive influx of aid to the region during and after the war, and a recognition of the need to build civic institutions, resulted in a proliferation of new organizations in the mid-1990s, many of which delivered services previously provided by the state. Few of these organizations were skilled in macro policy, or mastered the advocacy role of civil society in the policy cycle.

By all accounts, the participatory process in BiH was impressive. More than 300 roundtables were convened and several thousand people consulted over the course of the exercise. Stakeholders, including international and local NGOs, Youth Coordinating Committee, and social partners, commented on all drafts of the PRSP. Regions and ethnicities were included in the process, and the strategy was reviewed and approved by the parliament. Serious efforts were made to incorporate conflict-affected voices early in the process, including refugees and IDPs, women, and single-headed households. Thematic consultations considered the rights of war veterans, the families of fallen soldiers, missing persons and military personnel disabled in the war, refugee return, corruption, human rights, creation of a single economic space, unemployment, and rural poverty.

Capacity limitations were also discerned on the part of governments managing the PRS process. These included limited in-country experience with the country-driven model, and a belief across the less-integrated parts of governments that the PRS was a technocratic exercise undertaken to fulfill donor requirements. Authorities often had limited tools at their disposal to structure stakeholder engagement in unstable areas, and tended to assume that the social divisions resulting from conflict precluded engagement with populations located outside their sphere of influence. This is not to overlook the fact that even in areas where the government had control, groups were often selected on the basis of political affiliations. In this environment, certain sections of the population had very limited voice in the process, a shortcoming reinforced by the limited practice of participation prior to the launch of the PRS. Furthermore, in some of the sample countries, the PRS lacked the ownership needed at the highest level of government to ensure that participation be institutionalized and sustained.

In some countries, there was evidence of authorities beginning to use the PRS as an opportunity to promote dialogue with war-affected groups. For example, the BiH, Sierra Leone, and Rwanda PRSPs, presented a strong rationale during the PRS design phase for addressing the effects of conflict through broad-based participation. In each case, the decision appears to have provided an entry point for addressing inclusion issues.

In other countries, fewer efforts were made to encourage opposing groups to be part of the process in the country as a whole, resulting in limited national ownership of the PRS, at least for the first round. Involving war-affected and vulnerable populations in a socially inclusive process proved to be challenging for most governments. Authorities may have had low incentives to engage with communities or groups with which they were in conflict. For the longer term, however, it is important to highlight the iterative nature of the PRS process, which will evolve in response to the building of trust between the governors and the governed, and in tandem with the political and foreign policy developments which lie beyond the scope of the PRS.
A crucial element of the participatory processes in the sample countries was the extent to which strategic communications were used to engage conflict-affected populations. A key challenge in this respect, however, was to go beyond one-way dissemination of PRS-related information in order to sustain constructive discussion on policy issues. Some cases revealed that participants were reportedly unaware that they were expected to provide input to the PRS. In this connection, the lack of information on PRS processes in languages widely spoken by target populations was a critical constraint. PRS documentation was primarily produced in foreign languages. Limited effort was made to provide documentation in ethnic minority languages, and pictorial or local language brochures on PRS goals and processes were rarely available.

A second key aspect of communication related to the management of expectations. This was addressed most effectively through information of what a PRS could realistically include and achieve, by ensuring that the concerns of conflict-affected groups were taken up by policy planners at the national level, and by institutionalizing dialogue.

**Participation - Way Forward**

*Inclusive governance.* The potential for the PRS to be a vehicle for stabilization would increase with the government’s ability to involve stakeholders across ethnic, political and other divides, and demonstrate that poverty reduction efforts are for the benefit of all citizens. As the discussion of conflict factors shows (section II), the exclusion of population groups from economic and political processes constitutes an important source of conflict in many countries. A particular challenge for the government in such cases would be to demonstrate the political will to break this pattern and find a way to constructively engage excluded groups in the PRS process.

*Collaboration and reconciliation.* There is evidence that the participatory processes in a conflict-affected country can be a vehicle for increased collaboration between and among population groups that have experienced tension or conflict, and can help promote reconciliation. Potential reconciliation outcomes would be enhanced if the participation process is designed with this in mind as it would affect the timing and facilitation of participatory processes, as well as the selection of participants. Every country would have to find its own formula for such a process – it cannot be imported.  

*Managing expectations.* For participation to be meaningful, it needs to be tempered by a realistic view of what actions government has the capacity and resources to undertake at any given time, and what the PRS can achieve. The expectations of the populations also need to be managed by institutionalizing the dialogue, especially with vulnerable, war-affected communities and excluded groups. The validity of participation processes then depends on the extent to which ownership of the PRS is maintained from one administration to the next.

*Creating transparency in the input-output cycle.* Mechanisms that capture the input-output cycle of information and concerns in a transparent manner are critical in a divided and politically tense environment. Given limited resources and the need for prioritization, there are always groups and organizations whose views are not going to be incorporated. To avoid accusations of political or other bias, monitoring mechanisms for participation should be developed that (i) identify the different groups/organizations which provide input and record their input; (ii) highlight the inputs that were relevant for the process; and (iii) outline how the inputs were used.

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24 PRSPs were produced in English, French, Spanish and Portuguese.

25 There are many resources available on this issue, including Reconciliation – Theory and Practice for Development Cooperation, Swedish International Development Cooperation Agency (SIDA), September 2003.
Use of traditional practices. A number of countries have used local practices and mechanisms to ensure communication and collaboration between and among groups in a way that could help to mitigate conflict. Such experiences could be used as a basis to enhance prospects for conflict prevention and social cohesion elsewhere. It would be important, however, to use traditional practices with sensitivity, as some of them embody strong patriarchal structures that may be counterproductive and even exacerbate conflict by reproducing local power structures and excluding key groups such as women and youth.26

Role of parliament. An inclusive system requires meaningful representation that integrates society at large into decision-making processes. Improving the representative capacity of parliament (or alternative representative bodies) strengthens its ability to potentially play a role in managing divisive issues peacefully. Opportunities can be sought to strengthen parliamentary oversight of PRS implementation; this will help to build country ownership of the strategy, generate broad support for reforms, build parliamentary capacity to improve PRS linkages with the national budget, and raise the level of parliamentary debate on conflict issues. Elected bodies and participatory mechanisms also need to be strengthened at the local and community levels, in order to take account of diverging opinions and priorities, thereby helping the PRS to become more inclusive.

Capitalizing on the energy of youth. In order to sustain the participation of civil society, and thus support its ability to influence policy over the longer term, networking with youth groups and organizations could be supported, so as to capitalize on the energy and outreach of youth as building blocks for their participation over time. Mobilization of young people for poverty reduction is especially relevant in conflict-affected countries where youth are often marginalized from social and economic opportunities and are easily recruited into rebel groups.

Building on women’s peacebuilding capacities. In many conflict affected-countries, women’s organizations are actively involved in peacebuilding activities at local and national levels. However, these efforts are often undertaken outside of formal policy making and may also be excluded from more traditional sectors of civil society. Strengthening the capacity for structured inclusion of women’s groups in the PRS process not only broadens participation, but is also an important means of ensuring that gender-specific dimensions of conflict and poverty are reflected in national plans.

Media and Strategic Communications. The media’s capacity to analyze the PRS process, promote constructive dialogue, and disseminate information on strategy implementation to conflict-affected communities should be strengthened. Early media involvement can channel PRS information to vulnerable or disenfranchised groups and ensure feedback from them to policy levels, thereby enhancing the voice of those most affected by conflict. An active media can also increase the obligation and accountability of the authorities to its citizens on the PRS. For the media to function well in a conflict-affected country, authorities need to establish a regulatory environment which facilitates media operations and public access to information (including official information). As a corollary, the media needs to adopt practices which mediate political realities, encourage dialogue and inclusion, and promote conflict prevention.

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26 Use of traditional methods should be handled with sensitivity as they may not always be helpful. In one PRS process in the sample, drawing on the fora established by traditional chiefs proved to be counterproductive because they precluded the possibility for youth to express their priorities or concerns.
Poverty Diagnostics

Summary Findings

- The poverty diagnostics in the nine case-studies presented a multi-dimensional view of poverty that recognized not only the income dimension but also social, human, and structural dimensions of poverty.
- Conflict issues were considered in the poverty diagnostics, but the discussion of the manifestations of conflict were not the result of systematic conflict analysis; there were only limited efforts to explore how factors of conflict and poverty drive each other.
- In some cases, genuine political constraints prevented governments from explicitly addressing poverty-conflict linkages.
- Lack of capacity and paucity of up-to-date socioeconomic information were major practical constraints to the poverty diagnostics.

The PRS is expected to include a comprehensive diagnostic that sets out the determinants of poverty as a basis for developing a suitable program of actions. In a country affected by conflict, it would be useful to refine traditional poverty diagnostics by analyzing the interaction between the structural factors which contribute to conflict and poverty, as well as by developing an in-depth understanding of conflict-induced poverty. This will contribute to the development of conflict-sensitive poverty diagnostics that will enable the specificities of conflict-induced poverty to be reflected in policy actions.

In these countries, in addition to the structural poverty factors that afflict many developing countries, poverty manifests itself in new ways due to the devastation of physical, human, and social capital. Key manifestations of conflict-induced poverty that contribute to worsening poverty rates and insecurity typically include: (i) weakness of the state and its inability to meet the needs of the poor; (ii) destroyed infrastructure and decreased production, affecting livelihoods; (iii) climate of insecurity deterring investors and the delivery of public goods; (iv) exacerbated regional disparities and rural-urban divisions; (v) deteriorated education and health services; (vi) increased overlap of ethnic and economic divisions; and (vii) increased numbers of vulnerable people, including orphans, widows, handicapped, IDPs, and refugees. In conflict-affected environments, the poverty diagnostics should identify these types of factors.

Most governments in the sample went beyond the basic needs approach and put forward a multi-dimensional view of poverty that recognizes not only the income dimension, but also social, human, and structural dimensions of poverty. It appears that although most of the PRSs considered conflict issues to some degree in the poverty diagnostics, these were not informed by any systematic conflict analysis. In the I-PRSPs of Burundi and Sierra Leone, there is consensus that conflict aggravated poverty, and the poverty diagnoses highlight the consequences of conflict. The Nepal PRSP views the conflict as the manifestation of not just political but economic and social grievances, and admits that the nexus of poverty, poor governance, and marginalization needs to be urgently addressed. In Chad, the consultations during the PRS informed the poverty diagnostics on local conflicts, landmines, and governance.

In another significant case, the poverty diagnostic recognizes that conflict had led to increased poverty and that the high risk of violence continues to inhibit development. That diagnostic, however, seems to focus on the economic impact of conflict, e.g., economic collapse increasing poverty, while only superficially touching on issues that are likely to increase the country’s vulnerability to renewed conflict, such as social dislocation, ethnic divisions, displacement, and criminalization of the economy.
Evidence from the poverty diagnostics across the nine cases demonstrate that these countries did consider effects of conflict on poverty, thus introducing some level of conflict sensitivity into the diagnostics, albeit not systematically. There was, however, limited effort to inform the poverty diagnosis by analysis of how certain economic, social and institutional factors closely associated with poverty also drive conflict. While this weakened the analysis of the conflict and poverty links, some governments faced genuine political constraints which prevented them from explicitly discussing conflict factors in the poverty diagnostics. This included such common conflict factors as regional disparities, unequal access, and ethnic relations. As governments were trying to rebuild relationships and trust between and among groups it would have been politically insensitive, and possibly threatened the progress toward peace, to discuss conflict factors in a way that showed certain groups in a poor light. This is a valid political choice for countries emerging from violent conflict. Over the long term, however, collection and analysis of poverty data is important from a conflict perspective as it is likely to reveal issues such as group inequalities, regional disparities, and unequal access.

There are also practical constraints that hinder the systematic analysis of conflict and its relationship to poverty in conflict-affected areas of a country. Foremost are capacity constraints and the lack of recent and comprehensive socioeconomic data, which undermine the government’s ability to undertake effective poverty analysis. The countries in the study suffered from serious data problems, some more than others. In a few cases, the PRS process began while violent conflict was still active. In one of those cases, the government prepared the I-PRSP while rebels controlled more than two-thirds of the territory. New data could not be collected due to the security situation, and the I-PRSP therefore used pre-war data to create a poverty profile of the country. As a result, the depth and characteristics of poverty could not be assessed with any accuracy as poverty had changed considerably in extent (exacerbation of poverty indicators) and manifestations (impact of conflict) during the war years.

In contrast, countries that were relatively further removed in time from violent conflict were better able to conduct reliable poverty surveys due to improved internal security, the presence of international organizations and even international peacekeeping forces in some cases, internal capacity strengthened by external assistance, and ongoing reconciliation efforts. In BiH, for example, the poverty diagnostics provided disaggregated data by geographic unit; when cross-referenced with demographic data, some interesting findings on the relative welfare of different ethnic groups emerged. The geographic analysis was complemented by assessments of rural versus urban and peri-urban poverty; and of specific war-affected populations, including IDPs. Such a comprehensive analysis of poverty provided a compelling picture of poverty in-country.

In some cases, the poverty diagnostics benefited from qualitative and quantitative data collected by humanitarian agencies and NGOs that were active in the conflict-affected regions of a country. However, sometimes data generated by humanitarian agencies were viewed with suspicion by governments because they tended to depict poverty in ways which were contrary to the profile they wished to project.
Poverty Diagnostics - Way Forward

Donors can contribute to the development of a conflict-sensitive poverty diagnostic in a conflict-affected environment by building capacity, providing technical support, and assisting in the development of poverty analyses which capture the key elements of the conflict-poverty linkages.

Focusing on conflict-induced poverty. Political and practical constraints may make it difficult for conflict-affected countries to focus on conflict in their poverty diagnostic. It is nevertheless important to include an explicit discussion of conflict-induced poverty, otherwise opportunities for poverty reduction may be missed. Such a discussion could highlight differences from traditional structural-based poverty, which would promote understanding of the special needs of the conflict-affected poor. Recognizing conflict factors, however, is not sufficient; governments should also consider undertaking some form of systematic analysis that would inform the relationship between conflict and poverty.

Exploring conflict-poverty linkages. The poverty diagnostic should provide an increased understanding of the interrelationship between poverty, poor governance, marginalization, and other socioeconomic factors affecting conflict. This could be achieved by systematically integrating conflict and vulnerability analysis tools with poverty diagnostics, especially through an analysis of conflict factors that perpetuate poverty, such as regional disparities, social exclusion, and unequal access to services.

Data collection. Data collection should be considered a key component of the post-war recovery process. In an environment of fragility, governments need to develop ways of better using the capacity at hand to acquire deeper understanding of conflict-related poverty. They can ask donors to provide technical expertise with the view of supporting capacity building. In conflict-affected environments the security situation, political and capacity constraints, and limited trust (between government and citizens, between and among different population groups) make data collection difficult. In these instances, it may be prudent for governments to collaborate with humanitarian agencies and NGOs that operate in the conflict-affected regions of a country for collection of data.

Complementary data. In regions where normal tools do not work well and the situation is fluid, the government may use proxy indicators that provide a reliable picture of conflict-related poverty. The PRSP should clearly articulate that certain areas or groups are represented in the diagnostic by proxy indicators. This would increase the understanding of how the situation of different areas and groups are captured by the poverty diagnostic. A poverty diagnostic could be built by combining quantitative and qualitative approaches to better cover the different aspects of poverty in conflict-affected countries. Tools such as Post Conflict Needs Assessments and Participatory Poverty Assessments can help provide data on issues such as non-income dimensions of poverty and exclusion. These in turn could feed into the diagnostic, thus making the poverty profile more dynamic and relevant.
Policy Actions

Summary Findings

- The PRSs of all nine countries included policy actions or programs that sought to deal with consequences of violent conflict. The sample displayed great variation in range and scope, with countries just out of war giving the most attention to such actions.
- Security issues were considered important by most of the countries, but actions tended not to be part of an integrated security strategy.
- In several of the countries, policy actions were clearly informed by some knowledge about conflict, but overall the conflict sensitivity of policy actions was constrained by a weak contextual analysis of conflict factors and their link to poverty.
- The countries showed little systematic attempt to address sources of conflict through policy actions. They also showed little systematic attempt to consider the potential impact of the policy actions on the conflict situation.

Designed to increase sustainable growth and reduce poverty, the priority policy actions constitute the heart of a PRS. It is common to delineate four key areas of content: (i) macroeconomic and structural policies to support sustainable growth in which the poor participate; (ii) improvements in governance, including public sector financial management; (iii) appropriate sector policies and programs; and (iv) realistic costing and appropriate levels of funding for the major programs.

The following section discusses the extent to which the design of PRS policy actions in the nine country cases have been informed by recognition and assessment of conflict factors, and how these countries’ policy actions attempt to address the identified conflict factors. The discussion also considers the potential impact these policy actions may have on the conflict situation in these countries.

Assessment of Context

No development action would be effective without recognizing and understanding the realities on the ground, including: the new forms of poverty induced by war; the specific characteristics of poverty that continue to fuel divisions and conflict in the country; the constraints imposed by weakened capacity and by continuing insecurity. To what extent have the sample policy action programs recognized and been guided by an assessment of such factors? As noted in the previous section, none of the sample countries appears to have systematically assessed conflict as part of the PRS process, or used such assessment to guide the selection and prioritization of policy actions, or of their design. However, some knowledge about conflict was applied in most of the cases. The Chad PRSP, for example, included a macroeconomic analysis that gave attention to conflict factors such as oil revenue management, and diversification to non-oil sector productivity, which shows that the government was aware of the potential adverse effects of oil revenues as well as the temporality of these resources. On this basis, the PRSP emphasized the need to strengthen the non-oil economy and avoid dependency on petroleum resources.

Several of the PRSs lacked prioritization within the agreed policy program. This problem would stem partly from the governments’ political need for keeping different constituencies happy, but also from weak analysis of the country context. Better understanding of the realities would not only help identify needs and opportunities but also determine how programs should be prioritized and sequenced. Clear articulation of the country-context would also illustrate the importance of prioritization, thus contributing to better country buy-in for the tough trade-offs. In one I-PRSP, the policy actions covered the entire gamut of post-war recovery needs. Individually, the proposed activities made sense in this severely conflict-affected environment, but they were too many to have much impact and they were not guided by an assessment of why certain actions needed to come before others.

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Box 6: Challenges to PRS Policy Actions in Conflict-Affected Countries

- **Security and political stability.** An environment conducive to reform would require a reasonable level of security and political stability, as well as some access by the government to all parts of the country, including those dominated by rebel groups.

- **Contextual analysis.** Good assessment of realities on the ground, including of conflict factors, is essential for effective policy actions. The capacity for such analysis is limited in most conflict-affected countries.

- **Consequences of violent conflict.** Post-war reconstruction, such as demobilizing combatants, reintegrating IDPs, or removing land mines, may need to be prioritized before other actions designed to stimulate growth and reduce poverty.

- **How best to prioritize?** This is especially tough if the needs are great, the capacity and resources are limited, and the government is under pressure to satisfy multiple and divided constituencies.

- **Possible re-escalation of conflict.** There may be good reasons to prioritize issues that, if addressed, may help mitigate escalation of conflict and thus ensure a longer-term poverty reduction impact.

- **Unintended impact.** Policy actions can theoretically have a zero or neutral effect on potential escalation or de-escalation of conflict, but in most cases they will impact conflict positively or negatively, and often strongly.

**Addressing Consequences of Conflict**

The PRSs of all nine countries included policy actions designed to deal with the *consequences* of conflict. This was an especially strong focus in the Sierra Leone and Burundi I-PRSPs which were developed while the countries were in the early stages of a transition from war. The Burundi I-PRSP explicitly aimed to address the transition challenges, and was framed as one of the tools to implement parts of the Arusha peace agreement. The Sierra Leone government made a conscious decision to tackle the effects of conflict first and the top priority in the I-PRSP was to improve the security situation by demobilizing ex-combatants and retraining the government security forces.28

Improved security was also a key concern in several of the other countries. In Chad, the PRSP proposed an action program to deal with land mines, disarmament, demobilization and reintegration of ex-combatants, and justice sector reform – however, not as an integrated strategy. The Cambodia NPRS29 focused on land mines and unexploded ordinances (UXOs) as these were found to contribute to poverty and inhibit poverty reduction efforts.

Several of the PRSs focused on internally displaced people and refugees. The BiH policy action program highlighted that an estimated half of the 1995 caseload remained reluctant or unable to return to their homes, mainly because of continuing property disputes. The situation of internally displaced people was also addressed in the policy action programs in Sierra Leone, Burundi, and Georgia.

**Addressing Sources of Conflict**

To what extent did PRS policy actions attempt to address sources or drivers of conflict? There was a close thematic overlap between conflict factors identified in the countries as part of this study and the

28 During fieldwork, Sierra Leoneans across the country emphasized the importance of tackling development constraints caused by conflict, before attempting other reforms.

29 The Cambodia PRSP was called National Poverty Reduction Strategy (NPRS), December 20, 2002.
PRRs’ policy actions. However, while the PRSs dealt with these factors from economic or other perspectives, most of them did not clearly identify them as sources or drivers of conflict. The poverty-conflict linkages in these countries were therefore not systematically explored and potential conflict prevention outcomes in the PRRs were missed.

In all the country cases problems related to governance and execution of state power had been identified as key conflict factors. While improved governance is a central theme in most of the PRSs, only a few of them recognized explicitly the close link between governance and conflict. The Rwanda PRSP, for example, stated that “good governance, conflict and economic prosperity are deeply interlinked,” and included policy action on civil service reform, democratization, decentralization, and reforms for improved accountability and transparency to increase equity and strengthen political institutions. The Rwandan PRSP also aimed at transforming the centralized system into more inclusive political processes. Some of the measures in the Cambodia NPRS were aimed at curbing corruption and enhancing social justice, and would have gone a long way toward addressing important underlying sources of conflict there. However, the actions necessary to support these measures, including development of the legal and regulatory frameworks, were never fully implemented.

Policy action in support of economic development offer both positive and negative lessons on sensitivity to conflict. The Nepal PRSP, for example, placed strong emphasis on stimulating rural growth, based on the recognition that growth previously had left large parts of the population excluded from development. Given the strong linkage between the conflict and underdevelopment of certain rural areas in Nepal, effective rural-oriented action could potentially contribute to de-escalate conflict. Another PRSP saw growth as a key driver of poverty reduction, and proposed a number of reforms designed to stimulate aggregate growth. The strategy highlighted the importance of private sector development and trade for attracting foreign direct investment. However, the discussion failed to take account of the insecurity and political tension evident in parts of the country as well as in the wider sub-region. It also failed to consider how increased foreign investment, for example in tourism, could affect divisions between the central government and minority groups in parts of the country.

Land was at the heart of conflict in several of the countries – how was it dealt with in the PRSs? The Cambodia NPRS put land policy and administration, including titling, at the center of the strategy, but did not offer a mechanism for redressing land acquired illegally in the past. The Nepal PRSP included a short section on land reform and land management which touched on some of the critical issues underlying the conflict, and set the goal of increasing poor people’s access to land. In Rwanda, the PRSP highlighted land as a source of conflict and as an increasingly pressing issue due to population pressure and soil degradation.

Most of the PRSs did not consider the potential impact policy actions might have on the conflict dynamics, but there are a few exceptions. This includes BiH’s program to stimulate private sector-driven growth, which recognized a number of risks that could increase social tensions, most notably a rise in unemployment caused by privatization and other structural measures.

Policy Actions - Way Forward

Analysis of context. In a conflict-affected or at-risk country, it would be important to determine the key sources of conflict, especially the ones currently driving the trajectory of conflict in the country, and how they interact with factors affecting growth and poverty. If possible, conflict should be studied as an integral part of the wider poverty/growth diagnostics, not tagged on later. This would provide for goals and design that are properly attuned to the reality of the country.

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Applying a conflict lens. Given the close link between many of the key poverty and conflict factors, a more systematic application of a conflict lens in the planning process could strengthen the conflict prevention outcome manifold. This would entail: (i) recognizing that stronger attention to the realities of conflict would make policy actions more effective; (ii) basing selection, prioritization, and design of actions on clear knowledge of conflict factors and how they link with poverty in the country; and (iii) assessing how the planned policy actions could potentially affect the conflict environment when implemented.

Security sector and rule of law issues. While security issues may not normally be considered as part of poverty reduction, the experiences of conflict-affected countries show that such issues are critically important for longer-term poverty reduction and sustainable growth. A successful PRS depends on a reasonable level of security, and on sound management of security-related expenditures. Security and rule of law are essential public goods that help create the conditions for government accountability, robust private sector development, and the participation of populations in social and development processes. While most of the PRSs included some security actions, such as demobilization or de-mining, such actions would be more effective if they are integrated into a cohesive strategy for improved governance of the security sector and part of a prioritized PRS.

Box 7: Security System Reform (OECD/DAC) a

“The SSR policy agenda covers three inter-related challenges facing all states: (i) developing a clear institutional framework for providing security that integrates security and development policy and includes all relevant actors and focuses on the vulnerable, such as women, children, and minority groups; ii) strengthening the governance and oversight of security institutions; and iii) building capable and professional security forces that are accountable to civil authorities and open to dialogue with civil society organizations.”


Impact assessments. These would consider the direct effects of individual programs or projects as well as the potential impacts of overall policies and strategies; for example, the distributional impacts of a country’s growth strategy. This goes beyond assessing the risk for specific vulnerable groups and developing corresponding safety nets: it deals with the longer-term and often indirect effects, which are often mediated by complex social structures. Many organizations have developed tools to assess and monitor immediate and longer-term policy impacts on the conflict environment; these can be adapted for use by governments to systematically consider the impact of PRS policy actions. These tools should help increase the understanding of: (i) how policy actions would impact conflict-affected communities; (ii) how policy actions would affect (already tenuous) relations between groups; (iii) how policy actions may impact conflict factors (e.g., regional imbalances); and (iv) how factors of conflict could threaten the planned policy actions.
There may be a trade-off between the intended and unintended consequences of a specific policy or action – it may succeed in achieving its intended objective at the cost of exacerbating conflict. For example, an education program may succeed in increasing the number of students passing the state-wide examinations, but if the bulk of those students are members of one particular social group, the program may exacerbate inter-group tensions by underscoring the perception that one group is being privileged at the expense of another. The converse also holds true: an education program may fail to produce students able to pass state-wide exams, but may succeed in reducing tensions between particular social groups by creating and institutionalizing an environment that increases constructive contact and decreases tensions by dispelling stereotypes and misconceptions.

This example is taken from Conflict in Somalia: Drivers and Dynamics, World Bank, Washington DC, January 2005.

Flexible implementation of actions. Conflict-affected countries are volatile, and changes can be difficult to predict. The possibility always exists that the operating environment will not improve as predicted or will deteriorate; thus the PRS should plan appropriate alternative actions. The Nepal PRSP offers a good example of such foresight. Based on an explicit recognition that continuing insecurity would be a risk to the program, it outlined a number of actions to be taken if the situation worsened. For example, it proposed that NGOs and CBOs could deliver essential services in areas where the government cannot operate, and that mobile teams may be able to provide services and perform maintenance functions in areas where a permanent state presence may not be viable.

Institutional Arrangements

Summary Findings

- Some governments placed a high premium on designing institutional arrangements that took account of conflict issues (such as ethnic or religious divisions, regional imbalances) while other governments made limited efforts to consider conflict issues, reinforcing beliefs that the establishment of pluralistic values was not a priority.
- Even though institutional arrangements were relatively inclusive in design across the sample cases, the actual decision-making during PRS preparation and implementation was less inclusive.
- Parallel peacebuilding processes in-country have influenced, and been influenced by, these countries’ PRS framework.

Institutional arrangements refer to formal structures and rules that determine the design and implementation of the PRS. The shape that institutional arrangements assume during the PRS process is particularly important, as they will influence both the content of the PRS and the implementation process. The manner in which power is distributed through institutional arrangements, and the structure of relationships between government and non-government actors, can either reinforce the power imbalances that contributed to conflict or seek to redress them. The PRS process can thus benefit significantly from establishing institutional arrangements that are sensitive to factors of conflict, particularly those associated with concentration of power. Moreover, by instituting inclusive arrangements, it is likely that governments will be seen to recognize and perhaps even address conflict factors related to exclusion, concentration of power, and the control of public assets by a single group.

The case studies found that while some governments were cognizant of conflict issues and designed institutional arrangements that purposefully took them into account, others made limited efforts to consider conflict fault lines, including ethnic and religious divisions and regional imbalances, in their institutional arrangements. In turn, this reinforced beliefs among certain groups and regions that the (re-)establishment of pluralistic values was not a priority for the government. The analysis showed that in a few cases, the government established arrangements that favored and overrepresented one group in these arrangements.

As a positive example, in Sierra Leone the government realized that over-centralization and exclusion of rural areas in development planning was one of the main sources of conflict. Hence, it made a conscious decision to institutionalize arrangements for the PRS process that were broad-based and allowed for the incorporation of inputs from different government and non-government actors, particularly in the rural areas.

In a few cases, conflict fault lines were purposefully disregarded in the design of institutional arrangements. In post-war Rwanda, for example, the government deliberately established ethnic-blind institutions, and disregarded ethnicity in its institutional arrangements because it believed doing otherwise would risk cementing the divides that had led to war.

The cases also demonstrate that the design of most institutional arrangements for the PRS process were intended to be relatively devolutionary and inclusive with different organs of government and NGOs being accorded specific responsibilities. However, in practice, the cases showed mixed results on decision-making being devolutionary during PRS preparation with the level of influence and involvement of parliament, government bodies, NGOs etc. varying across cases.

BiH offers critical lessons for the preparation process of the PRS. The Office of the PRSP Coordinator realized early on that “it is only if every sector of society in BiH is engaged in drawing up the Strategy that we can expect it to be implemented.” Actions were taken to ensure that the PRSP would reflect a nationwide consensus on both the diagnostic and the program of action. The parliament endorsed the final version of the PRSP, and its interest in the roll-out of the program is evidenced by the fact that it has requested a status report every six months on its implementation.

On the other hand, in at least one country in this analysis, the secretariat assigned to lead the PRS appears to have developed it in isolation, rarely convening the sub-commissions and essentially drafting the preliminary versions. Line ministry involvement was minimal, with many parts of government unaware of the existence of the exercise. As a result, the first draft of the PRSP was rejected by the donor community and reframed instead into a set of discussion materials.

In another case, while the design of institutional arrangements reflected clear devolution of power and contributed to broad consultations and strengthening of local institutions, key decision-making power still rested with the President and a narrow group of advisors. In at least one other case, due to capacity constraints, the institutional arrangements were dominated by an ethnic group different from the ruling political group, leading to lack of political will in the government to implement the PRS.

The evidence from the case studies does not clearly indicate the extent to which governments will adhere to their decision of inclusion and broad-based consultations in implementation of PRSs. The reluctance

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33 On the involvement of parliaments in PRS preparations, BiH is an exception. In most sample cases, parliamentary involvement dissipated in the course of the PRSP formulation.
of some governments to be inclusive, however, could be counterproductive, since the success of the PRS process is predicated on institutional arrangements that devolve power and transfer the control of resources to lower levels of government.

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<th>Box 9: Challenges to Institutional Arrangements in Conflict-Affected Countries</th>
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<td><strong>Centralization of power.</strong> Effective PRS requires governments to overcome their natural tendency to centralize power by involving a range of state and non-state stakeholders in the PRS process.</td>
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<td><strong>Devolutionary arrangements.</strong> While governments may design devolutionary institutional structures for the preparation of the PRS, they may be less willing and able in practice to transfer decision-making power and resources for implementation as this could undermine their influence and dissatisfy some constituencies.</td>
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<tr>
<td><strong>Battles for influence and resources.</strong> To be effective, the PRS has to be a collaborative effort. Ministries, however, often battle each other for influence and resources, thus undermining each other, and by extension the entire PRS process.</td>
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PRS principles envisage that collective responsibility will increase as cross-sector collaboration and coordination between the center and local governments improves. The case studies indicate that the PRS preparation process resulted in enhanced cooperation among sectors and ministries. Governments tried to articulate the specific roles that each actor needed to play in the PRS institutional arrangements in order to prevent turf battles, establish cross-sector thematic groups that build linkages among various parts of government, and provide training that encourages inter-sectoral cooperation. In some cases, the PRS process created a more level playing field in which no single ministry had disproportionate influence; rather, the dialogue established during the PRS process strengthened the voice and influence of several ministries. In other cases, the government failed to define the roles of different actors in PRS preparation, leading to inter-ministerial struggles for control, and complaints by excluded government representatives. This is likely to affect PRS implementation since their cooperation and leadership are needed for successful implementation.

Cross-sector thematic groups, an initiative undertaken by a few governments, have been an effective forum for enabling engagement across line ministries and producing a strategic outlook on the part of ministries. In BiH, cross-sectoral thematic groups founded as part of the PRS “strengthened cooperation among different government members at both a technical and senior level, which is important for a post-conflict society.”

In a few cases, parallel peace-building processes in-country have influenced and been influenced by the PRS framework and helped to strengthen inter-sectoral and inter-ministry relations. The PRS has promoted the inclusion of poverty-related issues into peace-building processes, and conversely reconciliations issues have been integrated into the PRS. Independent budgetary frameworks have also interacted with the PRS, enhancing cooperation among different government organs. In Rwanda, continuous and interlinked consultations with the National Unity and Reconciliation Commission (NURC) pushed reconciliation and human rights programs to address poverty issues. Simultaneously, several concurrent programs have fed into the PRS. The NURC’s action plan, the work of the National Commission for Human Rights (NCHR), the gacaca courts built on traditional justice at the grassroots level, and the decentralization policy have been incorporated into the PRS in a variety of ways.

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34 Zlatko Hurtic, Realities of the PRSP Process, 2002. See www.bih.prps.info/english/odnosi/aktivnosti/presentation06.02.ppt
**Institutional Arrangements - Way Forward**

*Deliberate design of arrangements.* The case studies demonstrate that there is no single formula for effective institutional arrangements, but that such arrangements should be the product of deliberate design that includes consideration of conflict fault lines. The government may decide to either ensure that conflict fault lines are explicitly redressed in institutional structures, or deliberately avoid identification of conflict-affected groups or issues in institutional structures if doing so would increase tensions. The government should not, however, use the establishment of national structures as pretext for shutting groups out or disregarding key conflict issues. The design of institutional structures gives political signals, perhaps unintended, of power distribution, i.e. who has decision-making power in the PRS process and who does not. To avoid speculations, it would serve governments well to be transparent in decisions on design of institutional arrangements for PRS design and implementation.

*Inclusive institutional arrangements.* The PRS can be an important vehicle for cohesion and reconciliation if it manages to bring different stakeholders together to develop a comprehensive national framework. To achieve this objective, institutional formations that represent diverse interests should be advanced. Institutional arrangements for the PRS could increase commitment among a diverse range of stakeholders by supporting the gradual devolution of power and responsibilities across state (different levels of government) and non-state actors (NGOs, civil society, CBOs, private sector).

*Devolve power and resources.* Governments should ensure the progressive institutionalization of inclusive and transparent arrangements for PRS implementation and monitoring. They should follow through on decisions to devolve power and transfer resources to support the implementation of PRSs. Governments should be aware that if they do not follow through with their commitment to devolve power and resources, the institutional arrangements could collapse, with significant damage to their credibility. This could cause irreversible damage to both the PRS and the process of peace consolidation.

*Linkages with other processes.* As the case studies demonstrate, the PRS can strengthen other, parallel processes, and in turn be strengthened by them. Synergies would best be developed if the processes are closely aligned. Human rights programs, peace-building exercises, and reconciliation processes can learn from the PRS process how to be attentive to poverty-related issues, and the PRS can draw from the lessons of peace-building activities.

**Donor Engagement**

**Summary Findings**

- **Country ownership of the PRS** tended to increase as the country further moved out of violent conflict and away from reliance on humanitarian assistance.
- **Donors** tended to have unrealistically high expectations from the PRSs in post-conflict countries, given capacity weaknesses and continuing divisions among population groups.
- **In some cases,** donors refused to align their strategy with the PRS if it did not address conflict issues as this would imply that they endorsed the lack of attention to conflict.

Just as governments need to seriously consider conflict issues in the development of PRSs, it is equally important for donors to examine their own behavior, especially how they can engage effectively with governments and coordinate systematically to support PRS development, but not drive it. The PRS model envisages a partnership between donors and the country, with the aim of clarifying the aid relationship. To this end, the PRS seeks to change donor behavior on three key fronts. First, donors are expected to respect the principle of country ownership by tempering their advice and encouraging the government to listen first and foremost to the voices of its own citizens. Second, development partners are encouraged
to coordinate more effectively, ideally under the leadership of the government, and provide more consolidated inputs into the policy dialogue, in order to avoid fragmenting the policy process and absorbing limited government capacity. Third, donors should align their financing with PRS priorities; provide funds through government systems (ideally the budget) rather than through parallel processes; and simplify and harmonize their administrative procedures.

Post-conflict environments present a series of challenges in moving toward these ideals. Conflict-affected countries are more likely to depend on international assistance, arguably giving donors more influence than in non-conflict affected countries; and international agencies are likely to operate with a humanitarian as opposed to development mindset, focusing on short-term needs, and often by-passing government while implementing projects through non-governmental intermediaries. Shifting from an interventionist role, which often makes sense in an emergency setting, to one that is more respectful of country-driven efforts demands new incentives and sensitivity on the part of donors. In a few cases, donor engagement undermined PRS development, particularly in the countries either immediately out of a war or those dealing with unresolved conflict challenges. In general, however, donor interactions and mechanisms for coordination have improved significantly since PRS first began.

Box 10: Challenges for Donors in Conflict-Affected Countries

- **Country ownership.** Given their heavy engagement and greater influence in conflict-affected countries, donors have to consider how they can simultaneously be less interventionist and more supportive so that the PRS is a country-driven, home-grown product.
- **Harmonization.** It is understandable that donor policy agendas differ in priorities, however, they should aim to coordinate activities so as to magnify impact by pulling in the same direction and reduce aid administration burdens on governments.
- **Align support.** To strengthen the effectiveness of the PRS process, donors should align country programming to the PRS. Some donors may be reluctant to do so if conflict factors are overlooked in PRS development. This is a serious dilemma that donors need to address if the PRS is to be the accepted framework for development assistance.

**Donor Assertiveness vs. Country Ownership**

Country ownership, a key principle of the PRS, suggests that the PRS be a product of genuine national efforts and be representative of the needs and priorities of the diverse stakeholders in a country. The case studies indicate that as countries transitioned from humanitarian assistance to reconstruction and development assistance, they had stronger control over the prioritization and pace of development, and managed the exercise without excessive intervention. Donors played a supportive role, providing technical assistance and advice, and in some cases pushing for the consideration of conflict-related issues. Given their involvement during the conflict period and understanding of the conflict conditions, the donor community was usually included as a key stakeholder for consultations.

BiH made robust efforts from the outset to ensure that the PRS was country owned rather than driven by donors. The government used domestic resources to fund the preparation process, and drew on local expertise rather than using international consultants. Donors were included as members of thematic groups and UNDP played a constructive role in organizing donor inputs by establishing working groups and synthesizing donor comments at various stages of the strategy’s development, but the ultimate product was country owned.

A few cases illustrate that donors continue to use financial assistance as leverage vis-a-vis governments to modify priorities and revise frameworks in alignment with donor preferences. Donors need to advise and
assist the PRS process but could undermine it if they try to drive the process. For example, in one of the
cases, a key donor believed that the macro strategy outlined in the PRSP was incompatible with its own
macro framework, which it felt better suited the prevailing environment. It pressured the government to
redraft the PRSP to make it more congruent with its vision, resulting in tensions between the government
and donors and between government and civil society. The donor consequently refrained from providing
inputs and support to the government.

Given that the countries had been weakened by conflict and most likely had low capacity, donors often
had unrealistic expectations of the PRS’s capacity to address conflict challenges. Some donors
encouraged conflict-affected countries to make conflict issues a primary concern, and to create structures
to tackle conflict challenges.

In some cases, donor pressure combined with a lack of country commitment to the PRS led to the
development of strategies that had little regard for conflicting sensitivities and diverse constituencies.
These PRSs seldom reflected the needs of the country, particularly the special concerns of conflict-
affected areas, and were rejected by excluded groups, and often rendered irrelevant with change in
governments.

**Donor Coordination**

Donors acknowledge that differing priorities and limited coordination in the past resulted in overlapping
programs or incompatible policy actions, thus affecting the PRS. In some cases, tension occurred
between donors that provided budgetary support to the PRS and those that continued to support projects
that were not necessarily priorities of the PRS. While there may have been sound reasons for providing
support outside of the PRS, particularly when the PRS ignored the needs of a conflict region, this mode of
operation was generally an obstacle to effective cooperation and policy dialogue.

The cases show that donors have gradually begun to harmonize their efforts on how best to carry out
development activities in a conflict context. Donor groups have been established to facilitate
 collaboration on programmatic priorities and the strengthening of country structures needed to address
poverty, conflict, and development more generally. DEPAC (the Development Partnership Committee)
in Sierra Leone, the Donor Framework Group in Georgia, and the Donor Working Group in Sri Lanka are
eamples of institutionalized coordination among donors. Their programs are concerned with both
poverty reduction and activities supported outside of the PRS framework.

Donors increasingly see the PRS as a tool that can enhance their communication and coordination, and enable
them to shift focus from humanitarian aid to development assistance. However, there have also been competing
donor views on the degree to which countries should be compelled to incorporate conflict issues. Despite such
tensions, donors are generally trying to generate common positions and coordinate support. Governments, in
turn, appreciate not having to manage conflicting agendas and appease divergent demands.

**Donor Alignment with PRS Priorities**

Donors should ideally realign their country strategies with the priorities of the country’s PRS. The case
studies found, however, that donors only minimally considered the PRS in determining their country
assistance. Given sketchy and vaguely designed policy actions in PRSs that encompassed a wide-ranging
set of priorities, donors could say that their existing programs were already consistent with the PRS.
Thus, the PRSs in our sample did not seem to precipitate major revisions in donor programming. This is
a concern also in non-conflict countries, since one of the major aims of the PRS is to encourage donors to
rethink their programs along the strategy outlined by the country.

In a few cases, donors deliberately decided not to align their country strategy to the PRS because it
ignored conflict challenges. In these cases, donors continued to support activities that contributed to
poverty reduction and conflict mitigation independent of the priorities identified in the PRS. These donors argue that if their aligned aid is to be effective, the PRS should focus on conflict in a more direct and meaningful manner. In this vein, some donors highlighted the lack of a conflict perspective in PRSP drafts and encouraged governments to address conflict-related issues.

### Box 11: Donor Reviews on PRSs

Several donor studies have raised important issues about the use of the PRS in conflict situations:

A DFID study\(^a\) questioned whether the PRS is the most relevant instrument for donor engagement in conflict-affected countries, since the PRS is premised on the existence of a modern state capable of making a strong commitment to poverty reduction. The study noted that conflict-affected countries generally have “major shortcomings in basic institutional capacity and governance” (p. 4); and that “the degree to which the PRSP can assist in the process of state (re)building will be a crucial test of its relevance” (p. 5). The study also questioned whether there is always a synergy between poverty reduction and conflict prevention. “There may be some kinds of conflict prevention that actually freeze existing structures of exploitation and the often-hidden violence of peacetime, suggesting that there is a problem in placing conflict and peace at two ends of a spectrum” (p. 6). There may also be a danger that “reformers who talk the language of development assistance are acting as cover for those who are prepared to use violence to maintain criminal or violent economies behind the scenes” (p. 10).

Another study, by the Netherlands Institute of International Relations,\(^b\) found, to the contrary, that “processes aimed at the joint formulation of a PRSP may play an important role in the sharing of power and the allocation of government assets” (p. 12). Quoting the Ministry of Foreign Affairs, the study suggested that the criteria for assessing the PRSP in conflict-affected countries should be limited to three main questions: “Is the process sufficiently inclusive? Is the budget transparent? Are enough pro-poor choices being made?” This study agreed with DFID that “a PRSP requires a functional state” (p. 15), but noted that “it is through the PRSP…that the government publicly acknowledges [the causes of conflict] and its responsibility in addressing them. Whether this constitutes a real change or just … mastering donor language remains to be seen” (p. 16).

A third study, by UNHCR,\(^c\) criticized the PRS for failing to take adequate account of refugee issues in conflict-affected countries. “Generally, displacement issues are missing in existing PRSP and I-PRSP strategies … [and if refugees are] mentioned, [they] are perceived as a constraint to economic growth and development, as a security threat or a health risk” (p. 7), rather than as people who can contribute to development. Since in many instances, “the number of displaced people makes up a substantial part of the total population and an even bigger part of the poor population,” PRSPs that do not factor in the needs and potentials of displaced people risk not being very effective in achieving poverty reduction” (p. 8).

\(^b\) Using PRSPs in conflict-affected countries. Bart Klem, Netherlands Institute of International Relations ‘Clingendael,’ Conflict Research Unit, July 2004.

### Donor Engagement - Way Forward

**Country ownership over donor assertiveness.** Donors have traditionally had significant influence in conflict-affected countries, but need to consider how to reconcile country ownership with promoting their own priorities. Donors may be eager to have a country address conflict issues in the PRS, but how to do this effectively without pressuring the government is a key challenge that donors have to address upfront if the PRS is to be an effective umbrella framework. Donors could strengthen the country’s capacity to prepare a conflict-sensitive PRS by providing technical assistance or commissioning studies on subjects
related to conflict and peace-building impacts. Donors should not determine PRS priorities or lead its preparation; rather they should create an enabling environment that makes it possible for governments to deal with conflict-related issues and sensitivities.

**Realistic expectations.** Donors tend to push their own agendas, which often contradict each other, on governments. Governments, weakened by conflict and dependent on donor support, may often include all donor priorities, leading to unrealistic PRSs. However, if the PRS is to be an effective framework for assistance, donors need to tone down their expectations and refrain from burdening countries with excessive demands. Donors need to view the PRS as one step of many iterative efforts by a country refining its planning process and development strategy.

**Facilitating the inclusion of conflict issues.** Donor decisions to provide limited support to a PRS that does not take conflict concerns into account may be valid because aid will likely not be effective, and could in fact contribute to the exacerbation of conflict. Given that the PRS is the agreed umbrella framework for development assistance, donors should help foster an environment in which governments are able to prepare PRSs that address conflict concerns. Donors should differentiate between legitimate reasons for omitting discussion and policy actions related to conflict factors and exclusionary or divisive policies. If a PRS does not consider conflict-related issues in the poverty diagnostic and policy actions, donor assessments, including the IMF-World Bank Joint Staff Advisory Note, should point out that the limited conflict sensitivity of the PRS could jeopardize its effectiveness.

**Improving donor harmonization.** Evidence from the case studies clearly shows that donor coordination has significantly improved, and that donors are cooperating on the nexus of conflict and development issues. Donors should continue moving forward by communicating and collaborating on country programming. More specifically, donors could establish formal coordinating mechanisms to identify their activities, implementing partners, monitoring and evaluation activities. They could also increase their cooperation on conflict-related activities, such as multi-donor conflict assessments. Coordination would enable them to take advantage of their comparative strengths, avoid duplication of support and contradictory policy advice and incentives.
SECTION IV:
OVERALL LESSONS AND CONSIDERATIONS

Addressing Conflict Factors: What is Realistic?

A number of cross-cutting conflict factors were found across the nine country case studies, including: exclusionary states and weak governance; economic stagnation or decline; social divisions and regional disparities; competition for land and other natural resources; militarization of society; and the impacts of sub-regional instability. The degree to which the PRSs recognize and address these different conflict factors needs to be understood against the background of their primary goals and the situation in which they were developed. It would be important to temper the ideal and desired with what is realistic and possible, given contexts dominated by factors of conflict and other challenges. The following need to be remembered:

- The primary goal of the PRS is to achieve economic growth and poverty reduction. However, social divisions, violence and instability are major deterrents of growth and poverty reduction in conflict-affected countries. Effective PRSs would therefore seek to address the factors that drive these deterrents. Potentially, a PRS could thus help prevent future escalation of conflict in a country while maintaining its primary focus on poverty reduction.
- The PRS is a government-led and, in principle, country-owned strategy. Political willingness and feasibility influence the determination of priorities. The degree to which conflict factors are taken into account is thus driven by each country’s specific situation and demands.
- The PRS process is political as well as technical, and PRS action plans are developed within the parameters of domestic and, in some cases, foreign policy. This would account for political limitations as well as political opportunities.
- The situation in a conflict-affected country may require conflict issues to be discussed and presented in specific ways to avoid exacerbating political tensions. This may mean that analysis and actions related to conflict are, in some cases, dealt with implicitly rather than in explicit terms, and may account for the lack of specific reference to ethnicity or other divisions in some countries.
- State capacity suffers in most conflict-affected countries, and the country’s ability to plan and implement complex programs may be poor. This would often manifest itself as weak prioritization, as disconnect between overall goals and specific action, and as slow implementation. In some cases, however, lack of prioritization may be a result of the political need to satisfy divided constituencies.

Towards Effective PRS in Conflict-Affected Countries

Though the sample in this study is limited, the nine countries nevertheless offer useful experience of PRS frameworks in different types of conflict contexts. While all the countries had experienced violent conflicts within 10 years of the PRS process, they differed significantly in the nature, intensity, and scope of the conflicts as well as in the severity of social divisions, continuing opportunity for rebellion, quality of peacebuilding efforts and international involvement, and the time lapsed since major violence ended. The countries also differed greatly in their levels of state capacity, resource base, and economic growth. These differences, however, did not systematically predict the likelihood of effective PRS in the countries.

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35 Please refer to the definition of conflict used in this study on p. 4.
The extent to which PRS processes and strategies had taken conflict factors into account varied according to their different local contexts and capacities, the political sensitivities of addressing key conflict factors and amount of time elapsed since violent conflict was experienced. However, it is possible to identify key elements of an overall approach to increase the effectiveness of PRS processes and strategies in conflict-affected countries. What appears to be the single most important factor in how effective a PRS is likely to be is the extent to which its preparation process and content reflect the country’s reality. In a general way, that would be the case for all countries – those that have not been affected by conflict as well as those that have. But the stakes are much higher in countries that need stability and development to avoid future escalation of conflict, and the challenges harder to overcome. An effective PRS in such a country would take the situation facing poor people as the starting point, including the social and economic factors that have been the source of conflict in the country. An effective PRS would also make a real attempt to address imbalances that drive both poverty and conflict, such as exclusion from social and economic opportunities of entire population groups, in its policy actions – not only hear them out during consultations. Furthermore, an effective PRS in a conflict-affected country would be one that contributes to institutionalizing sound – i.e. conflict-sensitive – planning practices in the country, and sustains them beyond a single PRS process and refines them in the later PRS and planning iterations.

The findings from this study confirm the need for an agreed and prioritized policy framework to deal with the countries’ reconstruction and development challenges. This is critically important in a situation of weak governance, absent policies, and interventions by multiple donors and international organizations. The study, however, also found weaknesses in the way the PRS had been applied in such country situations, especially: lack of recognition of their specific country contexts, including social divisions and conflict issues; too much focus on producing a PRS paper at the cost of institutionalizing effective planning arrangements and processes; preparation processes that were too long, comprehensive, and taxing on staff in situations where quick results were needed on the ground; and too much donor interference, often on their own pet causes. For a PRS to be effective in a country that struggles to overcome the legacy of violent conflict, the following aspects need to be considered:

**Country specific**
Effective PRS design builds on a critical assessment of the country context, including specific conflict factors. Good contextual analysis would identify the social, economic and governance factors that affect the further trajectory of conflict in the country and how they link with factors determining growth and reduced poverty, including specific consequences of conflict such as damaged infrastructure or oversized armies. Good contextual analysis does not mean more studies and comprehensive analysis, but analysis that is able to capture key characteristics of the country context. The PRS should build on in-country processes such as peace agreements, post-conflict needs assessments, and transitional results frameworks. In countries still facing violent conflict or are in the early phases of post-war transition, humanitarian, reconstruction and development needs will overlap – and the PRS needs to accommodate this overlap.

**Nimble and flexible**
Conflict-affected countries are usually characterized by great volatility and quickly changing situations, especially in terms of political arrangements, security, and humanitarian needs. At the same time, many of the countries in such circumstances face serious capacity constraints. Given these challenges, a question brought up during this analysis was how a PRS can be more responsive to quickly changing situations without weighing down a strained government with repeated demands for resources, capacity, and organization to develop or update the strategy document. While experience shows that there is a real need for a PRS framework in such countries, the process and strategy could be structured such that design and implementation allow them (i) to respond relatively quickly to changing situations; (ii) be flexible in their design and implementation; and (iii) develop alternative approaches when changes render current measures irrelevant. While flexibility is key for the PRS in conflict-affected countries, it should not be interpreted as allowing for a *laissez-faire* approach on part of the country leadership or donor partners.
Instead, flexibility implies the development of unique and innovative methods to address PRS analysis, participation, and implementation.

**Build complexity over time**
Given issues of real capacity constraints, political tension, difficult access to all parts of a country, and limited time before plans need to be converted into action, governments and donors should allow PRSs to develop over time. The PRS is meant to be an iterative process where diagnostics, participation processes, institutional arrangements, policy actions, etc. are refined the second time around as the country gains better capacity and more experience on these issues. This would be particularly important given the challenges faced by conflict-affected countries: in later stages of the process, contextual analyses would be more complex, consultations go deeper, and the strategies more comprehensive. However, the legacy of conflict is such that there is a significant likelihood for it again to escalate and for instability to render poverty reduction and growth measures ineffective. Attention to conflict factors, therefore, would need to be at the *front end* of PRS processes in countries that are at risk of violent conflict, but with successful poverty reduction it may later be given less focus.

**Managing Risks**
Like any activity in a conflict-affected country, the development of a PRS carries certain risks. The more carefully the process takes conflict factors into account and the more realistically the PRS content reflects the context, the better the potential risks can be managed. Risks may include: (i) Unrealistic perception among people of what the PRS would deliver may contribute to renewed instability if tangible changes do not take place. Such a perception would increase if the process is not well explained e.g., through media, or if politicians use the process for political mobilization. (ii) Participation in the PRS process may lead to beliefs among interest groups that their concerns will be taken care of, and may result in a PRS that avoids hard choices or prioritization in an effort by government to maintain support from diverse constituencies. (iii) Potentially divisive issues, e.g., ethnic differences, may be treated insensitively in the PRS process or content, and may increase tensions. (iv) Failure to identify and mitigate conflict factors, particularly those which drive both poverty and insecurity, may create difficulties for PRS implementation and undermine the achievement of growth and poverty reduction objectives. (v) Immediate post-war needs may be addressed in a way that undermines the longer-term interests of the country, e.g., by creating (or prolonging) dependencies of war-affected communities, or providing different level of support to different groups such as demobilized combatants and returning internally displaced.

**Conclusion**
In conclusion, this study finds that it is possible to increase the effectiveness of the PRS in conflict-affected countries to achieve core growth and poverty reduction objectives. However, to do so requires a concerted effort to integrate appropriate responses to the identified conflict factors in each pillar of the PRS process. Most importantly, it requires adapting the PRS process to the specific realities of conflict-affected countries which often struggle with issues of limited capacity and high expectations in situations of political instability and risk of conflict resurgence.

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36 Please see footnote 30 (p. 24) for indicators showing risk of conflict escalation in a country.
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ANNEX I

Country-Specific Findings

Using the World Bank’s Conflict Analysis Framework (CAF) as a guide, the country case-studies included an examination of the nature and manifestations of conflict factors in-country during the period of PRS development. The summaries of the case studies presented below highlight the background conflict factors in the countries at the time PRSP was being developed.

Bosnia and Herzegovina

Conflict in Bosnia and Herzegovina (BiH) followed the collapse of the state of Yugoslavia and the independence of Slovenia and Croatia in 1991. Ethnicity increasingly became the dominant discourse in politics, with leaders using ethnicity as a tool to mobilize support and gain power. In April 1992, the new state of BiH was recognized by the European Union and the United States. War broke out in 1992 and was ended in 1995 by the Dayton Peace Accords.

Key conflict factors:
- Stark divide between rural and urban populations in terms of income, welfare, and socioeconomic characteristics, with rural areas generally more ethnically homogenous.
- Political mobilization along ethnic lines.
- Lack of state capacity to protect rights of all ethnic groups.
- Destruction of human/physical capital during the war.
- Human rights abuses during the war, further entrenching grievances and divisions.
- Refugee return and property restitution issues created by displacement during the war.
- Economic tensions created by the transition to a market economy.
- Corruption and a thriving black economy bred by the conflict.

Burundi

In the absence of institutions and processes that can resolve conflicts in a peaceful manner, political elites in Burundi have used ethnic polarization, mistrust, and fear to further their own political and economic interests. Widespread poverty, inequalities among social groups, competition over land in a small country with high population growth, soil degradation, and a low urbanization rate are key underlying sources of tension. The resulting conflicts have focused primarily on capturing or securing the state as the main avenue for power, security, and wealth.

Key conflict factors:
- Poor governance, clientelism, and pervasive corruption.
- Widespread poverty and population pressure on scarce productive land.
- Political exploitation of deep inter- and intra-ethnic divides among and within (i) clans – both horizontal divisions (rival lineages) and vertical divisions (castes); (ii) regions, and (iii) political and economic elites.
- Weakened human, physical, and social capital from the ongoing conflict.
- Growing population of vulnerable persons and disenfranchised youth.

37 The World Bank’s Conflict Prevention and Reconstruction Unit developed the Conflict Analysis Framework (CAF) to enhance the conflict sensitivity and conflict prevention potential of World Bank assistance. For more details see: www.worldbank.org/conflict
• History of violence and impunity.
• Spillover effects from conflicts in the Great Lakes region through refugee flows, arms trade, availability of resources, and rebel bases.

Cambodia
In the late 1960s, Cambodia plunged into a series of revolts against large landowners and the government and its economic policies, which began three decades of conflict. The Khmer Rouge regime of 1975-1979, which committed widespread atrocities and persecuted urban populations and ethnic minorities, was replaced by a Vietnamese-backed government in 1979. Following the Vietnamese withdrawal and a peace agreement in 1991, the United Nations Transitional Authority in Cambodia helped establish a multi-party system. Since then, conflicts have been predominantly political in nature, with sporadic escalations into violence.

Key conflict factors:
• Social cleavages along class, ethnic, and urban/rural lines.
• Unequal access to agricultural land, fishing areas, forests, and other productive resources.
• Unequal distribution of benefits from economic growth, widening income disparities, profit-making and rent-seeking by privileged groups (particularly in logging).
• Unemployment and limited opportunities for youth.
• Militarized society and widespread violence.
• Impunity for past human rights abuses complicating democratic consolidation.
• Continuing challenges to the stability and equity of the political system.

Chad
Chad has a longstanding heritage of ethno-regional and clan-based conflict. Despite a period of progress in the 1990s, there are signs of increasing tensions and risks. Conflicts in Chad are more of a continuous presence than an event with a distinct beginning and end. They are best understood as the result of failure to build viable and responsive political institutions, due largely to a strong legacy of earlier conflicts. Armed incursions in the north, as well as in the eastern areas bordering Darfur, add to more permanent features of the situation, such as conflicts between farmers and stockbreeders, youth violence, human rights abuses, and impunity. The legacy of past conflicts also includes flawed demobilization efforts and continued militarization of society, with easy access to arms. Chad has been an oil producing country since 2003, and has put in place a complex oil revenue management program to mitigate risks of corruption.

Key conflict factors:
• Power concentrated in the executive, and a narrowing power base of certain clans and ethnic groups.
• Threats to national and local stability from external developments, including the situation in Darfur and relations with Libya and the Central African Republic.
• Clientelism and corruption, undermining rule of law and escalating local conflicts.
• Persistent militarization of society, coupled with a lack of economic opportunities.
• Regional imbalances and skewed socioeconomic opportunities between the resource-rich south and the northern-based political elite.
• Weak vertical social capital, especially between executive power and a mainly southern educated bureaucracy.
• Socio-ethnic groups with competing livelihoods struggle for control of scarce natural resources, particularly fertile land and water.
• Continuing concerns about respect for human rights and impunity for past abuses.
Georgia

The conflict in Georgia is generally understood to be a result of the wide range of demands and grievances which came to bear on the incipient state in the wake of the dissolution of the Soviet Union. The conflict is multifaceted and comprises a number of separate disputes. The two main areas of conflict are the regions of Southern Ossetia and Abkhazia, both of which have sought to secede from Georgia. In both cases, this has led to armed confrontations which ended in ceasefires. To date, however, no definitive solutions to these conflicts have been found.

Key conflict factors:

- Socioeconomic dislocations created by the post-Soviet collapse of the Georgian economy.
- Failure of the state to put in place credible guarantees for minority rights.
- Increasing politicization of ethnic identities, along with secessionist tendencies in a number of regions.
- Georgia’s strategic location; its transection by major commodity transportation routes, which provides incentives to fight for political control.
- Foreign interference in support of different parties in the conflicts.
- Widespread criminalization of the economy along with rising corruption, which further undermine effective central governance.

Nepal

The transition from an absolute monarchy to a multi-party democracy with a constitutional monarch combined with poor social service delivery to rural and remote areas were important contributors to the conflict in Nepal. Given the enormous poverty in the country, the Maoists were able to launch an armed struggle for a revolutionary transformation of society in 1996. In the early phases of the insurgency, the purported Maoist aim to redistribute land and promote equality received support. Their continuing reliance on violence and lack of continuous commitment to negotiations has however gradually led to increased disillusionment among the population. The conflict continues with no settlement in sight.

Key conflict factors:

- Wide socioeconomic disparities between the central and eastern regions and poor western territories, and between rural and urban populations.
- Widespread poverty and income inequalities.
- Unequal access to land, along with widespread landlessness and compulsory labor.
- Social structures that impede socioeconomic mobility, restrict access to education, and limit opportunities for women, further compounding disaffection.
- Political system unable to effectively address popular grievances, exacerbated by extended period of constitutional crisis and weak government.
- Wide-ranging human rights abuses.

Rwanda

In Rwanda, a cycle of violent riots, massive population movements, and increased militarization started a few years before independence in 1962. Power was reshuffled from Tutsi to Hutu elites during decolonization, resulting in massive outflows of Tutsi refugees. Raids by Tutsi militias on Rwanda triggered violent responses by the regular Hutu army against the remaining Tutsi population in Rwanda, and resulted in further refugee movements. This violence culminated in genocide in 1994 when up to one million Tutsi and moderate Hutu were massacred in 100 days, leaving about 3 million people (40 percent of the population) uprooted as IDPs or refugees. Later in the decade, border struggles intensified, particularly with the Democratic Republic of Congo.
Key conflict factors:

- Extreme poverty, horizontal inequalities, and population pressure on fertile land.
- Political mobilization along clan and ethnic lines.
- Weakness of state institutions and processes to manage conflicts in a peaceful manner.
- Impunity for violence, which consolidated a culture of violence.
- Conflicts in neighboring countries, which provided safe havens to various conflict groups, allowed easy arms trade, facilitated access to resources, and created refugee flows.
- Dependence on natural resources, creating vulnerability to changes in commodity prices.

Sierra Leone

Sierra Leone’s war ended in January 2002, following intervention by the United Nation’s Mission to Sierra Leone (UNAMSIL) and British troops. Fighting had begun in 1991, when rural youth frustrated with socioeconomic and political stagnation were mobilized by the Revolutionary United Front (RUF). The RUF’s aim was to topple the government, which had ruled for 24 years.\(^{38}\) Sierra Leone’s war was characterized by several coup d’états, formation of civil militias and renegade soldier factions, employment of mercenaries, trade of diamonds, conscription of child soldiers, mutilation of civilians, and displacement of more than two million people. By the time the war was over, the country’s infrastructure was destroyed and Sierra Leone found itself at the very bottom of the Human Development Index.\(^{39}\) Social cleavages between war-affected populations and ex-combatants, female heads of households and men (over property rights), young and old, and political parties had been deepened by the war. In the current post-war era, high expectations for improved governance and socioeconomic conditions as well as redress of human rights issues could be conflict-producing if not met.

Key conflict factors:

- Over-centralization of control over resources and political power caused disaffection in provincial areas.
- Lack of accountability and capacity of governance structures.
- Exclusion of youth from national and community politics.
- Economic degeneration and extreme poverty.
- Reverberations from political instability throughout the Mano River sub-region of West Africa.

Sri Lanka

While several conflicts have plagued Sri Lanka since its independence in 1948, none has impacted the country like the war between the government and the Liberation Tamil Tigers of Eelam (LTTE) on behalf of the Sri Lankan (or Jaffna) Tamils.\(^{40}\) The Sri Lankan Tamils are concentrated in the north and east of the country and had been demanding a separate state, to be known as Eelam. The literature usually points to 1983 as the critical juncture in Sri Lanka’s ethnic conflict, although protests against the government’s

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\(^{38}\) In 1991 President Joseph Momoh of the All People’s Congress (APC) was organizing multiparty elections, scheduled for 1992. Many people felt election plans were simply a ploy to legitimize the APC’s 24-year grip on power. In 1991, before the elections could be held, the RUF invaded Sierra Leone with the assistance of Charles Taylor’s National Patriotic Front (NPFL).

\(^{39}\) The Human Development Index does not include all countries in the world, including some of the poorest; e.g., Somalia and Liberia. Source: Human Development Report 2002: Deepening Democracy in a Fragmented World, published by the United Nations Development Programme.

\(^{40}\) Other sporadic insurrections include the Janatha Vimukthi Peramuna (radical rural-based youth movement) against the government; intra-Tamil warfare; and intermittent clashes between the Tamils and Muslims, particularly in the east, where Muslims speak Tamil but support the Sinhalese-dominated government.
discriminatory policies began much earlier. From 1983 until the ceasefire in 2002, there was full-fledged war between the LTTE and the government (interrupted with periods of peace), resulting in 70,000 deaths, 800,000 IDPs, and one million refugees. The ceasefire continues to hold although with increasing tensions in recent years and has not led to a formal peace agreement. With the recent signing of the Memorandum of Understanding (MOU) for the establishment of a Post-Tsunami Operational Management Structure (P-TOMS) between the government and the LTTE, there is optimism that the peace process could resume.

Key conflict factors:

- Structure of government (majoritarian democracy) allowed for the concentration of political power.
- Government policies on language, education, employment, and economics, intentionally or unintentionally resulted in exclusion of the Tamils.
- Structural regional imbalances were worsened by inequitable distribution of resources.
- Separate language of instruction and curriculum for each group fed beliefs of ethnic exclusivity.
- Educated unemployed transformed into politically motivated Tamil Diaspora (based in the United States, Europe, Canada, Australia), which provided political support and funds to the movement. Support (sanctuary) also provided by kindred groups (Tamils in India) to sustain the movement.