



Conflict Prevention and Reconstruction Unit

Social Development Department

Dissemination Notes

'Mind the Gap': The World Bank, Humanitarian Action and Development—A Personal Account

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Although the World Bank was created to help rebuild European countries devastated by World War II, putting the 'R' back in the International Bank for Reconstruction and Development, the full title of the World Bank, has been a case study in institutional change for the multilateral agency, bringing it closer in recent years to the humanitarian and political arena than many felt possible or desirable. Encouraged to close the gap between emergency relief and development, the World Bank has found it's core mission of poverty reduction to be very hard to separate from the humanitarian enterprise. But what has this meant in practice and what are the implications for the Bank's future work on conflict-affected countries?

At the time of the creation of the UN Department of Humanitarian Affairs (UNDHA), now the Office for Coordination of Humanitarian Affairs (OCHA), no-one working in the relief and rehabilitation programs of Liberia, Kurdistan or the former Yugoslavia could be heard to question "where is the Bank?" As the premier, wholesaler of development assistance, better known for the controversy over structural adjustment, its absence was taken for granted. Yet, by the time that East Timor's struggle for independence burst into the world scene, a Bank team was in the vanguard of the recovery wave. Today, for better or worse, the Bank has a major role in Afghanistan reconstruction, is looking to reengage with Sudan, and even has a strategy for constructive engagement with Somalia. And one of the authors, at the time of writing, like other Bank staff in recent peace processes, finds himself an observer and resource person at the Cote d'Ivoire peace talks.

How did this happen, and what difference has it made to the international response? The first is easier to answer, the second more contentious. At a time when people were fretting over the relief to development gap and the need to ensure a continuum—did it exist or could it be achieved?—certain visionaries at senior UN and

World Bank levels saw that the institution could well fill a gap between emergency aid and the onset of development assistance. At the same time certain Bank staff, long in the tooth but sufficiently open-minded, were prepared to demonstrate that Bank projects could start to operate to good effect on the heels of humanitarian aid without waiting for the peace to be a matter of recorded history.

A critical turning point, early in the World Bank presidency of Jim Wolfensohn, was the reconstruction program in Bosnia, where in 1995 a trust fund was established upstream of Bank lending, followed by emergency lending mobilized more rapidly and across a wider range of activities than previously. The Bosnia experience had come in the heels of the Bank's new role in the West Bank and Gaza, where in 1994 it was asked to administer the multi-donor Holst Fund. The Bosnia program, however, broke the mould, and formed the basis for a new post-conflict framework which was to become within three years an operational policy (the nearest the Bank has to an internal imperative). Following Bosnia were a series of programs in Rwanda, Kosovo, Sierra Leone, other Balkan states, East Timor, DRC and the Greater Great Lakes Region, and most recently Afghanistan. No one doubts that the next post-conflict reconstruction challenge would bring similar major contributions from the Bank.

In 1998, mindful that this new direction was not without its problems or detractors, the Bank's quasi-independent evaluation arm, the Operations Evaluation Department (OED), took a long hard look at the institution's post-conflict performance. Though it found many unanswered questions in the transition from conflict to development, and judged the Bank's performance uneven, it concluded that the institution had a definite comparative advantage in supporting peace, at least where certain prerequisites and other actors were in place. The links between sustainable peace and

development—economic stability, good governance, employment generation, access to social services and so on—were compelling. In addition, the Bank was in a prime position to support donor coordination and mobilize substantial reconstruction funds.

Few in the humanitarian community disagreed in principle or argued for the Bank to withdraw. The Brahimi report was equally positive about the Bank's contribution. But was the Bank tooled up to do the job, and what about preventing conflict rather than helping with the clean up? Looking back over a decade, the OED review noted that 16 percent of Bank lending was already tied up in post conflict settings so the institution was in too deep to withdraw—now it had to get it right.

While a small, post-conflict unit located in the center and comprised mainly of ex UN and NGO staff ('poachers turned gamekeepers' for those suspicious of Bank intervention in this area) pushed the agenda as hard as it could, the real changes became apparent in the Bank's Regions, where operations and country relations are managed. Funding, analysis and expertise started flowing toward demobilization and reintegration programs, land mine clearance, people- and community-centered rehabilitation rather than just infrastructure, the special needs of child soldiers, and a broader focus on good governance. As one NGO commentator dryly put it, "so the Bank has discovered peace". But what it had really discovered was that in practice post conflict was where you were trying to get to, but not always the starting point.

Five years on from the OED study it is neither rhetoric nor an exaggeration to say that post-conflict reconstruction has been mainstreamed in Bank operations. The Bank still has much to learn about post-conflict reconstruction and it could always do with greater speed and nimbleness in environments that cry out for a quick response, but the processes and mind sets to learn from post-conflict experience and to try to respond quicker are in place and well established within the bureaucracy.

As the Bank's post-conflict reconstruction agenda took hold, and with the costs, complexity, risks and visibility of recovery operations running so high, attention then turned to prevention.

Here, research and events had an unexpected convergence. The operational policy of 2001, entitled "Development Cooperation and Conflict" defined the Bank's approach to conflict-affected countries, not just post conflict.¹ Although avoiding the term conflict prevention, the policy recognized the Bank's role might extend beyond post-conflict reconstruction to a more proactive role in conflict-affected and vulnerable countries. It exhorted Bank assistance to "minimize potential causes and be sensitive to conflict", while acknowledging there was much to learn in this area.

Then, findings from the Bank's research arm (DECRG), under Paul Collier, opened up the global debate on the economic causes and consequences of conflict. For an institution packed with economists, there had been surprisingly scant economic analysis or explanation of conflict in the Bank. Bank economists were inclined to think of conflict as an exogenous shock, akin to a natural disaster or an adverse swing in the terms of trade—something bad and unfortunate that happened from time to time and which was either 'not our problem' or 'there was nothing much we could do about it'.

Collier's research re-affirmed the links between conflict and poverty, confirming the everyday observations of humanitarian agencies, but also added new insights some of which were not new for the humanitarian community—for example that the temptation from having lootable natural resources (alluvial diamonds for example) and swelling numbers of unemployed youth, greatly heightens the risks of conflict. Other findings were more controversial and sparked a lively debate which became known as the 'greed versus grievance' debate. The main point of contention centered around whether this was an excessively 'economicist' approach that ignored genuine grievances and the broader discourse on causation, a discourse that tended to be dominated by political scientists. Irrespective of the outcome of the debate, it is clear that Collier's work changed the nature of the discussion on conflict and forced most of us to at least question the prevailing discourse on grievance as the driver for civil wars.

¹ Operational Policy 2.30 *Development Cooperation and Conflict* approved by the World Bank's Board of Executive Directors in January 2001.

The raging debate on whether Collier's research had mistakenly downplayed political and social aspects of conflict was overtaken by the events of September 11, 2001. The proximity of the attacks had a palpable personal effect on Bank staff and prompted a genuine soul-searching and re-examination of the core Bank mission. President Wolfensohn was quick to articulate what most people felt—that the poverty mission was more important than ever. It wasn't that poverty led to terrorism—the poor are not the enemy—but a sense that 'failed states' offered fertile soil on which terrorism could thrive. Although small scale terrorists can lurk in the shadows of any society, September 11 showed that large scale terrorism needs territory outside the control of a reputable government. People then wondered aloud, "should we have been absent from Afghanistan for so long, was there anything we could have done differently?"

September 11 also roughly coincided with another important round of research and ensuing policy discussion, which came to be known as the 'aid effectiveness' debate. In a nutshell, it argued based on careful research, that aid was effective but only when recipient countries adopted good policies and nurtured good institutions. When they did not, aid was a waste of tax payers' money. This debate carried important policy implications for the donor community. It implied that donors should be more selective in allocating aid, rewarding the good performers and, in the extreme, totally cutting off the bad performers—a 'tough love' approach. While the case for stricter allocations of aid based on performance was persuasive and becoming accepted, there was also a sense of unease about setting adrift the bad performers, where a large number of the poor people live and, through no fault of their own, suffer the consequences of incompetent and kleptocratic governments. September 11 added a new dimension by painfully showing that the problems of poor performing countries would not always be contained within their own borders.

The Bank's considered response to the convergence of September 11 and the outcome of the 'aid effectiveness' debate was to set up a task force to take a fresh look at its approach to countries across a broad spectrum of poor performance and vulnerability, now known as 'low-income countries under stress' (LICUS). In a

relatively short time, and without creating new instruments or bureaucratic responses, the work of the task force brought a more nuanced approach to the focus on good governance, policy reform and service provision in circumstances of chronic instability, or 'zero-generation' reforms in the institutional jargon. In essence, it articulated the need for some form of engagement, even if at a very low level, that could offer some, even dim, possibility of policy reforms and change. This, some humanitarian workers and analysts had been seeking for years as a complement to their work.

Taking its cue from the operational policy, research findings—notably that post conflict countries had a 50 percent chance of recurring conflict during the first five years after the onset of peace—and evolving international practice, the Post Conflict Unit had already been renamed the Conflict Prevention and Reconstruction Unit. Now piloting conflict analysis in vulnerable countries, the Unit continues to be the main central point of contact with the humanitarian community and administers the Post Conflict Fund. This fund kick starts the Bank's re-engagement with conflict-affected countries through grants to governments and a wide spectrum of UN and NGO relief and rehabilitation agencies. While post-September 11 concerns muted critics who previously detected 'mission creep' in the Bank's conflict agenda, so the Bank's conflict unit continued to translate the reality of 'no development without peace' into operational possibilities for Bank assistance and partnerships.

As the complexities of conflict prevention and its causes unfold, new issues emerge for the Bank to ponder. What should be the type and level of assistance in poor performing or conflict-vulnerable countries? How to deal with moral hazard questions in these cases? What do we do when the conflict is raging, and if we stay engaged, aren't we complicit? Is the 'do no harm' approach enough, or should the Bank be far more proactive in conflict prevention? And what do we mean by conflict prevention anyway? How should the Bank align its operations and performance-based lending to human rights considerations and what definition of human rights should it use?

How do we distinguish bad performers from those that are merely suffering from the aftershocks of the conflict and will likely make a full recovery? Since aid is a zero-sum game, how do we provide extra assistance to those recovering from conflict without punishing those that through a combination of good policies, institutions and good luck, managed to steer clear of conflict? Who takes over financing when emergency funds run out? How does the Bank work with donors, or partner with smaller humanitarian and development agencies, without crowding out the market or impeding their speed and flexibility? Like Tolstoy' unhappy families, does the uniqueness of each conflict and its attendant emergency, preclude a preplanned division of labor or does it boil down to committed implementation on a case by case approach?

Although we have come a long way in recent years, we cannot yet claim to be smoothly operating as a vital cog in the much-sought humanitarian-development continuum. But, the process of institutional adaptation inside the organization, the Bank's willingness to learn from its own experience and the convergence of external factors, has greatly contributed to a narrowing of the gap. At the same time, as the World Bank continuously adapts and evolves, the process is throwing up new questions and issues, which will pose additional challenges in the years to come.

CPR Unit

This Note was written by Colin Scott and Ian Bannon, both in the Conflict Prevention and Reconstruction (CPR) Unit. This note series is intended to disseminate good practice and key findings on conflict prevention and reconstruction, as well as to generate debate inside and outside the Bank on issues related to conflict and development. The series is edited by the CPR Unit in the Social Development Department of the Environmentally and Socially Sustainable Development Network of the World Bank. The views expressed in these notes are those of the authors and do not necessarily reflect the views of the World Bank Group, its Executive Directors, or the countries they represent. CPR Dissemination Notes are distributed widely to Bank staff and are also available on the CPR website (<http://www.worldbank.org/conflict>).

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