

## **Poverty Reduction Strategies in Conflict-affected Countries: Constraints and Opportunities**

**(Draft)**

1. This note addresses the issue of formulating Poverty Reduction Strategies (PRS) in conflict-affected countries. It discusses some of the contextual constraints imposed upon the PRS process by conflict situations, the expected content of Poverty Reduction Strategy Paper (PRSP) in conflict-affected countries, as well as the need to adapt its procedures to the special conditions in the field. In particular, this note discusses: 1) some of the recurrent characteristics of conflict-affected countries that have a direct impact on the formulation of poverty reduction strategies; 2) the need to include peace-building policies/actions while formulating PRS in conflict-affected countries; 3) the special circumstances of conflict-affected countries for the implementation of three requirements of the PRS policy: poverty analysis; participatory methods; and monitoring and evaluation of PRS implementation. As background work for this note, one PRSP and five Interim Poverty Reduction Strategy Papers<sup>1</sup> formulated by African countries were reviewed. Because this note intends to discuss specific constraints/problems faced by those involved in the formulation of PRSP in conflict-affected countries, it adopts a schematic presentation by enunciating problems/issues and proposing ways to address them in conflict-affected contexts.
2. As a new instrument for this anti-poverty initiative, the Poverty Reduction Strategy Paper (PRSP) introduces a unique aspect to poverty reduction policies as a condition for debt relief. Such unique aspect is its emphasis on participatory methods to design anti-poverty policies and to monitor and evaluate their implementation and achievements. By mobilizing local populations to set anti-poverty priorities and by giving civil society the means to monitor progress, the risk of failure should be lower. Popular participation would prevent inappropriate priority setting and make government accountable.
3. Conflict creates specific constraints for the formulation of a poverty reduction strategy. These constraints are of three orders. First, conflict weakens state institutions and diverts state budgets from development efforts towards military purposes, bringing to a halt most government-led development initiatives. The formulation of a PRSP and the allocation of the necessary budgetary resources within a PRSP may thus be hampered by the supremacy of the military sector. Second, conflict creates poverty in very particular ways. Thus, a special effort is needed to assess how a conflict has an impact on different populations within a country. Third, conflict disrupts the movement of goods and people, making it more difficult to implement participatory approaches to poverty diagnosis and popular monitoring mechanisms. Therefore, special mechanisms to ensure participation in PRSP formulation and monitoring are needed.
4. Finally, the relationship between conflict and poverty is a dual one. Poverty is a cause of conflict but conflict is in itself a major cause of poverty. As such, one cannot plan for a sustainable poverty reduction strategy without addressing the causes and consequences of war. A realistic approach to poverty reduction in conflict countries should seriously discuss the need for a peace process. Even though some gains in poverty reduction can be obtained in non-affected areas, it is unrealistic to aim for sustainable policies and widespread success in a country that is at war. In fact, when implemented on a full scale, the roadmap for the PRSP formulation would be the ideal venue for the discussion of a peace strategy. However, to achieve such a collateral goal, governments and civil groups should recognize and support such opportunity.

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<sup>1</sup> The IPRSPs under review were from Ethiopia, Rwanda, Sierra Leone, Angola, Guinea-Bissau and the only full PRSP was from Mozambique.

## **I. Contextual constraints for the formulation of PRSP in conflict-affected countries**

**5. High levels of political instability and deep political polarization.** Due to internal political polarization, weak institutions, military and social unrest, and rebel activities, conflict-affected countries, either affected by on-going conflict or in transition, present high levels of political instability. Furthermore, coups d'Etat, authoritarian governments, irregular elections, and postponements of electoral processes create a specific political culture that can be at odds with the adoption of the PRS principles. Civilian populations and organizations may not put their trust in a government-led initiative. Governments might see popular participation and mobilization as a risk to their stability.

- Popular confidence in the PRS process can be built up if clear and public rules for popular participation are established and fully respected by the government. When there is a change in government, a commitment should be sought from the new government to pursue the poverty reduction strategy previously formulated.

**6. Limited territorial control and state sovereignty, and high levels of insecurity.** Countries affected by conflict often have parts of the territory controlled by opposition groups, fighting the central state authority. Furthermore, it is often the case that the state has limited or no presence even in the territory under its control. In addition, as a consequence of rebel activity and other factors (small arms availability, high unemployment rates) insecurity is widespread and not only limited to the conflict areas. These conditions are likely to limit the opportunities to carry out participatory poverty diagnosis and hamper data gathering.

- Poverty diagnosis and participatory consultations can be implemented even in the absence of state institutions. Alternate organizations such as churches and non-partisan groups can take the lead in the process. In some cases, special agreements can be reached with rebel groups to carry out poverty diagnosis studies and consultations in territories under their control.

**7. Fragility of civil groups and non-governmental institutions.** Conflict-affected countries are often governed by authoritarian regimes with little respect for civil liberties and political rights. In those contexts, it is likely that the civil society is weak and reluctant to participate in state-sponsored participatory processes. Even in democratic societies affected by conflict, civil groups and media are often weak and have little human and institutional capacity, which debilitates their capacity to mobilize people, spread information and provide input during consultative process.

- If the timetable and the rules for PRSP preparation are well known and genuinely endorsed by the government, it is likely that the international community will support local organizations with grants. Institutional arrangements can also be put in place between the government and civil organizations for the transfer of funds for capacity building that would allow civil society to fully participate in PRSP preparation and monitoring.

**8. Limited human capital and humanitarian aid dependency.** Long periods of conflict or on-going war lead to the flight of the most specialized human capital and hamper any effort to re-constitute local human capacity. It is likely that countries involved in conflict or emerging from one have limited local human resources which hamper efforts of data gathering, analysis and policy formulation. Also, the presence of large numbers of international organizations and NGOs during post-conflict transitions may have an unintended effect of debilitating state capacity. Because international NGOs and agencies can offer higher salaries than the civil service, they will attract the

most skilled people, depleting state agencies of their best brains. In addition, as a consequence of weak state institutions and the retreat of the state from development activities, many conflict-affected countries have their sector policies limited to relief programs and targeted social projects mostly implemented by international agencies.

- International consultants could be used during the formulation of PRSP but should only be placed in supporting roles and training positions in order to guarantee country ownership and sustainability of the strategy's implementation. A salary scale should be agreed upon between the government and international organizations in the country to avoid distortions in salary rates and high disparities between private and public sectors. Training and other capacity building activities in policy planning, implementation, monitoring, and evaluation might be needed to strengthen civil servants capacity.

**9. Poor governance, weak state institutions, and illegitimate governments.** Poor governance and weak institutions also affect most conflict-affected countries. As such, anti-poverty measures should not ignore the country's institutional setting and political institutions. The poor institutional capacity of government agencies will have a major impact in the implementation of anti-poverty policies. The very limited institutional capacity should be taken into consideration when planning an anti-poverty strategy.

- An institutional assessment of state capacity should be carried out prior to initiating a PRSP and reforms for institutional strengthening should be proposed.

**10. Evaluating the necessary minimum conditions upon which a country should engage in the PRSP process.** Given the existing constraints in conflict-affected countries, one might want to establish minimum necessary conditions for a poverty reduction to produce positive outcomes. Some questions to help in identifying such country-based necessary conditions are as follows:

- Does the government legitimately control large portions of the territory? Are there state institutions capable of leading the process of formulating a participative PRSP and implementing poverty reduction policies? Does the government (or sector ministries within it) have the political will to respect the PRSP process?
- Is there sufficient human capital within state institutions to guarantee country policy ownership and policy implementation, monitoring and evaluation?
- Are there civil institutions that are independent and autonomous of state control and that represent different sectors of society? Can the civilian populations express their preferences without state coercion?
- Are security conditions in place to implement consultative methods with civilian populations beyond the outskirts of a few towns?

11. After this brief presentation of some of the contextual constraints in conflict-affected countries, we will now discuss some critical aspects of the PRSP formulation in conflict-affected contexts. The next section touches on the need to include peace-building actions/policies in poverty reduction strategies. The third section regards the methodology to implement participatory poverty diagnosis. The fourth section addresses the indicators and mechanisms for monitoring the implementation of anti-poverty policies.

## II. Peace-building actions/policies in addition to long-term anti-poverty policies

12. Conflict-affected countries, either facing an on-going conflict or in transition, are confronted with specific needs created by the conflict situation. In particular, peace-building policies should be addressed while formulating poverty reduction strategies. Peace-building policies are not limited to those policies that address political or ethnic reconciliation, they should also include actions in areas such as basic infrastructure reconstruction and anti-personal mine clearance, repatriation and resettlement of refugees/Internally Displaced People (IDP), demobilization and reintegration of ex-combatants, rebuilding state institutions. Peace-building policies for poverty alleviation can address a specific need in time (e.g. demobilization of ex-combatants) or be longer-term activities (e.g. counseling to war victims). Short-term peace-building policies/actions should be planned in advance, if a peace process is in sight, and can sometimes be implemented even during conflict, for example, in zones that are less affected by it. The implementation of peace-building actions and policies after or during conflict has a direct impact on the poverty situation of the most affected sectors of society and lays the groundwork for medium and long-term anti-poverty policies. Peace-building policies, when pertinent, should be explicitly discussed in poverty reduction strategies, not only because they are necessary to reach the goal of reducing poverty but also to give credibility to the anti-poverty commitment. A series of recurrent peace-building policies and actions are briefly discussed below.

13. **Analyzing conflict for peace building.** Peace-building policies should be based on an analysis of the causes of the past or on-going conflict. Peace building should not only mitigate conflict impact but should also prevent any further escalation/renewal (for instance, ignoring a group's grievances during the PRSP preparation may provide an excuse for violent protest). This mitigating effect can only be achieved if there is a shared understanding of the main conflict causes between the different parties (government, rebel groups, and general population). Though conflict analysis is a very difficult issue in polarized societies, it should not be ignored at the risk of fueling conflict.

- An analysis of the main causes of conflict should be presented as part of the poverty reduction strategy. This analysis should be based on a shared view of the causes and impact of conflict. Countries could appeal to external mediators, if necessary, to lead the discussion on the main perceptions and causes of conflict.

14. **Anti-personal mines assessment and de-mining strategies.** Some conflict-affected countries have their territory contaminated by anti-personal mines. As a preemptive measure for the implementation of anti-poverty policies, de-mining should be a priority in the reconstruction phase. Indications of governmental plans to implement a mine clearance policy should be expected in anti-poverty strategy as well as on the expected timeframe, pilot areas, consultation with local communities for prevention of accidents and implementation of public awareness campaigns, institutional set-up for policy implementation, resources allocation, and collaboration with international organizations providing de-mining services.

- An assessment of the land-mine contamination across regions and costs estimate for de-mining should be provided in PRSP. While de-mining is often carried out by international agencies, the government should coordinate such efforts.

15. **Resettling the IDP and the refugees.** Resettlement of IDPs and refugees should be voluntary but an assessment of those populations' intentions to relocate should be known in advance. Surveys should be carried out to assess population preferences, to plan for transportation and support kits, to estimate basic social services in the resettlement areas, to mitigate environmental damage created by

displacement, to coordinate with local and international NGOs for the provision of basic social services.

- Basic estimates of the IDP population and its geographical distribution should be discussed in the PRSP. It may be the case that groups of IDP will not resettle and will remain in their current location. An assessment of potential population flows is key to prevent inappropriate policy formulation and should be planned for in the PRSP.

**16. Access to land and support of food production and access to markets.** When populations decide to relocate in rural zones, basic tools and seeds for food production should be available to them. While the customary laws for land allocation should be respected, women should be granted access to land. They are the main food producers and are often discriminated against by local traditions. The revision of the existing land laws might be needed to accommodate land demand and demographic changes.

- Some indication should be given on the land availability and land tenure situation in the country and how the current situation would allow for large repatriation/resettlement processes.

**17. Demobilization and reintegration of ex-combatants.** Demobilization and reintegration programs are key to dissuade violent conflict. While these programs are usually funded by international organizations, governments should plan for and coordinate such programs. The increase in micro-insecurity (as a result of availability of small arms and the violent culture of some groups) is also another recurrent problem in conflict situation that needs to be anticipated.

- An initial assessment of demobilization quantitative targets and costs estimate could be provided in the PRSP as well as specific ceilings for military expenditure. Specific projects to retrieve arms from civilians (on top of demobilization projects) should be planned for and stated in the PRSP.

**18. Rebuilding basic infrastructure and limiting and reversing environmental damage.** Reconstruction of basic infrastructure (bridges, local administration, etc.) is necessary to allow state institutions and NGOs to implement relief programs and anti-poverty policies. Infrastructure needs in conflict-affected countries can be substantial and they need to be tackled to create the conditions for the implementation of other peace-building or anti-poverty policies. Also, population displacements, war, and resettlement are likely to produce extended environmental damage that needs to be assessed.

- An initial survey of infrastructure needs should be done and priorities indicated. During transitions, potential population flows should be considered when establishing infrastructure priorities. The basic principles of community-based resources management (CBRM) should be encouraged from the beginning of any resettlement/repatriation process in order to mitigate environmental destruction and exhaustion of local resources.

**19. Support to female-headed households and child soldiers (and other conflict-affected populations).** These two groups are usually the most affected by war and by poverty. Generally, specific programs are offered by non-government organizations to address some of the immediate needs of these populations (food aid, child counseling, etc.). However, these programs are very limited in time and scope.

- Indications should be given on how to integrate these groups when consulting and formulating long-term anti-poverty policies. Pilot projects directed at these groups should be planned for in the PRSP. An assessment of other groups particularly affected by the conflict (ethnic, religious or social groups) should be discussed in the PRSP.

20. **War economy versus transitional economy.** Conflict also creates economic opportunities and specific safety nets (trade, smuggling, illegal mining, relief aid, etc.). The end of a conflict can disrupt these economic opportunities and safety networks. If a peace process is on the way, changes in the economic opportunities for poor people are likely to occur.

- Some reference should be made in the PRSP on the key economic activities undertaken by local populations (disaggregated by regions and social groups/gender) in order to plan on how to tap on these activities for future development initiatives.

21. **Identifying country-specific peace-building policies.** The above are often recurrent peace-building policies in conflict-affected countries. However, it is likely that such peace-building actions cover only partial needs of the conflict-affected population. Thus, it is important that peace-building actions/policies are planned with the participation of the beneficiaries.

- A specific section of the planned peace-building policies and their expected timeframe should be provided, possibly as a separate section, in PRS. It would facilitate resources mobilization and coordination with donors.

### III. Poverty diagnosis in times of conflict

22. The understanding of the poverty situation in a conflict-affected country is hampered by the lack of reliable statistical information, in particular, for those areas most affected by the conflict. When available, data usually predate the conflict. Also, aggregate statistical data can hide important disparities among social groups and regions. In such contexts, participatory methods for poverty diagnosis are even more important.

23. **Participatory methods for poverty diagnosis.** In the context of long-standing conflict and absence of state institutions in parts of the territory, the adoption of participatory methods for poverty diagnosis can be argued to be a difficult task. However, an effort should be made to implement participatory methods for poverty diagnosis and priority setting. Local institutions such as churches could be the venue to mobilize local populations. Organizations that have access to specific populations such as refugees and IDPs should be contacted to facilitate consultations.

- A roadmap for participation of local communities for poverty diagnosis should be provided in the PRSP, even when security issues preclude the full-scale implementation of participatory methods. Even then a roadmap should still be made public and a commitment should be made by the government to carry out consultations in those areas when security allows for it.

24. **Participatory methods for priority setting.** Participatory processes that include local populations during the formulation of the PRSP have the intent to strengthen the link between populations' needs, priorities, and policy formulation. In fact, in absence of a consultative process, the formulation of priorities would be done by sector ministries and will likely produce a mismatch between sector policies and populations' expectations (policies are then mostly supply-driven).

- Policy priorities should be based on poverty diagnosis formulated through a participatory process with local populations. When security problems prevent participatory priority setting with specific groups and populations, it should be clearly indicated in the poverty reduction strategy with a roadmap for future implementation. This planning for future activities is particularly key when there are large flows of population movement and parts of the territory pass to state control after many years of absence of state institutions.

**25. Targeting specific populations.** The identification of stakeholders for purposes of organizing participatory mechanisms is even more important in the case of a country affected by conflict. Evidence shows that women, IDP, refugees, ex-combatants and child soldiers are important groups in conflict-affected societies. They should be specifically targeted during poverty diagnosis. Participatory consultations should not be seen as excluding groups, regions, but it should be a unique opportunity to promote inclusion.

- A clear assessment should be made of the most conflict-affected populations. Groups presenting specific grievances (ethnic, social, religious) should be identified and targeted as stakeholders, with the intent to make the participatory process more inclusive.

**26. Understanding and mapping geographical disparities.** Regional disparities of development standards are often exacerbated by conflict. PRSP should explain regional disparities and propose policies aiming at reducing them. However, statistical data may be insufficient to fully capture the differences in economic and social development, particularly in the regions where the conflict takes place.

- Poverty reduction strategies should state the intent to further understand geographical disparities, provide initial analysis and data on the current situation, and lay out policies intended to reduce the development gap across regions.

**27. Alternative sources of data and information.** The data available (quantitative and qualitative) for most conflict situations are very limited and unreliable, as data usually predate the conflict. Therefore, alternative sources of data should be considered when formulating PRSP. Among these, particularly helpful might be data generated by local institutions and the statistics provided by international organizations working with the most war-affected populations.

- Specific reference should be made to alternative sources of information. Agreements can be reached with local institutions, relief and development organizations for data sharing (epidemiological, demographic).

**28. Poverty diagnosis in rebel-held regions.** The use of alternative sources of information is particularly needed when there are regions outside state control. While implementing participatory processes for poverty diagnosis in such areas can be impossible, quantitative and qualitative data provided by local and international agencies working in such regions might be helpful to plan for peace-building policies in those areas.

- Specific reference should be made and information given on the poverty situation and humanitarian needs of populations in rebel held areas by using alternative sources of data.

#### **IV. Policy monitoring and participation of civil society**

29. In the PRSP formulation guidelines, monitoring of policies' implementation progress and outcomes should be carried out by an array of different institutions, from state institutions to local groups to civil society organizations. The participation of different institutions and organizations in the monitoring process is certainly hampered in conflict-affected countries by the security situation, the lack of democratic rule, the reduced number of independent civil groups and media, and the weakness of state institutions. Even in such contexts, it is however possible to mobilize local institutions (civil and local groups and the media) to track the results of anti-poverty policies. If governments make clear and public commitments to the participation of civil society and populations in the policy formulation and monitoring of the PRSP, external actors and international NGOs will likely respond to such commitment by providing to local groups and civil society the means to monitor implementation.

30. **Indicators as a result of priority setting.** Some form of popular participation is desirable to monitor implementation of anti-poverty policies and ensure progress towards the end goals. However, it is very difficult to appeal to popular implementation monitoring if the same populations were not involved in the priority setting process.

- A clear indication of the process of priority setting and indicators to monitor progress should be clearly stated in the PRSP. The type of popular monitoring system (local committees, focal groups, surveys, etc.), its timing, and frequency should be a consequence of the indicators selected and the resources (financial, human) available. Simple local mechanisms of participation/monitoring can be created even in very difficult contexts provided that there is a governmental commitment to respect such processes.

31. **Indicators for peace-building policies and long-term ones.** An effort should be made to differentiate short, medium, and long-term policies. To each policy timeframe, a specific kind of indicators and monitoring system should be defined and carried out by the beneficiaries. For peace-building policies with a short-term perspective, indicators should measure the end results. For other medium and long-term policies, a combination of indicators measuring implementation progress and goal-achievement could be used.

- The identification of indicators and monitoring processes must be linked to a participatory priority setting process and rely on the targeted populations.

32. **Collaboration with CBOs and civil society organizations for policy implementation and monitoring.** Anti-poverty policies can generally be more efficiently implemented by community-based organizations (CBOs). They are often more accountable to local populations and rely on popular mobilization for project implementation, reducing the risk of mismanagement or inadequate project implementation. Furthermore, it is often the case that CBOs and NGOs are the only ones capable of reaching out to isolated populations. However, CBOs often also lack capacity.

- An inventory of existing CBOs and their areas and regions of intervention should be provided in a poverty reduction strategy. The CBOs capacity should be assessed and support programs could be offered. Specific information should be given on partnerships with CBOs, local and international NGOs, in implementing and monitoring policies.

33. **Civil participation and PRSP consultation and approval.** Besides popular participation in poverty diagnosis, priority setting, and monitoring policy outcomes, PRSP guidelines require that a

consultation be held with civil groups and other stakeholders for the approval of the final PRSP. A roadmap for the preparation and approval of the full PRSP is key to insert credibility to the process.

- A clear timeframe for the different phases of the PRSP preparation should be agreed upon with civil groups to allow them to prepare well in advance for poverty diagnosis and consultations. The government should make a clear commitment towards disseminating all the information regarding PRSP preparation and allow that media and civil groups fully participate in every step of the PRSP formulation. The approval of the final PRSP could be made part of a National Conference of Reconciliation bringing together different groups as well as political and military adversaries. It should be used as a tool for reconciliation.

**34. Preventing further grievances and polarization.** PRSP in conflict-affected countries should be a tool for development and reconciliation. However, given their special social and political characteristics, these countries should pay special attention to the impact of anti-poverty reduction policies. While poverty reduction is supposed to have a positive impact in reducing the risk of further conflict, supporting public policies might also have unintended effects that can be counterproductive to reconciliation efforts.

- A logical framework to assess the potential impact of anti-poverty policies across regions, social, religious and ethnic groups in order to prevent fueling disparities and specific groups' grievances should be part of a PRSP. Additional analytical efforts should be made during PRSP preparation to anticipate unintended policy consequences. Monitoring mechanisms should be used as tools to scoop in advance any unwanted policy impact during implementation.

## V. Conclusion

**35. Securing PRS principles in conflict-affected countries.** As said before, the PRS initiative is guided by a set of principles that may be at odds with the special circumstances of conflict-affected countries. Even though the PRSP principles must be secured, not only to respect guidelines but because they are instrumental to obtain positive outcomes, the methods adopted to implement a PRS in conflict-affected countries should be tailored to the local conditions. The immediate results (IPRSP/PRSP) in conflict-affected countries will likely be of lower quality than in other countries. However, lower quality of PRS documents may be acceptable if the integrity of the process is maintained. A key and difficult task is for staff to evaluate if the local context presents the minimum necessary conditions for positive results. Among such conditions, government's commitment to respecting the PRSP principles seems crucial. In what regards Bank's tools and staff capacity, a series of initiatives might be needed in order to strengthen Bank capacity to support conflict-affected countries in undertaking PRS.

- A network of experienced staff in conflict-affected contexts with different skills could be formed and used as a resource during preparation of PRSPs.
- Specific guidelines for the implementation of PRS in conflict-affected countries could be prepared and added to the existing PRSP Sourcebook.
- A revision of the Joint Staff Assessment guidelines also seems necessary as they ignore the special conditions of conflict-affected countries. For example, a conflict analysis section might be required as well as information on conflict-affected populations; specific information on peace-building policies and on initiatives to end conflict could also be a point for assessment.