world development report 2011

Conflict, Security, and Development

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THE WORLD BANK
Washington, DC

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1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

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1 2 3 4 13 12 11 10

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Softcover
ISBN: 978-0-8213-8439-8
ISSN: 0163-5085
eISBN: 978-0-8213-8440-4
DOI: 10.1596/978-0-8213-8439-8

Hardcover
ISBN: 978-0-8213-8500-5
ISSN: 0163-5085
DOI: 10.1596/978-0-8213-8500-5

Cover design: Heads of State

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Foreword

In 1944, delegates from 45 countries gathered at Bretton Woods to consider the economic causes of the World War that was then still raging, and how to secure the peace. They agreed to create the International Bank for Reconstruction and Development (IBRD), the original institution of what has become the World Bank Group. As the delegates noted, "Programs of reconstruction and development will speed economic progress everywhere, will aid political stability and foster peace." The IBRD approved its first loan to France in 1947 to aid in the rebuilding of that country.

Over 60 years later, the "R" in IBRD has a new meaning: reconstructing Afghanistan, Bosnia, Haiti, Liberia, Rwanda, Sierra Leone, Southern Sudan, and other lands of conflict or broken states. Paul Collier's book, *The Bottom Billion,* highlighted the recurrent cycles of weak governance, poverty, and violence that have plagued these lands. Not one low-income country coping with these problems has yet achieved a single Millennium Development Goal. And the problems of fragile states spread easily: They drag down neighbors with violence that overflows borders, because conflicts feed on narcotics, piracy, and gender violence, and leave refugees and broken infrastructure in their wake. Their territories can become breeding grounds for far-reaching networks of violent radicals and organized crime.

In 2008, I gave a speech on "Securing Development" to the International Institute for Strategic Studies. I chose the forum to emphasize the interconnections among security, governance, and development, and to make the point that the separate disciplines are not well integrated to address the inter-related problems. I outlined the challenge: bringing security and development together to put down roots deep enough to break the cycles of fragility and conflict.

As we are now seeing again in the Middle East and North Africa, violence in the 21st century differs from 20th-century patterns of interstate conflict and methods of addressing them. Stove-piped government agencies have been ill-suited to cope, even when national interests or values prompt political leaders to act. Low incomes, poverty, unemployment, income shocks such as those sparked by volatility in food prices, rapid urbanization, and inequality between groups all increase the risks of violence. External stresses, such as trafficking and illicit financial flows, can add to these risks.

The *2011 World Development Report* looks across disciplines and experiences drawn from around the world to offer some ideas and practical recommendations on how to move beyond conflict and fragility and secure development. The key messages are important for all countries—low, middle, and high income—as well as for regional and global institutions:

First, *institutional legitimacy is the key to stability*. When state institutions do not adequately protect citizens, guard against corruption, or provide access to justice; when markets do not provide job opportunities; or when communities have lost social cohesion—the likelihood

of violent conflict increases. At the earliest stages, countries often need to restore public confidence in basic collective action even before rudimentary institutions can be transformed. Early wins—actions that can generate quick, tangible results—are critical.

Second, *investing in citizen security, justice, and jobs is essential to reducing violence.* But there are major structural gaps in our collective capabilities to support these areas. There are places where fragile states can seek help to build an army, but we do not yet have similar resources for building police forces or corrections systems. We need to put greater emphasis on early projects to create jobs, especially through the private sector. The Report provides insight into the importance of the involvement of women in political coalitions, security and justice reform, and economic empowerment.

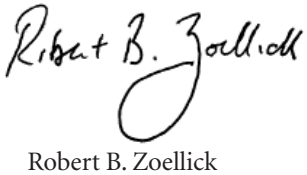
Third, *confronting this challenge effectively means that institutions need to change*. International agencies and partners from other countries must adapt procedures so they can respond with agility and speed, a longer-term perspective, and greater staying power. Assistance needs to be integrated and coordinated; multi-donor trust funds have proven useful in accomplishing these aims while lessening the burdens of new governments with thin capacity. We need a better handoff between humanitarian and development agencies. And we need to accept a higher level of risk: If legislatures and inspectors expect only the upside, and just pillory the failures, institutions will steer away from the most difficult problems and strangle themselves with procedures and committees to avoid responsibility. This Report suggests some specific actions and ways of measuring results.

Fourth, we need to adopt *a layered approach*. Some problems can be addressed at the country level, but others need to be addressed at a regional level, such as developing markets that integrate insecure areas and pooling resources for building capacity. Some actions are needed at a global level, such as building new capacities to support justice reform and the creation of jobs; forging partnerships between producer and consumer countries to stem illegal trafficking; and acting to reduce the stresses caused by food price volatility.

Fifth, in adopting these approaches, we need to be aware that *the global landscape is changing*. Regional institutions and middle income countries are playing a larger role. This means we should pay more attention to south-south and south-north exchanges, and to the recent transition experiences of middle income countries.

The stakes are high. A civil conflict costs the average developing country roughly 30 years of GDP growth, and countries in protracted crisis can fall over 20 percentage points behind in overcoming poverty. Finding effective ways to help societies escape new outbursts or repeated cycles of violence is critical for global security and global development—but doing so requires a fundamental rethinking, including how we assess and manage risk.

Any such changes must be based on a clear roadmap, and on strong incentives. I hope this Report will help others and ourselves in sketching such a roadmap.



Robert B. Zoellick
President
The World Bank Group

Acknowledgments

This Report has been prepared by a core team led by Sarah Cliffe and Nigel Roberts and comprising Erik Alda, David Andersson, Kenneth Anye, Holly Benner, Natalia Cieslik, Ivan Crouzel, Markus Kostner, Daniel Maree, Nicholas Marwell, Gary Milante, Stephen Ndegwa, Kyle Peters, Nadia Selim, Pia Simonsen, Nicholas van Praag, Suranjan Weeraratne, and Nikolas Win Myint. Bruce Jones served as a Senior External Advisor to the team and made major contributions as did James Fearon, Jack Goldstone, and Lant Pritchett. Markus Kostner acted as Co-Director during part of the Report's preparation.

Bruce Ross-Larson was the principal editor.

World Development Report 2011 is co-sponsored by Development Economics (DEC) and the Operations Policy and Country Services (OPC). The work was conducted under the general guidance of Justin Yifu Lin in DEC and Jeffrey Gutman and Joachim von Amsberg in OPC. Caroline Anstey, Paul Birmingham, Hassan Cisse, Shahrokh Fardoust, Varun Gauri, Faris Hadad-Zervos, Ann Harrison, Karla Hoff, Phillip Keefer, Anne-Marie Leroy, Rui Manuel De Almeida Coutinho, Alastair McKechnie, Vikram Raghavan, and Deborah Wetzel also provided valuable guidance. The WDR team extends a special thank you to the World Bank's Fragile and Conflict-Affected Countries Group (OPCFC) and the Global Expert Team on Fragile and Conflict-Affected Countries (FCS GET) for their extensive inputs and feedback throughout the WDR development process.

An Advisory Council comprised of Madeleine Albright, Louise Arbour, Lakhdar Brahimi, Mohamed Ibn Chambas, Paul Collier, Nitin Desai, Carlos Alberto dos Santos Cruz, Martin Griffiths, Mohamed "Mo" Ibrahim, H.E. Paul Kagame, Ramtane Lamamra, Shivshankar Menon, Louis Michel, Jorge Montaño, Jay Naidoo, Kenzo Oshima, Surin Pitsuwan, Zeid Ra'ad Al-Hussein, Marta Lucía Ramírez de Rincón, H.E. Ellen Johnson Sirleaf, Dmitri Trenin, Wu Jianmin, and George Yeo provided extensive and excellent advice.

World Bank President Robert B. Zoellick provided guidance and comments.

Many others inside and outside the World Bank contributed with comments and inputs. The Development Data Group contributed to the data appendix and was responsible for the Selected World Development Indicators.

The team benefitted greatly from a wide range of consultations. Meetings were held in Afghanistan, Austria, Australia, Belgium, Canada, China, Colombia, the Democratic Republic of the Congo, Denmark, Egypt, Ethiopia, France, Germany, Haiti, India, Indonesia, Iraq, Italy, Japan, Kenya, Lebanon, Mali, Mexico, Nepal, the Netherlands, Norway, Pakistan, Rwanda, Saudi Arabia, South Africa, Spain, Sudan, Sweden, Switzerland, Timor-Leste, the United Kingdom, the United States, West Bank and Gaza, and Yemen. The team wishes to thank participants in these workshops, videoconferences, and online discussions, which included policy makers, government officials, and representatives of nongovernmental, civil society and private sector organizations.

The team would like to acknowledge the generous support of the African Union, the Association of Southeast Asian Nations, the European Union, the Government of Australia, the

Government of Canada, the Government of China, the Government of Denmark, the Government of Finland, the Government of Germany, the Government of Japan, the Government of Mexico, the Government of the Netherlands, the Government of Norway, the Government of Sweden, the Government of Switzerland, the Government of the United Kingdom, the Organization for Economic Cooperation and Development, and the United Nations.

The team also wishes to acknowledge the tireless support of the WDR Production Team: Jessica Ardinoto, Nga (Ty) Lopez, Bertha Medina, Brónagh Murphy, and Jason Victor. The resource management support of Irina Sergeeva and Sonia Joseph is also much appreciated as well as the excellent production, publishing, translation, and dissemination support provided by the Office of the Publisher and GSD Translation Services, with special thanks to Mary Fisk, Stephen McGroarty, Nancy Lammers, Santiago Pombo-Bejarano, Denise Bergeron, Janet Sasser, Jose de Buerba, Mario Trubiano, Alison Reeves, Mayya Revzina, Cecile Jannotin, and Hector Hernaez for their contributions. Debra Naylor and Gerry Quinn provided design and graphics expertise. We also thank Ivar Cederholm, Jean-Pierre Djomalieu, Sharon Faulkner, Vivian Hon, Gytis Kanchas, Rajvinder (Dolly) Kaur, Alexander Kent, Esabel Khoury, Nacer Megherbi, Thyra Nast, Jimmy Olazo, Nadia Piffaretti, Carol Pineau, Jean Gray Ponchamni, Swati Priyadarshini, Janice Rowe-Barnwell, Merrell Tuck-Primdahl, and Constance Wilhel for their kind support to the team. Many thanks as well to Jeffrey Lecksell for expert production of map graphics. We appreciate the efforts of the World Bank's New York Office, including Dominique Bichara and Tania Meyer, as well as colleagues who assisted with WDR consultations worldwide—including those in the World Bank offices in Afghanistan, Belgium, China, Colombia, the Democratic Republic of the Congo, Egypt, Ethiopia, Haiti, India, Indonesia, Iraq, Italy, Japan, Kenya, Lebanon, Mali, Mexico, Nepal, Pakistan, Rwanda, Saudi Arabia, South Africa, Sudan, Timor-Leste, West Bank and Gaza, and Yemen.

Glossary

Organized violence—the use or threat of physical force by groups. Includes state actions against other states or against civilians, civil wars, electoral violence between opposing sides, communal conflicts based on regional, ethnic, religious or other group identities or competing economic interests, gang-based violence and organized crime and international nonstate armed movements with ideological aims. While an important topic for development, we do not cover domestic or interpersonal violence. At times we refer to *violence* or *conflict* as a short-hand for *organized violence*, understood in these terms. Many countries address certain forms of violence, such as terrorist attacks by nonstate armed movements, as matters that are subject to their criminal laws.

Repeated cycles of violence—Countries or subnational areas that have seen more than one episode of organized violence for 20–30 years.

Stresses—The political, social, security, or economic risks that correlate with organized violence. Violence is more likely when a combination of stresses operate in an environment characterized by weak institutions. Stresses can be internal—within the potential capacity of an individual state to control—or external, emanating from regional or global dynamics.

Confidence—Trust between groups of citizens who have been divided by violence, between citizens and the state, and between the state and other stakeholders (neighbors, international partners, investors).

Expectations—The way people make judgments about the future and how it will affect them, their families, and their communities. In situations where a track record of violence has created low trust, both excessively low and excessively high expectations can create problems for government policy.

Elite pacts—Formal or informal agreements by the holders of political, military, or economic power. These agreements, often enforced through coercion and patronage, are typically "personalized," based on individual agreements. Throughout history the key motivating factor in forming an elite pact has been the wish to contain violence and to secure the property and economic interests and opportunities of pact members. The Report argues that elite pacts can provide short term security but that violence often recurs unless the pact broadens and is accompanied by institutional transformation.

Institutions—The formal and informal "rules of the game." They include formal rules, written laws, organizations, informal norms of behavior and shared beliefs—and the organizational forms that exist to implement and enforce these norms (both state and nonstate organizations). Institutions shape the interests, incentives, and behaviors that can facilitate violence. Unlike elite pacts, institutions are impersonal—they continue to function irrespective of the presence of particular leaders, and thus provide greater guarantees of sustained resilience to violence. Institutions operate at all levels of society—local, national, regional, and global.

Fragility and fragile situations—Periods when states or institutions lack the capacity, accountability, or legitimacy to mediate relations between citizen groups and between citizens and the state, making them vulnerable to violence. Research for the Report reinforces the close link between institutional fragility and the risk of conflict.

Legitimacy—Normatively, this term denotes a broad-based belief that social, economic, or political arrangements and outcomes are proper and just. The concept is typically applied to institutions. Legitimacy is acquired by building trust and confidence among various parties. Forms of legitimacy include process legitimacy (which relates to the way in which decisions are made), performance legitimacy (which relates to action, including the delivery of public goods), and international legitimacy (which relates to the discharge of values and responsibilities that international law view as the responsibility of states).

Capacity—The ability of institutions to carry out their core functions efficiently and effectively. When states lack this capacity, they cannot mitigate stresses that might induce organized violence.

Accountability—The ability of institutions to be responsive to citizens, including abiding by their aggregated preferences, disclosing necessary information, permitting citizen participation in decision-making, and allowing for citizen sanction of public officials on the basis of publicly recognized norms and procedures.

Citizen security—Both freedom from physical violence and freedom from fear of violence. Applied to the lives of *all* members of a society (whether nationals of the country or otherwise), it encompasses security at home, in the workplace, and in political, social, and economic interactions with the state and other members of society. Similar to human security, "citizen security" places people at the center of efforts to prevent and recover from violence.

Justice and inclusion—The Report uses justice in two ways. The first use refers to the broadly held notion of *fairness*. While this varies in different societies, it is a universally identifiable concept and carries the notion of fair process and due outcomes in the distribution of political power, resources, opportunities, and sanctions. The second use is more specific: the institutions that are central to resolving conflicts arising over alleged violations or different interpretations of the rules that societies create to govern members' behavior; and that, as a consequence, are central to strengthening the normative framework (laws and rules) that shapes public and private actions. This includes the elements of the justice system most critical to preventing or transitioning out of violence: core criminal justice functions—the ability of the police, courts, and penal system to fairly investigate, prosecute and punish acts linked to organized violence—and institutions required to address underlying disputes that contribute to violence (for example, institutions that deal with land and property dispute resolution).

Transition moments—Events that make new efforts to prevent or recover from violence possible. These can involve space for deep and wide-ranging change (for example, the end of a war, a deep national crisis, a change in government after one party has been in power many years) or more limited change (a new governmental reform plan or shift in key appointments, negotiations or coalition-building between different actors in society, events that spur reflection in society such as riots, military defeats, natural disasters, or key political anniversaries).

Collaborative, inclusive-enough coalitions—Unlike elite pacts, these coalitions involve broader segments of society—local governments, business, labor, civil society movements, in some cases opposition parties. Coalitions are "inclusive enough" when they involve the parties necessary to restore confidence and transform institutions and help create continued momentum for positive change; and when there is local legitimacy for excluding some groups—for example because of electoral gains, or because groups or individuals have been involved in abuses.

Signaling—Demonstrating an intention to break with past policies—in the context of this Report, policies that have increased violent risks. Signals are designed to mobilize coalitions of support, and can be made through announcements or through actions—for example, appointments and redeployments of security forces.

Commitment mechanisms—Ways to persuade stakeholders that intentions to break with past policies will not be reversed, including creating independent functions for implementing or monitoring agreements.

Early results—Visible improvements to security, justice, and inclusion, economic opportunities, and services, delivered in the first 100 days and the first 12 months following an announced change in policy prevent or recover from violent crises.

Sequencing and prioritizing reforms—Deciding on the type and scope of changes societies will make first, those that will be addressed later, and the timeframes for achieving change.

Pragmatic, best-fit approaches—Programs, institutions and reforms that are not technically the lowest-cost option for achieving outcomes, but are adapted to local political, security, and institutional realities.

Transforming institutions—Developing over time "rules of the game" that increase resilience to risks of violence, including laws, organizations, norms of behavior, and shared beliefs that ensure that the benefits from individuals choosing to act peacefully and lawfully exceed the costs.

Methodological Note

One of the greatest challenges in researching lessons on violence prevention and recovery is the lack of available quantitative and qualitative data, due to challenges of security and access, along with low statistical capacity. Even in the World Bank's comprehensive data sets, countries most affected by violence often register empty data columns. Polling, household surveys, and evaluations of the impacts of policies and project interventions are also limited in violence-affected countries and regions.

A growing body of literature on civil war focuses more on the causes of war than on the policies to prevent or recover from violence, and less analysis is available on organized criminal violence. Over the past decade, however, this Report has benefited from a growing body of multi-disciplinary research (political science, economics, sociology, psychology, security studies) and policy papers on peacebuilding, statebuilding, conflict prevention, reconstruction and stabilization operations, peacekeeping, and conflict recovery, complemented by a large data set from multiple sources (the Uppsala Conflict Data Program, the International Peace Research Institute of Oslo, and Human Security Report Project, homicide data from national sources, United Nations Office on Drugs and Crime (UNODC), the World Health Organization (WHO), geospatial coding of conflict events and data from the Armed Conflict Location and Event Database and polling from regional barometers as well as surveys conducted by Fafo).

As the topics of violence and development transcend academic and policy disciplines, it has been crucial that a common understanding of key terms be developed and used for the report (see the glossary). For this project, background papers by respected academic researchers have produced significant new econometric work on the relationship between institutions and violence, further complemented by country and regional case study research and consultations.

Learning from experience: Generating a global conversation

The WDR team sought to complement research by generating a global conversation with national reformers, civil society and private sector leaders, as well as regional and international policymakers, grappling with violence in diverse regions worldwide. The team focused explicitly on moving this conversation beyond the 'traditional' Organisation for Economic Co-operation and Development (OECD) donors and multilateral partners for the World Bank, to engage with national reformers, middle income country policy makers, regional institutions and diplomatic and security partners, including:

- Consultations and multi-stakeholder round-tables with government leadership, civil society, private sectors, media and international actors in some twenty low- and middle-income countries and regions that are presently affected by violent conflict, or have managed to escape from it in recent years. Countries and regions visited included Afghanistan, Austria, Australia, Belgium, Canada, China, Colombia, the Democratic Republic of the Congo, Denmark, Egypt, Ethiopia, France, Germany, Haiti, India, Indonesia, Iraq, Italy, Japan, Kenya, Lebanon, Mali, Mexico, Nepal, the Netherlands, Norway, Pakistan, Rwanda,

Saudi Arabia, South Africa, Spain, Sudan, Sweden, Switzerland, Timor-Leste, the United Kingdom, the United States, West Bank and Gaza, and Yemen.

- Regional discussions with policymakers and experts to explore diverse experiences and perspectives and the importance of regional action, including in two workshops in cooperation with the African Union and the UN Economic Commission for Africa in Addis Ababa, a session hosted by ASEAN in Jakarta, a regional workshop in Mexico City, a Middle East/North African regional workshop in Beirut, and sessions in Brussels in cooperation with the European Union.
- Cooperation and exchanges with the United Nations system on the political, security, development, and humanitarian dynamics of the challenge. A number of exchanges have been held with the UN General Assembly, the UN Security Council, the UN Economic and Social Council (ECOSOC), the UN Secretariat and UN agencies, funds and programs. The team has also engaged with the International Dialogue for Peacebuilding and Statebuilding, the OECD International Network on Conflict and Fragility, North Atlantic Treaty Organization (NATO), the African, Asian and Inter-American Development Banks.
- Consultations in capitals to generate lessons from policymakers, experts, nongovernmental organization (NGOs) and private sector representatives, including Berlin, Beijing, Berne, Cairo, Copenhagen, Delhi, the Hague, Helsinki, Jakarta, Jeddah, London, Mexico City, Oslo, Ottawa, Paris, Rome, Stockholm and Tokyo.
- The 2011WDR brought together an Advisory Council of high-level leaders and practitioners as a sounding board for emerging thinking, and to offer practical advice on the realities of policy-making in countries affected by conflict (box 1).
- WDR brainstorming sessions have also been held to tap the knowledge and experience of academics, policymakers and NGO Representatives, in partnership with other multilateral, think tank, academic, and regional institutions.

BOX 1 *The 2011 WDR Advisory Council*

The 2011 WDR Advisory Council was convened at the beginning of the WDR process to exchange with the team on the Report's emerging messages and recommendations. Membership includes a diverse cross-section of national, regional, multilateral, and civil society leaders with deep experience in conflict prevention and recovery. The Advisory Council met three times during the Report development process: September 2009 in Washington DC; February 2010 in Addis Ababa, Ethiopia; and September 2010 in Beijing, China. AC Members also used their convening power to support WDR capital visits in regional consultations worldwide. Based on their reflections on WDR themes, the Report includes individual contributions from Advisory Council Members, which reflect their personal views. These boxes include lessons from AC Members' own involvement in conflict settings or topical discussions based on their expertise.

Advisory Council Members

Madeleine Albright, Chair, Albright Stonebridge Group; former U.S. Secretary of State

Louise Arbour, President, International Crisis Group; former UN High Commissioner for Human Rights

Lakhdar Brahimi, Former United Nations Special Representative to the Secretary General for Afghanistan and Iraq

Mohamed Ibn Chambas, Secretary-General of the African, Caribbean and Pacific Group of Sates

Paul Collier, Professor of Economics, Oxford University

Nitin Desai, Former UN Under Secretary General for Social and Economic Affairs

Carlos Alberto dos Santos Cruz, Former Force Commander of the United Nations Peacekeeping Mission in Haiti

Martin Griffiths, Former Director, Centre for Humanitarian Dialogue

Mohamed "Mo" Ibrahim, Founder, Mo Ibrahim Foundation and Founder, Celtel

H.E. Paul Kagame, President of Rwanda

Ramtane Lamamra, Commissioner, Peace and Security Council, African Union

Louis Michel, Member of the European Parliament

Jorge Montano, Director General, Asesoría y Análisis; former Ambassador of Mexico to the U.S.

Jay Naidoo, Chairman, Global Alliance for Improved Nutrition; former Chair, Development Bank of Southern Africa

Kenzo Oshima, Senior Vice President of Japan International Cooperation Agency

Surin Pitsuwan, Secretary-General of the Association of Southeast Asian Nations

Zeid Ra'ad Al-Hussein, Ambassador of the Hashemite Kingdom of Jordan to the United Nations

Marta Lucía Ramirez de Rincón, Fundación Ciudadanía en Acción; former Minister of Defense—Colombia

H.E. Ellen Johnson Sirleaf, President of Liberia

Dmitri Trenin, Director, Moscow Center, Carnegie Endowment for International Peace

Wu Jianmin, Chairman of the Shanghai Center for International Studies

H.E. George Yeo, Minister of Foreign Affairs, Singapore

Fostering a continuing conversation

This WDR has laid a major emphasis on communication because, from the start, the aim was not just to inform but to reach out across multiple policy communities, to enhance understanding of trends in conflict, and to promote practical changes in the way we address conflict. This implied a longer term strategy than for previous reports to build momentum over time with the aim of clarifying the challenges, testing policy prescriptions and advocating concrete proposals. The extensive outreach program has both contributed to the substance of the report and initiated the communication process much earlier than previous WDRs. This WDR is also making extensive use of video, the web and social media to broaden the public discussion on fragility and conflict. An interactive website has been launched featuring data used in the report, thematic background papers, WDR conflict case studies, video material, blogs, and twitter feeds (the WDR blog at http://blogs.worldbank.org/conflict and our twitter site at http://twitter.com/wbConflict).

Abbreviations and Data Notes

Abbreviations

AC	Advisory Council, *Word Development Report 2011*
ACLED	Armed Conflict Location and Event Database
ADB	Asian Development Bank
AfDB	African Development Bank
AFSIS	ASEAN Food Security Information System
AKDN	Aga Khan Development Network
ANC	African National Congress
ASEAN	Association of Southeast Asian Nations
AU	African Union
AUC	Autodefensas Unidas de Colombia (United Self-Defense Forces of Colombia)
AUPSC	African Union Peace and Security Council
AusAID	Australian Government Overseas Aid Program
Austrac	Australian Transaction Reports and Analysis Center
AZAPO	Azanian People's Organisation, South Africa
BRA	Badan Reintegrasi-Damai Aceh (Aceh Peace-Reintegration Board)
BRAVO	Birth Registration for All Versus Oblivion
CDC	Centers for Disease Control and Prevention
CCAI	Centro de Coordinación de Acción Integral (Colombia)
CDD	community driven development
CICIG	Comisión Internacional Contra la Impunidad en Guatemala (International Commission Against Impunity in Guatemala)
CODESA	Convention for a Democratic South Africa
CPA	Comprehensive Peace Agreement
CPA	Coalition Provisional Authority (Iraq)
CPIA	Country Policy and Institutional Assessment
CV	coefficient of variance
DAC	Development Assistance Committee
DDR	Disarmament, Demobilization, and Reintegration
DESEPAZ	Desarrollo, Seguridad y Paz
DfID	Department for International Development, UK
ECOSOC	United Nations Economic and Social Council
ECOWAS	Economic Community of West African States
ECSC	European Coal and Steel Community
EFCC	Economic and Financial Crimes Commission
EGSC	Economic Governance Steering Committee
EITI	Extractive Industries Transparency Initiative
ELN	National Liberation Army (Colombia)

ETA	Euskadi Ta Askatasuna (Spain)
EU	European Union
Fafo	Institutt for Anvendte Internasjonale Studier (Institute for Labor and Social Research, Norway)
FAO	Food and Agriculture Organization (United Nations)
FARC	Fuerzas Armadas Revolucionarias de Colombia (Revolutionary Armed Forces of Colombia)
FATA	Federally Administered Tribal Areas (Pakistan)
FATF	Financial Action Task Force
FDI	foreign direct investment
FINCEN	Financial Crimes Enforcement Network, U.S.
FINTRAC	Financial Transactions and Reports Analysis Center, Canada
FIU	financial intelligence unit
FMLN	Frente Farabundo Martí para la Liberación Nacional (Farabundo Martí National Liberation Front) El Salvador
FRELIMO	Frente de Libertação de Moçambique (Liberation Front)
GAM	Gerakan Aceh Merdeka (Free Aceh Movement)
GDP	gross domestic product
GEMAP	Governance and Economic Management Assistance Program
GMS	Greater Mekong Sub-region
GIS	geographic information system
GNI	gross national income
HNP	Haitian National Police (Police Nationale d'Haïti)
IADB	Inter-American Development Bank
ICRC	International Committee of the Red Cross
ICRG	International Country Risk Guide
IDA	International Development Association
IDP	internally displaced persons
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFI	International Financial Institutions
IMF	International Monetary Fund
INCAF	International Network on Conflict and Fragility
IRA	Irish Republican Army
ISAF	International Security Assistance Force in Afghanistan
KDP	Kecamatan Development Program (Indonesia)
KP	Khyber Pakhtunkhwa (province in Pakistan)
MDG	Millennium Development Goal
MDRP	Multi-country Demobilization and Reintegration Program (Africa)
MDTF	Multi-donor Trust Fund
MINUSTAH	United Nations Stabilization Mission in Haiti
MONUC	Mission de l'Organisation des Nations Unies en République Démocratique du Congo (United Nations Mission in the Democratic Republic of Congo)
MOU	memorandum of understanding
NATO	North Atlantic Treaty Organization
NCP	National Conciliation Party (El Salvador)
NGO	nongovernmental organization
NSP	National Solidarity Program (Afghanistan)
NTGL	National Transitional Government of Liberia
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development

ONUMOZ	United Nations Operation in Mozambique
PAC	Pan Africanist Congress (South Africa)
PCNA	Post Conflict Needs Assessment
PFM	Public Financial Management Review
PRIO	Peace Research Institute (Oslo)
RAMSI	Regional Assistance Mission to the Solomon Islands
RENAMO	Resistência Nacional Moçambicana (Mozambique)
SADC	Southern African Development Community
SALW	small arms and light weapons
SOCA	Serious Organized Crime Agency, U.K.
SMS	short message service
STAR	Stolen Asset Recovery Initiative
START	Stabilization and Reconstruction Task Force (Canada)
SPF	Statebuilding and Peacebuilding Fund (World Bank)
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNDPA	United Nations Department of Political Affairs
UNDPKO	United Nations Department of Peacekeeping Operations
UNHCR	United Nations Office of the High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNOHCHR	United Nations Office of the High Commissioner for Human Rights
UNMIL	United Nations Mission in Liberia
UNODC	United Nations Office on Drugs and Crime
UNOGBIS	United Nations Peacebuilding Support Office in Guinea Bissau
UNPBC	United Nations Peacebuilding Commission
UNPBF	United Nations Peacebuilding Fund
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
USAID	United States Agency for International Development
WDR	World Development Report
WFP	World Food Programme
WGI	Worldwide Governance Indicators
WHO	World Health Organization

Definitions and data notes

The countries included in regional and income groupings in this Report are listed in the Classification of Economies table at the end of the Selected World Development Indicators. Income classifications are based on GNP per capita; thresholds for income classifications in this edition may be found in the Introduction to Selected World Development Indicators. Group averages reported in the figures and tables are unweighted averages of the countries in the group, unless noted to the contrary.

The use of the *countries* to refer to economies implies no judgment by the World Bank about the legal or other status of territory. The term *developing countries* includes low- and middle-income economies and thus may include economies in transition from central planning, as a matter of convenience.

Dollar figures are current U.S. dollars, unless otherwise specified. *Billion* means 1,000 million; trillion means 1,000 billion.