

POVERTY REDUCTION STRATEGIES IN CONFLICT COUNTRIES: HOW ARE THEY DIFFERENT?

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This note provides some suggestions as to how PRSPs² should reflect the special circumstances of conflict-affected countries, with particular reference to Africa. Many African countries have suffered from decades of civil war, with associated problems of economic instability and weak governance. In some of these countries, the conflict is ongoing at a national or regional level; in others it has abated but a legacy remains of social tension, economic dislocation and war-related poverty. Situations will vary in different conflict contexts, but there are some common social, economic and governance constraints that should be explicitly addressed if the PRSP is to be a credible and realistic basis for poverty reduction. All of the key components of the PRSP – the participatory process, poverty analysis, public policy, financing and implementation, and monitoring are likely to be affected.

1. Contextual constraints in conflict-affected countries.

Conflict-affected countries face severe social, economic, and political problems, both at local and national level. Conflict not only creates specific manifestations of poverty, but also affects wider structures and institutions.

At the local level, in areas most directly affected by the conflict, there is likely to be:

- A breakdown in the rule of law coupled with a lack of government services
- Human rights abuses committed by the different parties to the conflict
- Disruption to economic activity because of landmines, and military or rebel offensives (especially affecting infrastructure and transport, agriculture and trade).
- Illicit and unregistered economic activity (circulation of arms, smuggling, looting, banditry).
- Specific local manifestations of poverty and vulnerability (see below).

Depending on the scale of the conflict, wider-level problems are likely to include:

- Low growth (low investment due to the risks and uncertainties, disruptions to infrastructure, declining production);
- Macro-economic instability (inflation, high expenditure pressures especially for defense, low revenue mobilization, weak balance of payments situation);
- Low levels of poverty-related spending (squeezed out by high defense expenditures);
- Weak public sector coverage and capacity, accentuated by poor information (social and poverty statistics being particularly unreliable);

¹ This note is a personal opinion only and does not reflect IMF or World Bank official policy on PRSPs and conflict. Comments welcome to: ascott@imf.org.

² Throughout this note, the term ‘PRSP’ refers to both interim and full PRSPs.

- Poor governance, low political legitimacy and corruption. National security concerns often legitimate suspension of civil liberties and due democratic and judicial process; economic interests associated with the conflict may undermine governance;
- Small donor presence, mainly focused on humanitarian assistance;
- Limited civil society organization, with little scope for development work or advocacy.

2. Conflict-related poverty

Conflict-affected countries in Africa are likely to manifest the structural poverty associated with low growth, insufficient livelihoods, inadequate service provision and poor quality human capital. However, in addition, there will be specific conflict-related poverty, including:

- Victims of direct aggression and human rights abuse, particularly in areas under military or rebel occupation (examples include forced labor, theft of crops and livestock, physical abuse);
- Localized poverty relating to the collapse of economic livelihoods, lack of services, resurgence of communicable diseases, etc.
- Emergence of specific vulnerable groups (amputees and war-wounded, child combatants, refugees, orphans).
- Internally displaced populations (IDPs) or refugees from neighboring countries in transit camps and urban squatter towns;
- Problems of re-integration of demobilized combatants;
- Psychological and cultural effects of war trauma (particularly amongst children, who are a high proportion of IDPs).
- Communities fragmented by inter-group hostility, a breakdown in social cohesion and failure of traditional social support and coping mechanisms.

3. Differences in conflict contexts

The relevance of the above issues is likely to vary in different country contexts, especially according to the magnitude and evolution of the conflict. It may be useful to distinguish between such contexts according to the **scale** of conflict (e.g. local rebellion or widespread civil war), the **type** of conflict (e.g. inter-ethnic conflict, struggles over economic resources, political rivalries), the **degree of violence** (e.g. large scale military confrontations, guerrilla attacks on civilian and military targets), and whether the conflict is **ongoing or resolved**, having a tenuous or stable post-conflict situation.

4. Issues for the PRSP.

The general principles of the PRSP assume that it is a national strategy built on consensus and social inclusion. This may be a difficult assumption in conflict-affected countries because those in power are often a party to the conflict and may feel that it requires a military solution. Inter-group hostility may impede consensus, and marginalized groups may lack voice and representation. Conflict resolution and peace building may be

important for poverty reduction, but this may be difficult to bring about in a situation of ongoing tension and hostility.

In general, PRSPs also need to be technically sound, contextually relevant and realistic. They should provide an appropriate diagnosis of poverty, and a set of policies that are relevant to it and capable of being resourced and implemented. In conflict-affected countries, the PRSP should include an analysis of both conflict-related and structural poverty, and would have to adjust the scope of policy interventions to local resource and capacity constraints. In some cases a twin-pronged or phased strategy may be appropriate, initially concentrating on short-term needs and priorities.

Depending on the scale of conflict involved and especially if the conflict is still ongoing, there may be very considerable constraints on a PRSP process. However, the PRSP also offers an important opportunity for addressing some of the more serious problems of conflict-related poverty, as well as for reforming the wider social, economic and political problems. The PRSP could provide a framework for improved coordination on humanitarian assistance; lay the basis for short-term reconstruction and reconciliation, as well as longer-term development; strengthen democratic processes and help to build technical capacity amongst government and civil society groups. All these changes would be gradual, and would be most likely to be effective where the focus of the PRSP was limited to the areas where real progress could be made, even within the conflict environment. Within this narrower remit, capacity could be built and lessons learned that could be scaled up when the conflict subsided.

5. Specific modifications to the PRSP in conflict-affected countries.

Depending on the type and scale of conflict, the PRSP may need to be modified in the following ways:

a) Government commitment to poverty reduction and the participatory process

The PRSP/I-PRSP usually starts with an introductory statement on the significance of poverty and the government's commitment to reducing it. In conflict countries, this introductory section would need to include a reference to the conflict context and its links to poverty, and the government's commitment to addressing both aspects.

The participatory process may be particularly difficult in a conflict context because of the security threat in areas where hostilities are ongoing, and the fear and distrust that permeates relations between the different groups involved, including between government and civil society. A legacy of repression, human rights abuse and denial of political freedoms may have weakened people's confidence in public consultations. There are also dangers in raising expectations for those who have been severely damaged by conflict and whose needs are very great. Civil society groups, who have been mainly confined to humanitarian relief, may lack experience in advocacy and policy dialogue.

However, if properly managed, the participatory process could play an important role in building trust and confidence, reducing tension, and developing a consensus around priorities. It would be especially important to define the parameters of the process, in order to allay suspicion, avoid unrealistic expectations and build trust. A participation action plan should be drawn up together with key stakeholders, which clarifies who will be involved, when and what for. The purpose of the consultations, the participants, expected outputs and a timetable of key events should be made widely available. Measures to improve communication and information exchange would also be important. Transparency and consensus about the process are likely to be more important than its extensiveness initially.

b) Poverty analysis

Ideally, the poverty diagnosis would need to cover both structural and conflict-affected poverty. It should include vulnerability and insecurity, as well as the standard economic well-being and human development variables. However, in conflict-affected countries, information is often lacking. Social statistics are one of the casualties of war; censuses and surveys are difficult to carry out in the areas directly affected by conflict and are given low priority when resources are stretched. Frequent population movements associated with internal displacement also mean that data are rapidly outdated. On the other hand, humanitarian agencies often conduct small-scale surveys, which provide information on some of the more vulnerable groups.

In conflict-affected countries, the quality and reliability of poverty statistics should be frankly assessed (particularly regarding areas or groups that are likely to be under-represented), and alternative sources of information should be used, if available. To cover specific issues or groups, qualitative studies with small focus groups could be contemplated. A longer-term plan for the establishment of a statistically reliable baseline should be presented.

Given the close relationship between conflict and poverty, a detailed conflict analysis may be desirable that looks at the causes of the conflict and its links to poverty. However, this may not be appropriate in situations of overt hostility where a discussion of causes may be contentious, or in situations where the conflict has been so longstanding and complex that such a study would divert attention away from the analysis of present needs. Whatever the causes of the conflict, however, an analysis of its impact on poverty, vulnerability and insecurity would be necessary for the development of appropriate policies.

c) Policy framework

Conflict issues would be reflected in the policy framework in different ways, depending on the nature and scale of the conflict. For example: in countries with small localized conflicts, the PRSP strategy would probably be dominated by the larger national concerns, but there might be a small component targeted at the local problem. In post-

conflict countries, the emphasis would likely be focused on stabilization, demobilization, reconciliation, reconstruction and peace building.

In countries still affected by a large-scale civil war, a twin-pronged strategy could be appropriate. This might focus on (a) short term economic stabilization, and poverty reduction and rehabilitation in secure areas, and (b) a medium term strategy that sets out longer-term goals and aspirations that would guide government policy if/when peace breaks out. The short-term focus would provide an opportunity to develop the PRSP approach on a limited scale, improving government capacity in both content and process (participation, poverty analysis, policy development and implementation, monitoring). The medium-term strategy would necessarily be less well defined, because of the ongoing risks and uncertainties. In sum, the conflict context would require especial attention to the process of policy prioritization and sequencing.

Given the importance of governance issues in conflict-affected countries, the credibility of the PRSP will rest heavily on evidence of commitment to improvements in this area. This is likely to be a difficult area because of the conflict itself and the vested interests are involved, and will take time to resolve. However, specific time-bound actions to improve transparency and accountability could in most cases be identified, and these would significantly contribute to restoring political legitimacy and national consensus and reconciliation.

d) Costings, financing, and public sector capacity.

Conflict-affected countries generally have very weak public expenditure management and poor information systems. Poor governance may accentuate the problem of non-transparency in budgetary processes, and civil servants may have limited interest in systems reform because of low salaries and demoralization. In such circumstances, it may be difficult to cost specific policy interventions. In addition, limited donor assistance would limit the availability of resources for the PRSP, and may also mean that public sector modernization through such instruments as sector investment programs or sector-wide approaches may be delayed. In these circumstances, it will be important to identify the PRSP budget envelope in a realistic way, and to develop a plan for public sector capacity building in the key PRSP sectors. This should give particular attention to improving expenditure management in these sectors.

e) Indicators and monitoring

In a conflict context, the lack of poverty data and difficulties in gathering information for monitoring are likely to be particularly problematic. There is also likely to be considerable uncertainty about outcomes. It will be even more important than usual to focus on a small number of realistic and meaningful indicators, perhaps focusing on short term input and intermediate indicators initially. Unrealistic precision on targets should be avoided, perhaps thinking in terms of target ranges rather than target points. In the interests of building trust, mechanisms for reporting PRSP progress to the public will need to be developed.

f) Risks and constraints.

Given the conflict context, it will be particularly important to address the probable risks to the strategy and constraints on implementation. Risks such as delays in humanitarian assistance and reconstruction (arising from financing problems or bureaucratic delays), a resurgence of civil conflict, and recurring economic crises should be mentioned. Implementation difficulties arising from resource and skill constraints, logistical difficulties, and political problems would also need to be described.

6. Implications for the Fund and the Bank.

Provided that conflict-affected countries are clear about the constraints and risks they are facing, and adjust the scope and methodology of the PRSP accordingly, it should be possible to produce a good quality PRSP within these constraints. The conflict context may constrain the scope of the poverty analysis, the content and timeframe of the policy framework and the number and types of indicators to be monitored. However, what matters is that the relevant poverty problems are diagnosed, even if based on partial data, and a relevant set of policies are designed, financed, implemented and monitored.

In considering whether the PRSP forms a sound basis for concessional lending, Fund and Bank staffs would need to exercise judgment about whether the strategy had adequately taken into account the risks and constraints of the conflict context. This would require a) adequate information to be provided on the nature of the conflict, and b) an account of how each of the key components of the PRSP had been adapted to take account of the conflict.

The JSA guidelines already allow for flexibility in assessing the PRSP. However, the checklist does not currently include questions about conflict. It might be useful to include a separate section on conflict with a subset of prompts, as illustrated in box 1 below:

Box 1. Proposed addition to the JSA Guidelines:

PRSPs in conflict-affected countries

Are there current or past conflicts in the country that may affect PRSP process and content? What is the nature of this conflict? Is it an ongoing or past conflict? Local, regional or national? What is the conflict about and who is involved? How long has it been going on? Is the conflict problem explicitly recognized in the PRSP? Is the PRSP committed to addressing conflict-related poverty as well as structural poverty? Is the strategy realistic, given the constraints involved?

- What difficulties has the conflict context posed for the participatory process? Has an effort been made to consult with stakeholders within these constraints? Has a participatory action plan been drawn up that clearly identifies its scope, participants, outputs and a calendar of events?
- How good are the poverty statistics in terms of coverage, timeliness and reliability?
- What efforts have been made to use other types of information?
- Does the poverty analysis cover conflict-related poverty as well as structural poverty? Does it address issues of insecurity and vulnerability?
- Does the policy framework adequately address conflict-related needs (e.g. humanitarian assistance, demobilization, rehabilitation, resettlement)?
- Does it address wider conflict-related issues, such as stabilization and reconstruction? Any peace-building programs?
- Does it include specific, time-bound measures to improve governance?
- Have the policy interventions been prioritized and phased appropriately? Would a twin track approach be appropriate?
- Has the resource envelope been defined realistically?
- Are the indicators realistic, given the volatility of the process and the difficulties in gathering data?
- Have the capacity constraints of government (and civil society and government) been identified, and specific proposals for technical assistance set out?
- Are other risks to the strategy identified (economic instability, recurrence of conflict)?