

**Peacebuilding Commission
Working Group on Lessons Learned**

**“Economic Revitalization in Peacebuilding and the Development of Service Based
Infrastructure”, 22 November 2010**

Chairperson’s Summary

I. Introduction

1. The Peacebuilding Commission’s (PBC) Working Group on Lessons Learned (WGLL) held a meeting on the topic of “Economic Revitalization in Peacebuilding and the Development of Service Based Infrastructure” on 22 November 2010 in New York. The meeting was chaired by Ambassador Gyan Chandra Acharya, Chairperson of the WGLL and Permanent Representative of Nepal to the United Nations. The panel was composed of five speakers:

- Dr Bartholomew Armah, Senior Policy Adviser for UNDP – BCPR, co-author of “Poverty Reduction Strategies in Action: Perspectives and Lessons from Ghana” who presented the development of infrastructure to create employment in a post-conflict setting.
- Mr Fernando Pereira, President of the Administrative Council of Roads Fund of Mozambique who presented lessons learned from the development of the road sector in Mozambique.
- Mrs Consolata Ndayishimiye, President of the Burundi Association of Women entrepreneur (AFAB) and President of the Federal Chamber of Commerce and Industry of Burundi who elaborated on economic revitalisation in Burundi.
- Professor Graciana del Castillo, Senior Research Scholar at Columbia University, and author of "Rebuilding War-Torn States" presented some recommendations for the United Nations system when facing post-conflict countries.
- Dr Nadia F. Piffaretti, Senior Country Economist for Zimbabwe and Senior Economist in the Fragile and Conflict-Affected Situations Group of the World Bank who presented lessons learned from the World Bank.

II. Lessons Learned from presentations and discussions:

2. In his opening remarks, the Chair of the WGLL highlighted the importance of economic revitalization in the aftermath of conflict, noting that it was a priority in the *Secretary General’s Report on Peacebuilding in the Immediate Aftermath of Conflict*. Whilst acknowledging that economic revitalization is a broad topic, the Chair explained

that the focus of the meeting would be on the development of service based infrastructure as a sector rich in employment opportunities but also as a necessity for the population; the restoration of which will enhance people's confidence in the ability of the state to provide the basic facilities in a post-conflict context. For economic revitalization to be conducive to peace, however, it requires policies and laws. But these will much depend on the country's needs. Finally the Chair outlined various activities undertaken by PBSO in preparation for the meeting, namely a joint DESA-PBSO background paper shared with WGLL members and a UNDP – PBSO online e-discussion enabling UN practitioners from the field and headquarters to contribute to the discussion.

3. The UNDP Bureau for Conflict Prevention and Crisis Recovery has a broad experience dealing with post-conflict contexts. Post-conflict countries tend to be characterised by the destruction of soft and physical infrastructure and reconstruction is vital to the revitalization of economic growth and employment. But violent conflict also results in the breakdown of institutions and norms governing business transactions as well as legal and regulatory frameworks (land tenure conflicts, loss of property rights, weak systems of justice). As a result, the state is weaker and the population lacks trust in authorities yet the reconstruction of infrastructure is vital for job creation directly (labour for road construction) and indirectly (feeder roads induce agricultural production).

4. There are a number of problems linked to private sector projects. First, they prioritize quick profits and do not automatically create jobs. Large private investments often favour extractive industries and telecommunications before the basic infrastructure necessary for attracting foreign investments such as water and electricity. There is consequently a need for more ODA for infrastructure. It is important to nurture small scale, local and community-based efforts so as to encourage the development of community infrastructure which benefits communities and stems migration. Lessons learned include the importance of prioritizing infrastructure demonstrating direct development effects, projects that are labour intensive and use local materials, policies that encourage investments, and conflict sensitivity in programme execution.

5. The case of Mozambique exemplifies how land mines and the lack of maintenance in a post-conflict setting can lead to a serious degradation of road networks, thus severely damaging economic, commercial and social activities. Both the opening of roads and repair of bridges and roads contributed to the reconstruction of the country. Major donors provided international engineering consultants and contractors but local engineering and large state-owned firms (now privatised) also participated. The reconstruction of rural feeder roads was done almost on a labour intensive based work, relying on small and medium size enterprises and on food for work programs directly creating employment. Training was simultaneously provided to entrepreneurs who then moved on to work for small private sector contractors. Capacity building programs were implemented at the start of the reconstruction period both by the government's roads department and NGOs.

6. The case of Mozambique, nevertheless, shows the need for improvement in certain aspects. First, the creation of employment should be maintained for small local firms to keep prospering and to enhance local capacity in both the technical and business areas.

Second, resources must be put in getting the correct engineering solutions to avoid inadequate designs. Support should also be provided to small contractors to ensure they have access to financial capital and equipment. Finally, the decentralization in the management of roads should have taken place earlier on, so as to ensure that qualified technicians and engineers were in rural areas where decisions needed to be taken rather than concentrated in the capital. Decentralization might have enabled further collaboration and commitment of the local population.

7. The case of Burundi, one of the five poorest countries in the world, and of which economy mainly relies on international aid, exemplifies some of the measures that can be taken by the government to overcome challenges in supporting economic recovery. Some of the government's led initiatives included the creation of an anti-corruption bureau, an investment promoting agency, the poverty reduction strategy paper, support to the agricultural sector and to micro-finance projects, privatisation of public institutions, a dialogue and consultation framework for the public-private sectors, a fair on the integration of Burundi in the East African Community (which involved the opening of customs, a common market and possibly a monetary union in the future). The country's integration into the regional framework will increase cooperation on security issues, ethnic cohabitation, negotiations on the international scene but also infrastructure such as transnational railways, regional telecommunication connections, and energy sharing (such as the drainage of oil from Uganda). Regional integration will also stimulate improvements in knowledge exchange in sectors such as science, technology, education, health, gender, employment creation and community development.

8. The Burundian Chamber of Commerce and Industry (CFCIB) underwent a restructuring which now includes a chamber of provinces and a chamber for women entrepreneurs. The CFCIB serves as an interlocutor between the private sector and the government and this mechanism has facilitated local and international private investments boosting the creation of employment in a number of sectors (telecommunication, construction, banks, education, etc). The CFICB is part of the East African Business Council which enables it to create contacts between entrepreneurs and is a platform improving the exchange of experiences.

9. But a number of mechanisms could be put in place to improve economic revitalisation such as the creation of a 'one stop shop' that would provide all the services necessary for the registration of a business. The tax system also needs to be improved and simplified. Anti-corruption measures need to be put in place. Resources should be made available to the private sector to enable it to access medium and long term credits. Producers need to have better access to external markets, particularly farmers which count for 90% of the population in Burundi. But the diaspora should also be encouraged to invest in their country financially and in terms of sharing their knowledge. Women Initiative for Self Empowerment (WISE) is one model of micro-credit project that created jobs, reinforced social cohesion and enabled expertise sharing.

10. The economics of peace is not 'development as usual', as it involves political and security objectives. The UN system and its response in the face of post-conflict

challenges requires further improvement. Particularly, as there has been a visible lack of institutional memory which has led the organization to ignore some of the lessons of the past and in a lot of cases has led to waste and inefficiencies. Problems have been identified and researched. There is not more need for research, there is a need for action. Advice can be given to governments but national ownership is essential and it is the government itself that should decide on its priorities, after having built a broad consensus, at the national and local levels. Policymaking in the immediate aftermath of conflict does not have the luxury of a medium or long-term horizon. It often requires emergency policies, even if these are distortionary in the longer term. Ignoring this has often led to misplaced priorities and put the peace process in danger. Governments cannot wait to have institutions and capacity in place. They need to act rapidly to utilize effectively and in a non-corrupt way the large spikes of aid that countries often receive in the immediate aftermath of conflict. Donors should avoid the temptation to impose their own priorities on governments and they should utilize local labour and other inputs as much as possible.

11. The creation of a matrix outlining priorities in the post-conflict context as negotiated between the government and the donors would enable these to define who is going to do what, where and how. Such matrix would not only help set priorities but also the timing, the expected quality and maintenance, and the specific results expected in each case. Only this type of process can ensure that all basic infrastructure and services would be created and that both government and donors would be accountable for what they are supposed to do. The matrix would include three types of project. With regard to large infrastructure projects (roads, dams, ports), the matrix should differentiate what is urgent and what can be postponed. It would also reflect the different types of financing available. With regard to community development, the matrix would specify the sector (rural development, micro- and small industrial enterprises) and what kind of support and financing they need. The matrix could also include “reconstruction zones” in which to turn the entrepreneurial spirit of the population away from illicit activities into production for local consumption and export. Priorities should focus on the most urgent needs in the post-conflict setting and on capitalizing on the existing community-based capacity.

12. The challenges involved with post-conflict project design and implementation are numerous: the tendency for short-term projects leads to rent-seeking attitudes; horizontal inequalities results in social tensions; weak State and lack of resources impede implementation. The success of the implementation of programs increases, if resources are put in the quality of the design, the performance of local institutions, the willingness to mobilize nonstate capacity, the willingness to “bring others in”, the capacity to associate informal institutions, targeting exclusion and remoteness through community driven development, and the capacity to partner with private sector actors in multisectoral approaches, international programs giving appropriate credit to the Government, while also assuming higher risks.

13. Importance must, therefore, be given to proper timing and quantity of the program; targets must be inclusive; programs should avoid being exceedingly ambitious and complex; the approach should be gradual and pragmatic; and losers of economic reforms

must be compensated. Additionally, support should strengthen country systems; risk calculus should be aligned with the country's perspective and the support must be timely, sustained and pooled. Knowledge should be shared on what works and what does not. Finally, "evidence-based" policies need to be applied and tools for learning on the ground need to be used such as: monitoring capabilities - micro-data through modern technologies - impact evaluation programs.

14. In response to concerns that the UN system might not be drawing sufficiently on the existing body of peacebuilding work from around the world; PBSO clarified that the WGLL is a platform open to policy makers, practitioners and people from the academia from around the world. The WGLL is the vehicle through which the PBC has sought to draw on the knowledge and experience of these groups of people. Every effort is made to learn from lessons from African and non-African contexts. As an example of the latter, the WGLL had a presentation on the issue of DDR in Colombia¹ and presentations by representatives from such intergovernmental bodies as the Organisation of American States. The WGLL can also learn from the UN experience in El Salvador and Guatemala, where the OAS was not involved.

15. Member states agreed on the importance of tackling economic revitalization in the aftermath of conflict. Questions were raised on a number of issues: namely whether there is a model that could be used in terms of analysis and impact for countries emerging from conflict. But interest also related to the type of training that would be useful for former combatants and on mechanisms to ensure former combatants become a positive force in economy, hence ensuring a change of spirit. Moreover, member states questioned the nature of the appropriate synergy between the countries in post-conflict situations and the international community that best ensures national ownership. The issue of tools available for UNDP and post-conflict countries to harness the private sector was also highlighted. Additionally it was suggested that rather than prioritizing issues at stake, they should be dealt with simultaneously to restore confidence. Finally the WGLL offers a number of interesting lessons learned and best practices but focus should also be given to the implementation of these lessons at the level of country specific configurations and on dissemination at the PBC.

16. Panellists then responded to the questions and agreed that there was no 'one-size fits all' model but that effort should be made to see which model best fits specific country configurations. The ability to know and evaluate impact improves the quality of projects that could then be scaled up. There are different instruments to manage synergies between different actors according to their nature. In terms of prioritizing in the aftermath of conflict, food is often the first requirement and the Diaspora can prove very helpful in dealing with these first needs. It was recognised that having to negotiate priorities with the international community in the immediate aftermath of conflict meant that priorities did not reflect those set forth by the government. Finally with regards the private sector, the Global Compact² offers a set of guidelines for rules of engagement and frameworks to build upon, the challenge remains with the implementation.

¹ <http://www.un.org/peace/peacebuilding/pbc-lessons.shtml>

² <http://www.unglobalcompact.org/>

17. Thereafter, the Chair of the WGLL outlined the next steps to be undertaken by the WGLL. First a written summary will be drafted and shared with members of the WGLL configuration. There will be a session with country specific configurations dedicated to explaining the outcome of the session and possible follow-up. The Chair of the WGLL concluded the discussion by recognizing that economic revitalization was a political process within which both leadership and capacity building are vital. A certain level of prioritization is important. Finally, he emphasised the need for a multi-stakeholder approach including the state and the Diaspora.