Conflict Resolution, Peace and Reconstruction in Africa

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African Development Bank

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FOREWORD

In the second half of the 20th Century, the African Continent, more than any other part of the World has suffered enormously from violent conflict within and between States. This has exacted heavy toll on Africa in terms of human suffering and lost development opportunities. The contagion effects on the neighborhood, in loss of confidence from investors, have been considerable. African leaders have recognized the imperative of preventing and tackling conflict and in recent years the continent has become increasingly stable. Nonetheless this should not obscure the huge challenges faced by post-conflict countries and fragile states in general; how to consolidate peace agreements, rebuild state institutions, provide basic services and relaunch the economic activity. This is what provides the so called peace dividends; hope and opportunities for their people. For the African Development Bank, addressing these issues, is a key priority, kick starting the economies, rebuilding institutional capacity and normalizing relationships with international financial institutions.

This report aims to contribute to our knowledge about the nature, causes, and consequences of conflict in Africa with a view to shedding light on strategies to achieve successful post-conflict recovery. The report emphasizes the critical role of sound economic policies for promoting post-conflict recovery and consolidating peace. It underlines the importance of building strong national institutions for effective economic policy making and peace building. It argues that state building must feature prominently in international efforts to support the affected countries achieve lasting political stability and sustainable development path.

While this report provides useful insights into these critical development challenges, it also reveals large gaps in our understanding of the issues in question. I hope that this report inspires constructive debate among researchers and policy makers to help better understand what works, and spreading best practice on the continent. Such an endeavor is at the centre of the Bank's new policy frame work on fragile states. I commend the report to our readers.

Donald Kaberuka
President
African Development Bank

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ABBREVIATIONS AND ACRONYMS

ADB	African Development Bank
ADF	African Development Fund
BHP	Bumbuna Hydroelectric Project
CAR	Central African Republic
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Rating
CSP	country strategy paper
DDR	disarmament, demobilization and reintegration
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EITI	Extractive Industries Transparency Initiative
EU	European Union
FSF	Fragile State Facility
GSPC	Salafist Group for Preaching and Combat
HIPC	Highly Indebted Poor Country
HIV/AIDS	human immunodeficiency virus/acquired immune deficiency syndrome
HLF	High Level Forum
ICC	international criminal court
IDP	internally displaced person
IFI	international financial institution
IMF	International Monetary Fund
ISA	independent service authority
LRA	Lord's Resistance Army
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MPLA	Popular Movement for the Liberation of Angola
NEPAD	New Partnership for Africa's Development
NGO	non-governmental organization
NPV	net present value
OECD DAC	Organization for Economic Cooperation and Development—Development Assistance Committee
PBA	performance-based allocation
PBL	policy-based lending
PCCF	Post-Conflict Countries Facility
PRSP	Poverty Reduction Strategy Paper
RMC	Regional Member Country
RUF	Revolutionary United Front
SADC	Southern African Development Community

SANDF	South African National Defense Force
SWAP	sector-wide approaches
TRC	truth and reconciliation commission
UCDP/PRIO	Uppsala Conflict Data Program/International Peace Research Institute, Oslo
UN	United Nations
UNHCR	United Nations High Commission for Refugees
UNITA	National Union for Total Independence of Angola

OVERVIEW

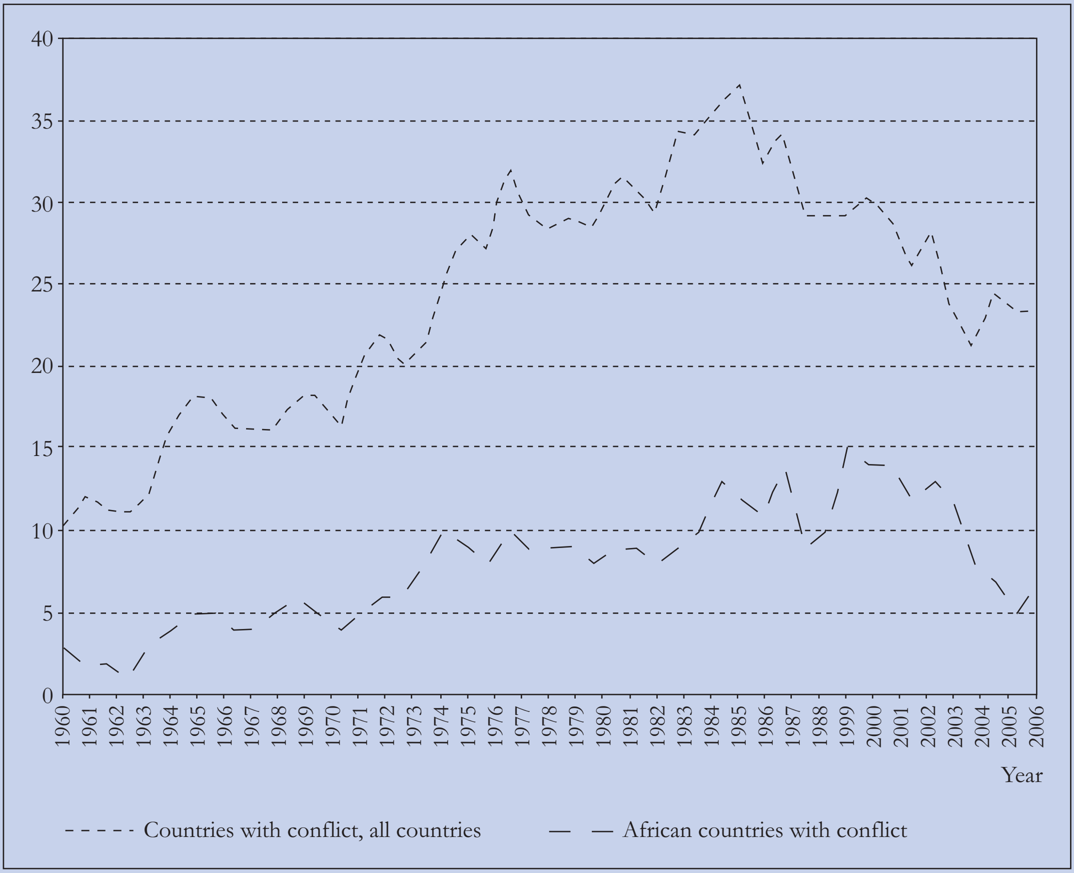
Several African countries are currently experiencing violent conflict; many more face the threat of violent conflict; while others are just emerging from it. The Democratic Republic of Congo has been host to the world's most deadly conflict since the Second World War. The conflict has claimed more than five million lives to date and is still raging on in parts of the country despite a large-scale international peace effort, including UN peacekeepers. In Kenya, about 1,000 people were killed and more than a quarter of a million people displaced in inter-communal conflicts in early 2008 following disputed presidential elections. In Chad, intense fighting between rebels and government forces in and around the capital, N'Djamena, claimed several hundred lives in April 2008. In Sudan, the conflict in Darfur, which has already claimed some 200,000 lives, came close to Khartoum, the national capital, when rebels advanced on the capital in May 2008. More violent conflicts now occur in Africa than in any other continent or region. Since the end of the Cold War in the early 1990s, the proportion of countries facing ongoing conflict has been higher in Africa than in the world as a whole, unlike earlier periods when the figure was slightly lower for Africa. Between 1997 and 2002, there were ongoing conflicts in more than 25 percent of all African countries in any given year, compared with about 18 percent in the 1980s.

Civil conflict has been the most common type of conflict in Africa in recent years. There have also been conflicts between non-state actors, such as in the Niger Delta in Nigeria. Fortunately, inter-state wars (wars between sovereign states), which were relatively common in the 1980s, have ceased. However, tension remains high between some neighboring countries like Ethiopia and Eritrea, which fought the last inter-state war in Africa in 2000.

Violent conflict has exacted a heavy toll in terms of human suffering and lost development opportunities in Africa, a toll that cannot be fully ascertained. Between 1990 and 2005, about half of the world's battle deaths — the number of people killed in battle — were recorded in Africa. Yet, in situations of conflict far more people die from disease, starvation, malnutrition, and breakdown of health services than from battle. Thus, war deaths — which capture these indirect causes of death and also include battle deaths — tend to be much higher. War deaths in the Democratic Republic of Congo conflict have been estimated at over five million. Conflict also leads to income loss, infrastructure destruction, and human and financial capital flight. Neighboring countries also bear substantial costs through conflict spillovers, preemptive defense expenditures, and catering for refugees.

Figure 1 shows that in recent years, violent conflict has declined in Africa — as

Figure 1: Number of countries with conflict globally and in Africa, 1960–2006



Source: UCDP/PRIO armed conflict dataset.

in the rest of the world. In 2006, seven African countries experienced conflicts, compared with about 14 in the late 1990s. The decline is a welcome development. But it poses challenges of consolidating the peace, rebuilding state institutions, and relaunching economic activity. Post-conflict countries' revenue bases are typically low; their expenditure needs high; and their institutional capacity weak. The factors that led to the conflict may persist or may even have been aggravated during the conflict, while new risk factors may have emerged. As a result, many post-conflict countries slip back into conflict. Thus, most of the ongoing conflicts in Africa are recurring conflicts. Understanding the problems post-conflict countries face and recommending measures to aid the transition from conflict is therefore an urgent priority.

Accordingly, this Report focuses on conflict resolution, peace, and post-conflict reconstruction in Africa. "Reconstruction" is used in a broad sense — the rebuilding of economic systems, infrastructure, and institutions destroyed by war. Thus, peacebuilding is a form of reconstruction, peace being the object of reconstruction. Reconstruction also encompasses the rehabilitation of basic services like health and education. The sheer diversity of conflict type and experiences suggests that a single report will not do justice to all the relevant issues. Thus, the Report focuses on a critical subset of questions: What do we know about the nature, causes, and consequences of violent conflicts? How can we use this knowledge to prevent and resolve conflict, mitigate their consequences, build peace, and facilitate post-conflict reconstruction? The Report focuses on internal conflicts occurring within a state, the most common type of conflict in Africa since the end of the cold war.

The Report is structured as follows: Chapter 1 surveys available evidence on the causes of violent conflict and examines trigger factors that actually ignite conflict. Chapter 2 examines the social and economic consequences of conflict. Chapter 3 assesses and recommends policies for conflict prevention and resolution, and peace-building in post-conflict societies. Chapter 4 recommends policies for promoting post-conflict reconstruction and development. Chapter 5 concludes the Report with a focus on African Development Bank support to conflict-affected countries.

The causes of conflict

The characterization of civil conflict, the focus of the Report, is a useful starting point for explaining violent internal conflict. Civil conflict involves one or more organized rebel movements fighting the government. Recent civil conflicts in Africa typically involve a relatively small number of rebel combatants, armed mainly with small arms and light weapons. The use of child soldiers is widespread, and the civilian population is often abused and used as human shield, producing large civilian casualties. Arms are procured mainly from non-state actors. Primary commodities sometimes play a major financing role.

"Blood diamonds" have featured among risk factors in several conflicts in Africa. However, there have been disagreements over the interpretation of the resource abundance-conflict correlation and over the measurement of natural resources. In addition, the results may also be inaccurate in failing to account for the possibility that the risk of conflict could raise dependence on natural resources. The causality between natural resources and conflict is thus not clearly established.

Almost all cross-country empirical studies find low per capita income to be correlated with a high risk of conflict onset. One explanation is that poor people have little to lose by joining a rebellion. However, in many cases — Democratic Republic of Congo, Liberia, and Sierra Leone — low income was attributable to general governance failure that induced growth collapse, state failure, and violent conflict. Thus, it is not necessarily low income that raises the risk of conflict. Violent conflict is caused by the underlying conditions that keep incomes low while weakening the state's capacity to deliver services and security.

The risk of conflict onset is highly correlated with low economic growth. One explanation is that if low income is a risk factor, then low economic growth further raises the risk of conflict by depressing income. Second, poor growth may stem from deterioration in governance and state capacity, which may, in itself, constitute a risk factor. Third, poor economic growth may trigger distributional fights or deepen grievances with the government, raising the risk of conflict.

Some conflicts in Africa have taken an ethnic manifestation. However, the empirical evidence is conflicting. While some studies dismiss the idea that ethnic and religious differences raise the risk of conflict, others find that countries with two sizeable but distinct groups have higher risks of conflict. Some authors argue that ethnic antagonism is a symptom or result, rather than a cause, of violent conflict; and that narrow-based regimes often use ethnicity for scapegoating and selfish interests

Horizontal inequality — inequality between distinct population groups — is an important conflict risk factor. Regional inequality also raises the risk of conflict. Examples include north-south inequality in Uganda and Cote d'Ivoire; and the oil-producing regions versus other regions in Nigeria and Sudan. Much of what is often taken as ethnic conflict stems from the fact that ethnic groups are geographically arrayed and so fights over the distribution of wealth between regions often take the form of ethnic conflict.

Violent conflict mainly involves young people. Some authors find that countries with a "youth bulge" — a relatively large proportion of young people — have a markedly higher risk of conflict onset. However, critics argue that the real issue is not the number of young people in society, but whether they have employment opportunities.

Governments sometimes use political repression as a survival strategy, relying on a narrow ethnic base for support and alienating the rest of the nation. In the longer term, opposition tends to build up, often culminating in violent conflict. Corruption is also sometimes used to buy off opposition, thus strengthening a government's hold on power. Beyond a point, corruption can weaken the state because it undermines key institutions and fiscal capacity — this could result in state failure and violent conflict.

Flawed or incomplete democratization processes, characterized by a weak legislature and a strong elected executive, which operates without much scrutiny between elections, have been blamed for some of the conflicts in Africa. However, the empirical evidence is conflicting. Some studies have associated this regime type with a high risk of conflict while others find no relationship between the level of democracy and risk of conflict onset.

Military spending tends to increase the risk of civil conflict while large armies may reduce it. Large military expenditures or large armies may raise the risk of conflict if they are used as a means of repression and an alternative to dialogue and inclusiveness.

Legacies of colonialism and superpower rivalry have been blamed as root causes for some of the violent conflicts in Africa. Striking examples include the institutionalization and exacerbation of Hutu-Tutsi identity by Belgian colonial authorities in Rwanda and Burundi; western support for the Mobutu regime in the Democratic Republic of Congo; and Soviet and western support for the MPLA government and UNITA rebel movement, respectively, in Angola in the 1980s.

Finally, in the analysis of the factors of conflict, there is a wide consensus that violent conflict exacerbates the very conditions that gave rise to it in the first place, creating a “conflict trap”.

Conflict triggers

Risk factors alone do not make conflict inevitable. Some factors change slowly while others are ever present. Conflict is often triggered by specific events or circumstances such as the following:
Violent conflict sometimes follows a country’s attainment of independence, as in the Democratic Republic of Congo, Angola, and Mozambique. Independence could lead to intense competition to govern the state, and this competition may lead to violence. Intense political rivalry at the centre may also weaken the state, raising the risk of rebellion. Independence often prompts regions to seek autonomy, which could lead to violent conflict if resisted by the central government. The introduction or abolishing of elections may also trigger conflict. Sometimes regime change is part of the conflict and not the cause. Democratization and elections in Africa sometimes appear to increase the risk of violent conflict. One explanation is that where the executive faces few constraints, winning or losing elections makes a big difference. Thus, incumbents tend to cling to power desperately. Certain dramatic events, such as the assassination of a prominent personality, may ignite an already simmering conflict. Such events may create a power vacuum or serve as a signal or excuse for violent action.
To summarize, empirical studies of conflict have been heavily contested in terms of methodology, data, and interpretation. African experiences demonstrate the role of factors like legacies of colonialism and superpower rivalry, political repression and corruption, and state failure — factors that are usually omitted in empirical studies. Taking the omission into account further qualifies the empirical results. The contestability of research results, and the variety and specificities of African experiences suggest a need for deep contextual analysis of any given conflict.

The social and economic consequences of conflict

Social consequences

Countries suffer from many different consequences of violent conflict. Violent conflict kills people in many different ways: Civilians and soldiers are killed in combat; and people die because of diseases, malnutrition, and violent crime. Wars force mass migration. Dealing with the consequences of violent conflict is not only a humanitarian imperative; it is also important because it decreases the risk of the conflict recurring.

Mortality levels

"Battle deaths" — deaths of combatants and civilians due to military operations — are distinguishable from "total war deaths" — which include battle deaths and deaths from increased one-sided violence, disease, starvation, malnutrition, and crime. Between 1960 and 2005, about 6.6 million battle deaths were recorded in state-based armed conflicts globally. Twenty four percent of the total, about 1.6 million battle deaths, were recorded in Africa. The percentage of battle deaths relative to total deaths ranges from about 3 to 30 percent in Africa. No comprehensive dataset on war deaths exists to date.

Legacy effects

Wars affect peoples' lives long after the fighting has stopped: They kill and also cause disability due to injury or disease. Wars are conducive to the rapid spread of HIV and help explain why HIV/AIDS affects Africa disproportionately: Civilians are often subjected to human rights abuses, including sexual violence; Women sometimes resort to commercial sex to survive; and displacement during war weakens social cohesion and relationships, which may lead to promiscuity. War traumatizes people. Most of the victims of civil war are civilians, who are subjected to, or witness, killings, rape, torture and murder of family members. War has long lasting effects, notably through destruction of infrastructure and systems for social service delivery.

Regional spillover effects due to diseases and displacement

The regional costs of conflict are high in Africa. War results in refugee movement across national borders. Africa is home to about 12 percent of the world's population. However, about 31 percent of the world's refugees originate from, and find asylum in, Africa, and about 42 percent of the world's internally displaced persons live in African countries.

Children, girls and women

Violent conflict affects children and girls in various ways. Child soldiers become victims and perpetrators of violence. Boys and girls face different reintegration problems. Girls often have babies of their own, making it difficult for them to catch up on education and job training. Furthermore, due to their wartime sexual experiences, girls are often regarded as "second hand" and are thus vulnerable to further abuse. The death of men during conflicts raises the proportion of female-headed households. Thus, in post-conflict societies, women tend to face a much heavier burden of caring for the household. Moreover, women face more difficulties than men in integrating into the labor market even under normal circumstances. In the post-conflict period, the shrinking of job opportunities, leading to increased competition for jobs, makes women's access to the labor market even more difficult.

The economic legacy of conflict

Conflict causes contraction of economic activity and destroys infrastructure. Moreover, war forces government to shift expenditure towards the military, squeezing public investment and expenditure on maintenance. High military spending becomes hard to reverse during the post-conflict decade, with little peace dividend being taken. Conflict shortens time horizons of government and private sector actors, increasing opportunistic behaviour. Heightened opportunism reduces productivity in activities that normally depend on trust, such as credit transactions. During conflict, both fear and reduced opportunities induce human and financial capital flight, leaving a legacy of an acute shortage of skills, a large diaspora, a collapse in private investment, and an accumulation of private wealth abroad. The sectoral composition of the economy changes as economic activities face different degrees of vulnerability. In particular, one of the legacies of prolonged conflict is likely to be the retreat of the rural economy from market activities.

Bad policy is another legacy of conflict. During war, governments tend to become desperate, and policy and governance deteriorate. The need for higher military spending collides with a decline in tax revenues as the private formal economy contracts. Aid declines as the government is shut out of international credit markets and domestic credit markets dry up. In response, the government resorts to inflation tax, leaving the post-conflict economy with a legacy of high inflation and reduced confidence in the currency. Governments also often pursue a wide range of other unsustainable policies that sacrifice the future for the present. The short-sighted policies adopted during war inflict lasting costs on the economy. One implication is that there is an urgent need for economic reform. More disturbingly, the post-conflict fiscal situation may not be sustainable, and reform may be needed merely to avert collapse.

The challenges of conflict prevention, resolution and peace building

The legacy of conflicts in Africa and their devastating effects on the economies call for concerted efforts on the part of African governments and their development partners to design strategies for preventing conflicts, resolving ongoing conflicts, and consolidating peace. The report examines key policies for conflict prevention, conflict resolution, and peace building.

Conflict prevention

Many conflict risk factors in Africa seem to be related to the region's relative economic deprivation. Consequently, policies that succeed in raising income and education levels, stimulating economic diversification, strengthening the middle class that derive income and political influence from their human and financial capital, are likely to contribute to conflict prevention in the long run. Equitable economic growth, in particular, will raise incomes for the poor, and make recourse to violence a less attractive option for young men and women. It is also likely to increase the effectiveness and stability of democratic institutions.

Democracy needs to be strengthened as the basis of the social contract between the State and its citizens. Elections provide the means to formally delegate authority to politicians and to reassess their performance at regular intervals, but they do not provide a means to monitor elected officials between elections. Without monitoring devices, the elected can abuse delegated authority. Moreover, elected officials are often in a position where they can manipulate the outcome of the next election. Elections, therefore, must be combined with constraints on the executive.

Violent conflicts in Africa often spill over into neighboring countries. Indeed, some African countries have supported rebellion in neighboring countries. Regional integration would promote peace and security by eliminating or minimizing these sources of conflict. It would also reduce mutual suspicions among countries, thereby reducing the tendency for regional arms races. Membership incentives could also help prevent or end conflict.

Conflict resolution and peace building tools

Power sharing can induce opposition parties to agree and respect a peace deal: every side has a stake in the peace in terms of the fruits of office, and may therefore have some incentive to not deviate from it. The success or failure of such a peace deal depends on the individual parties' commitment to it and the presence of external guarantors. In the longer term, by being inclusive, power sharing may be preferable to a winner-take-all majoritarian system. However, lack of transparency among parties to the treaty regarding their strengths, intensions and commitment; and inadequate external support; can undermine power sharing. Also, power sharing does not eliminate the temptation for the formation of opportunistic splinter groups, and may even perpetrate ethnic or regional polarization. Moreover, it could be economically costly. Kenya's Grand Coalition Cabinet comprises 40 ministries and about 50 assistant ministers.

Power sharing formulas therefore need to be carefully designed. One option is temporary power sharing, discontinued later as democracy takes root, as in the Arusha Peace and Reconciliation Agreement for Burundi. Also, a decentralized system of government, with several layers of political and economic decision making — such as in a federalist system — might aid power-sharing by allowing a greater role for minorities and groups outside the central government. The electoral system, whether proportional or majoritarian, should succeed in returning representatives of different ethnicities. Finally, constraints should be placed on executive power — notably through an independent judiciary. Including all of these elements in any one power-sharing package is virtually impossible, and the relative weight placed on the various factors has to be judged on a case-by-case basis.

Peacekeeping is a peacebuilding tool. UN peacekeeping has met with varied outcomes in Africa; Somalia and Rwanda being cases of failure; and Sierra Leone and Liberia success stories. Several issues confront peacekeeping as a tool for conflict resolution and peace building, notably lack of funds. Moreover, peacekeeping presupposes that peace exists that should be kept. Thus, peacekeeping by itself does not resolve a conflict. It can only be used when some sort of peace deal has been struck. Another issue is the appropriate time horizon for peacekeepers to stay in a country, as peacekeepers may come to be perceived as an occupying force.

African organisations have been involved in managing the continent's security crises in recent years. President Mbeki of South Africa, acting on behalf of the Southern African Development Community, mediated between the government of Zimbabwe and the opposition to resolve the country's political and economic crises. The African Union and the UN are deploying a joint peacekeeping mission to Darfur, Sudan. The Economic Community of West African States (ECOWAS) sent peacekeeping/peace enforcement troops to Sierra Leone and Liberia. However, lack of financing and logistics has often hampered regional peacekeeping operations.

Disarmament, demobilization, and reintegration

Reintegration into state security structures or civil society is full of challenges. Security services are often in dire need of reform. Ex-combatants absorbed into security forces are often disillusioned with their new role and their attributed rank. Likewise, the social and economic absorptive capacities of communities to which ex-combatants return may also be seriously eroded by decades of conflict. The lack of adequate physical and human capital to successfully reintegrate may induce frustration and dissatisfaction, and raise the risk of resorting to violence to secure livelihoods. Also, offering assistance only to ex-combatants and not to the host community - who are also often needy - may raise tensions. Recognition of this problem has sometimes led to provision of benefits to receiving communities as well. DDR programs are also faced with bureaucratic and logistical constraints, compounded by lack of funding. The sheer number of international and national stakeholders poses institutional challenges.

For conflicts resolved by negotiation, a strong peace agreement with firm commitment to its terms is required to facilitate DDR. When the peace agreement is weak, or commitment to its terms uneven, former combatants, particularly those still remaining in their existing command structures, can assume a spoiler function, as was demonstrated repeatedly during Sierra Leone's halting peace process. Also, the knowledge that demobilization reduces or eliminates its capacity to fight might induce non-cooperative behaviour on the part of the rebel movement.

Evidence suggests that DDR has been less effective at minimising armed violence or promoting sustainable reintegration than expected. Also, some disarmament processes tend to be partial, reducing the overall stock of illegal arms in circulation only marginally.

Small arms control

The objective of small arms control is to reduce the availability and flow of weapons. There are a host of international instruments and agreements associated with arms control that can now be used to help shape dialogue with national partners and to facilitate coordinated and responsible action. These measures have established important precedents for, inter alia, weapons manufacturing controls, regulation of civilian possession, stockpile management and security, transfer controls, marking and record-keeping and tracing. Regional initiatives, notably by the

Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC), have been increasingly adopted to stem the flow of arms to and within Africa. Together, these efforts seek to promote the prevention of criminal and conflict violence by eliminating civilian ownership of automatic and semi-automatic rifles, introducing sanctions for unlicensed possession, and promoting controls on manufacturing, import, export, transit, and transfer of arms.

Economic policies are vital for post-conflict reconstruction and peacebuilding

Economic policies are vital for the challenge of maintaining peace, reconstruction, and longer-term development. Post-conflict economic recovery is fundamentally dependent on private sector response. Post-conflict economies differ from other poor economies in certain respects. Objectives are markedly different, and the risks of conflict reversion are high. Thus, the government would rightly be concerned, not only with economic recovery as an end in itself, but with adopting economic policies to reduce the risk of conflict. There are potential trade-offs between pro-growth and pro-peace policies. Where such trade-offs exist, peacebuilding policies would naturally take priority, since economic growth or recovery would be threatened in the absence of peace.

Post-conflict countries need rapid economic reform given that civil war leaves a legacy of poor economic policies that tend to favor short- term benefits at the cost of long-term damage. If inflation is a problem, one option would be to raise taxes and reduce spending. However, this entails substantial trade-offs. The social returns on public spending are particularly high, implying that inflation reduction by means of reduced public spending is costly. Furthermore, the social cost of additional taxation may also be atypically high, implying that reduced inflation by means of increased taxation would be costly. The legacy of a decayed public administration and the rise of opportunism reinforce the need for tax moderation.

Resource-rich countries warrant special attention. Two key concerns are their capacity to negotiate favourable terms in their dealings with extraction corporations, and corruption in the management of resource revenues. Peace also opens up the scope for commercial extraction of deposits that were not viable during conflict. For this resource extraction, it is necessary to establish a tax structure that, while leaving extraction profitable, captures a substantial proportion of economic rents for the government. Finally, peace opens up the scope for prospecting. This is especially important given the current high commodity prices. However, the prospecting phase should not be rushed. Prior to licensing prospecting of minerals, governments should probably invest in a cadastre to reduce uncertainties. Fiscally stressed governments may be tempted to bring revenues forward by committing to low future taxation, thus maximizing upfront payments for extraction rights. This could be very costly. The better strategy is not to attempt to bring revenues forward, and instead adopt, from the outset, a reasonable tax regime, that is possibly modelled on those in comparable countries. Revenue management is another important issue, particularly for oil, in the light of the current price boom. Care must be taken to avoid the boom and bust cycle. The creation of societal trust funds is one option. Greater fiscal federalism, where resource rich regions get effective control over resource rents, should be pursued.

Rebuilding the rural economy is critical for raising living standards and creating employment to absorb abundant unskilled labor. Policy should focus on the provision of rural infrastructure to raise rural productivity; and the development of rural markets through the provision of transport and information services, to encourage commercial production. External assistance will be needed to complement limited government resources.

Weak public service delivery is common in post-conflict countries. The setting up of a separate public but independent institution, somewhat akin to an independent central bank or an independent revenue authority, could address this problem. By analogy, this could be called an *independent service authority* (ISA). The ministries would set the policy objectives that such an implementing agency would be required to follow but the ministries would not have direct operational authority on the allocation of public money. This separation of the policy function from the spending function not only slims down the functions of the ministries to a manageable core, but reduces the moral hazard of conflating policy setting with spending. Liberalization of the retail provision of health and education services to improve efficiency is also recommended.

Aid could play a critical role in post-conflict economic recovery. Aid is atypically effective in raising growth in post-conflict situations. This suggests that post-conflict situations should receive more aid than would be warranted by a conflict-blind policy-based formula. Over and above its effect on poverty reduction, aid could be peace-enhancing. The more rapid the growth of output, the lower the risk of reversion into conflict. Thus, by raising output, aid helps reduce the risk of war recurrence. However, one concern is the quality of aid and the delivery mechanism. There is an unresolved debate about whether budgetary support should be favoured over project aid. In some countries like Sierra Leone, aid has led to the cherry-picking of human resources from tertiary and government institutions. Another concern is that the favourable effects of aid on the risk of conflict reversion may be partially offset if aid finances military spending. These concerns may constitute a reasonable basis for donors to negotiate limits on the military budget in return for aid.

The absorptive capacity of post-conflict governments is another concern. Financing needs tend to peak in the early post-conflict period, while the administrative capacity of governments to spend public money efficiently is low. Thus, there is a case both for prioritizing improved mechanisms for public spending, such as independent service authorities, and for phasing exceptional aid inflows more evenly over the decade rather than bunching them all in the first few years. The need for policy reform and the deterioration in the professional civil service suggest that technical assistance is particularly valuable during the post-conflict period.

Aid allocation is also problematic. Over the past decade, aid allocation has gradually become more closely linked with attained levels of government performance. Over the past decade, aid allocation has gradually become more performance based whereby, controlling for population, countries with past good policies are rewarded by receiving more aid. Since post-conflict governments inherit very poor policy performance, an exception has to be made for them. But the question is: How long should this exception last? Potentially, aid to post-conflict governments may have two distinct elements: one that is unconditional and one that reflects performance. Over the post-conflict period, the balance between these two elements may change. At the beginning, large aid inflows would be warranted purely on the basis of need and opportunity. However, over time, aid allocation would gradually depend more heavily upon performance. This would enhance the incentive for governments to adopt and deepen reforms.

African Development Bank support for conflict-affected countries

The African Development Bank can play a key role in post-conflict countries, notably by providing advice, financing advocacy and building capacity. The Bank's policy advice needs to be distinctive in post-conflict situations, reflecting the unique problems and opportunities faced by post-conflict countries. Because post-conflict governments are extremely short of skilled people, the advisory role deserves more prominence and resources than in other situations. However, precisely because policy needs to be distinctive and post-conflict governments lack skilled people, the Bank could prioritize capacity building for government officials in post-conflict countries. Financial provision needs to be distinctive. Post-conflict recovery takes a long time and capacity to absorb resource inflows is typically low. Therefore, aid inflows should be phased out slowly. Finally, there is scope for the Bank to play a role both as an advocate and as the provider of regional public goods in support of post-conflict reconstruction. For example, the auctioning of rights to mineral extraction needs a verification system, which is an international public good. The Bank is in a position to perform this function more effectively than global institutions.

In 2001, the Bank prepared its Post-Conflict Assistance Policy Guidelines to address the special needs of post-conflict countries. In the past, support for countries with arrears was modest because of the Bank's policy on loan arrears. The Bank has always accorded priority to arrears clearance early in the post-conflict phase so that the country can re-establish a normal relationship with its creditors. To this end, in 2004 the Bank established the Post-Conflict Country Facility (PCCF) to assist eligible countries clear their arrears. The Bank's support for arrears clearance is closely coordinated with that of other international financial institutions and constitutes the first step in accessing debt relief under the Highly Indebted Poor Countries (HIPC) initiative. Assistance was provided through the PCCF mechanism to Burundi in 2004, the Republic of Congo in 2004, Central Africa Republic in 2006, and Liberia and Comoros in 2007. Arrears clearance has paved the way for quick resumption of operational activities and for the countries concerned to become eligible for debt relief from HIPC and, more recently, from the Multi-lateral Debt Relief Initiative (MDRI). Burundi and the Republic of Congo are post-conflict countries that have already benefited from HIPC debt relief from the Bank and other partners. HIPC debt relief for Liberia and Comoros is programmed for 2008.

The Bank's short-term support for countries without arrears is aimed at addressing institutional reforms and capacity building, resettling displaced populations, reintegrating vulnerable war victims, and reviving the economy. Over the medium- to long- term, the Bank focuses on the rehabilitation and reconstruction of physical, social and economic infrastructure, including the provision of poverty alleviation programs in health, education, and agriculture. The Bank also supports macroeconomic and structural reforms, and institutional capacity and state building especially in the area of improving governance and fighting corruption. It also supports infrastructure, including restoration of energy and power supply.

Bank approvals in support of economic recovery have increased steadily from USD 154 million in 2001 to USD 392 million in 2007. In 2007, the cumulative portfolio for twenty countries designated as fragile (which includes post-conflict countries) stood at USD 1.5 billion, about 9.3 percent of the Bank's public sector portfolio of USD 16.2 billion.

The Bank reviewed its support program for fragile and conflict-affected countries in 2007, resulting in the setting up of Fragile States Facility (FSF) as a special autonomous financing vehicle. Key benefits of the FSF include greater ease of administration, more effective oversight and coordination, and more seamless sourcing of services and support. The Bank's assistance strategy to fragile states seeks to focus on addressing the gaps in donor funding falling within its mandate and areas of competence. As spill-over effects from fragile states are substantial in Africa, the Bank takes a regional approach in providing support for post-conflict and transition countries. The Bank therefore works closely with other partners, including regional organizations, in supporting regional operations.

Key lessons and policy recommendations

A number of key lessons and policy recommendations can be drawn from the discussion in this Report. The main ones are presented below.

- *The number of countries facing violent conflict has declined in recent years*. This decline is a welcome development, but it poses challenges related to consolidating the peace, rebuilding state institutions, and relaunching economic activity in countries emerging from conflict.
- *Empirical studies seeking to explain violent conflict have been heavily contested in terms of methodology, data,*

and interpretation. Furthermore, African experiences demonstrate the importance of historical, political, and governance, factors that are usually omitted in empirical studies. The contestability of research results, and the variety and specificities of African experiences suggest a need for deep contextual analysis of any given conflict.

- *There is an urgent imperative to further develop the knowledge base about the causes of conflict and policies for recovery from conflict*. Many of the results of empirical studies on conflict risk factors remain disputed while many dimensions of post-conflict economic recovery are yet to be investigated empirically
- *Conflicts have massive social and economic consequences*. The social consequences include death on the battlefield and many more off the battlefield through disease, malnutrition and starvation. The economic consequences include a rise in military spending, leading to cuts in social spending; destruction of assets and loss of income; and capital flight. The consequences endure long after the conflict is over and extend to neighboring countries.
- *Strengthening democracy as the basis of the social contract between government and the citizenry would help prevent violent conflict in Africa*. Constraints on the executive, such as separation of power, are essential for democracy to promote peace in Africa. In ethnically polarized societies, additional measures are needed to protect minority rights.
- *Economic policies are vital for post-conflict reconstruction and peace building*. There is an urgent need to design specific socio-economic interventions to help prevent post-conflict countries from falling into a conflict trap. Economic policies need to prioritize the creation of jobs for young people who form the recruitment base for rebellion.
- *The setting up of a separate institution — akin to an independent central bank— to undertake the financing of public service delivery in post-conflict countries would reduce the moral hazard of conflating policy management, financing, and retail service delivery, and improve efficiency*. Public service delivery is typically poor in post-conflict countries, due, in part, to the conflation of policy management, financing, and retail service delivery in government ministries. This calls for the separation of these three functions. Greater private participation in retail service delivery would raise efficiency through benchmarking and competition.
- *There is need for increased and targeted assistance to fragile states, the majority of which are post-conflict countries*. Fragile states have special needs that require increased and targeted assistance. In particular, post-conflict countries need additional support to prevent a return to conflict.
- *The role of the state is critical for post-conflict recovery and for economic and political stability*. Thus, state building must be the centre of the strategy for economic recovery and peace building. The success of state building depends

critically not only on the emergence of developmental national leadership but also on strong support from development partners who must provide sufficient technical and financial assistance for institutional and economic reforms.

- *Greater coordination and harmonization of donor interventions is needed.* The African Development Bank has committed to increasing resource allocation and improving the efficiency of interventions in post-conflict countries. The Bank has realized that the majority of fragile states are post-conflict countries. In this context, the Bank has launched a new facility to help fragile states, including conflict-affected countries. The facility is designed to be flexible to enable ease of administration and more effective oversight and coordination. While collaborating with other development assistance partners, the Bank seeks to focus on addressing the gaps falling within its mandate and areas of competence so as to capitalize on its comparative advantage.

CHAPTER 1

Explaining violent conflict

How do we explain violent conflict? The answer to this question depends on the type of conflict in question. Inter-state wars — wars between sovereign states — were driven mainly by disputes over territory. The quest for independence or for majority rule motivated liberation struggles in Algeria, Angola, Mozambique, Zimbabwe, Namibia, and South Africa. Several explanations have been proposed for other types of internal conflict. Most of them have sought to identify risk factors — factors that tend to increase the risk of violent conflict. Risk factors alone do not make violent conflict inevitable. Some risk factors change very slowly and are always present. But, it is a conjunction of risk factors that often seems to lead to violent conflict. The actual outbreak of violence is often brought about by particular events, or conflict triggers.

This chapter assesses the evidence on the risk factors of violent conflict and examines conflict triggers. It focuses on civil conflict, which involves one or more organized rebel movements fighting the government. In recent African civil wars, the rebellion usually involves relatively small numbers of persons actually engaged in direct military hostilities. The wars are fought mainly with small arms and light weapons, and the use of child soldiers is widespread. The civilian population is often abused and used as human shield, producing large civilian casualties. Arms are procured mainly from non-state actors, with primary commodities sometimes playing a major financing role.

Conflict risk factors

The last few years have seen the emergence of empirical econometric analyses — usually large, cross-country studies — that seek to identify generic risk factors of violent conflict, that is, risk factors present in most, if not all, violent conflicts. However, empirical econometric analysis by itself does not directly identify the causes of violent conflict; it merely identifies variables correlated with the risk of its occurrence, the so-called risk factors. Researchers have had to present arguments on how a correlation could be interpreted as evidence of causality. This section analyzes the key factors that have been associated with the risk of violent internal conflict in empirical work, case studies, and the popular media.

Natural resources

Natural resources, in particular, "blood diamonds", have been blamed for recent civil conflicts in Angola, Sierra Leone, Democratic Republic of Congo, and Liberia. However, attempts to provide generic empirical evidence on the role of natural resources in fueling violent conflict have attracted four major critiques. The first is that results are fragile and do not hold in the face of different methodologies and datasets. Collier and Hoeffler's (2004a) influential study obtained a positive correlation between natural resource dependence and the risk of civil conflict onset. However, the positive correlation largely disappeared when Fearon (2005), using the same data, coded the observations annually, in contrast to Collier and Hoeffler's five-year coding.

Second, the interpretation of a correlation between resource abundance and the risk of civil conflict has been disputed. Collier and Hoeffler (2004a) argue that the correlation reflects greed — the opportunities natural resources provide for financing rebellion and for making it "perhaps even attractive". However, "greed" is just one of many plausible possibilities (Humphreys 2005). Natural resources can induce state weakness — as the resource curse literature has highlighted — raising the risk of violent conflict. Indeed, countries like the Democratic Republic of Congo, Sierra Leone, and Liberia experienced state failure before experiencing resource-fuelled civil conflict. In fact, in Sierra Leone and Liberia, natural resources came to play a significant role only several years after the civil conflict started. Fearon and Laitin (2003), who find that oil dependence raises the risk of conflict, argue that oil states are more likely to have weak structures because they have less need for strong bureaucracies to raise revenue. They argue further that oil and many other types of natural resources tend to favor the government, so they cannot be seen as proxies for financing opportunities for rebellion. Oil extraction and mining are seldom controlled by rebel groups because of the large investment usually required. Moreover, governments often use large oil revenues or loans backed by future revenues to invest in military capabilities that could effectively deter rebellion.

A resource abundance-conflict correlation could also stem from conflicts fuelled by perceptions of unfair apportionment of resource revenues, as in Nigeria. Ross (2004) traces the origins of the civil conflict in Southern Sudan to such disputes. The extraction of natural resources may also foster grievances, such as through environmental damage as in Nigeria. Also, a correlation between natural resource abundance and the risk of conflict could arise if conflict, or even expectations of conflict, causes other economic activities to cease, leaving resource extraction as the dominant activity (Humphreys 2005).

The third critique relates to the measurement of natural resources. Collier and Hoeffler (2004a), the "greed" advocates, actually exclude diamonds and narcotics — the type of resources chiefly associated with fuelling recent civil conflicts in Africa and elsewhere — from their measurement of natural resources (Fearon 2005). Their measurement includes cash crops, which are unlikely to fuel civil conflict because large profits from their exploitation require control of a national distribution or production system, which rebels usually lack (Fearon and Laitin 2003).

The fourth critique is of a more technical nature. It relates to the possibility of a two-way relationship between natural resource abundance and the risk of conflict: It may well be that the risk of conflict actually increases natural resource dependence. Most empirical studies ignore this two-way relationship. Their results may therefore be biased (inaccurate).

Low income

Almost all empirical studies find low per capita income to be associated with a high risk of onset of civil conflict. This finding is subject to a number of interpretations. One interpretation is that when incomes are low, people have little to lose by joining a rebellion (Collier and Hoeffler 2004a). However, in many cases — Democratic Republic of Congo, Liberia, and Sierra Leone — low income was attributable to a general governance failure that induced growth collapse, state failure, and violent conflict. Thus, it is not necessarily low income per se that raises the risk of conflict. Violent conflict stemmed from the underlying conditions that kept incomes low while weakening the state's capacity to deliver services and security.

Negative economic growth

Many empirical studies report a strong relationship between low economic growth and a high risk of conflict onset. Several explanations could be advanced. First, if low income is a risk factor for conflict — as discussed above — then negative economic growth, by further depressing income, further raises the risk of conflict. Second, prolonged negative economic growth may be symptomatic of deterioration in governance and state capacity, which may in itself constitute a risk factor. The example of Sierra Leone, Liberia, and the Democratic Republic of Congo has already been cited. Third, negative economic growth may trigger distributional fights or deepen grievances with the government, which may then raise the risk of conflict.

Ethnic antagonisms

Certain conflicts in Africa have taken an outward ethnic manifestation, such as the Hutu versus Tutsi divide in Rwanda and Burundi. The 1994 Rwanda genocide saw Hutu extremists, instigated by the Hutu-dominated government, target the Tutsi minority and moderate Hutus, resulting in some 800,000 deaths in 100 days. However, cross-country empirical evidence on the relationship between ethnic composition and the risk of civil war is conflicting. Fearon and Laitin's (2003) results largely dismiss the idea that ethnic and religious differences, however measured, raise the risk of conflict. On the other hand, Reynal-Querol (2002) finds that countries with "ethnic polarization" — with two sizeable but distinct groups as in Rwanda and Burundi — seem to have somewhat higher risks of conflict. Several studies find that ethnic dominance — in which one ethnic group constitutes 45–90 percent of the population — increases the risk of conflict (Collier and Hoeffler, 2004a; and Hegre and Sambanis, 2006). Some authors find that the risk is accentuated where the ethnic cleavage is combined with systematic exclusion along ethnic lines (Cederman and Girardin, 2007) or systematic income differences (Østby, 2008).

Bates (2008) argues that ethnic tensions are a symptom and a result rather than a cause of violent conflict in Africa. In the well-known case of Rwanda, Uvin (1998) observes that the anti-Tutsi prejudice, already a longstanding strategy of legitimization of the Hutu-dominated government, was also "a means for ordinary people, subject to structural violence and humiliation, to make sense of their predicament, to explain their ever growing misery through projection and scapegoating". Ndikumana (2000) also argues that, for

Burundi, the causes of violence go beyond the alleged age-old animosities between Hutus and Tutsis. The causes, he argues, are rooted in institutional failure that has perpetuated economic and political inequality across ethnic groups and regions. Narrow-based regimes often used ethnicity and ethnic exclusion to promote selfish interests.

Neighborhood effects and external instigation

Violent conflict often spills over into neighbouring countries. The civil conflict in Liberia spilled over to Sierra Leone. Subsequently, combatants from Sierra Leone and Liberia aided a short-lived rebellion in Guinea (Conakry). Some combatants from Sierra Leone and Liberia later became involved in the conflict in Côte d'Ivoire. Recent empirical studies report that conflicts in adjacent countries roughly double the risks in another country (Gleditsch, 2007, and Buhaug and Gleditsch 2008). Other aspects of neighborhood can also have an effect on the risk of conflict. Hegre and Sambanis (2006) and Gleditsch (2007) find that conflict onsets are less frequent in countries located in neighborhoods with high average democracy levels.

The same ethnic group is sometimes found across neighboring countries, such as the Hutus in Burundi and Rwanda; and the Tutsis in Rwanda and Burundi, and in DRC, where they are known as the Banyamulenge. In such circumstances, given the porosity of national borders, ethnic conflicts in one country are easily extended across national borders. For instance, in October 1993, Melchior Ndadaye, the first Hutu-elected president of Burundi, was assassinated by the Burundian Tutsi-dominated army. A fierce civil war then erupted between Tutsi and Hutu. This conflict spilled over the border into Rwanda and caused the fragile Rwandan Arusha peace accords to collapse, leading to the genocide the following year.

Besides spillover effects, governments sometimes instigate or participate in violent conflict in neighboring countries. The apartheid regimes in South Africa and the then Rhodesia (now Zimbabwe) supported the Renamo rebel movement in Mozambique. Former President Taylor of Liberia is now being tried by the special court for Sierra Leone for his alleged support for the Sierra Leone rebel movement. The governments of Sudan and Chad have accused each other of supporting rebel movements in their respective countries, as have the governments of Uganda and Sudan (in the past).

Geography and large populations

Fearon and Laitin (2003) find that conflict onsets are more frequent in countries with forests and mountains, and territories that are non-contiguous (split into distinct parts such as Angola). The authors attribute this to the challenges facing counter-insurgency efforts in countries with such 'rough terrain'. Similarly, Collier and Hoeffler (2004a) find that countries with large population concentrations that are far from the capital have a higher risk of conflict. Rough terrain has aided violent conflict in several African countries. Rebels have operated from the sanctuary of mountainous bases in Sierra Leone (the Gola forest), Burundi, and other countries.

Box 1.1: Sudan: problematic diversity?

Sudan is the largest country in Africa, and one of the most diverse. It is home to deserts, mountain ranges, swamps and rain forests. It has an area of 2.5 million square kilometers (966,757 square miles). Arabic is the official language and Islam the state religion, but the country has a large non-Arabic speaking and non-Muslim population. Sudan has experienced two sets of wars. The first was fought in the south (1955–72, 1983–2005) and the second started in the western region of Darfur in early 2003 and is still ongoing. Historically, the north of Sudan had close ties with Egypt and was predominantly Arab and Muslim, while the south was predominantly a mixture of Christianity and animism. These divisions were further reinforced by the British colonial policy of ruling the north and south under separate administrations. The British had, in fact, proscribed movement between the north and south. The result was increased isolation between the already distinct north and south, which, arguably, laid the seeds of conflict in the years to come. In 1955, the year before independence, a civil war began between northern and southern Sudan. The southerners, anticipating independence, feared the new nation would be dominated by the north. The conflict ceased in 1972.

The war resumed in 1983, this time waged by the southern-based Sudan People's Liberation Army (SPLA) against the government. The situation was exacerbated after the government attempted to implement Sharia (Islamic) Law in the entire country in September 1983 although people in the south are mainly Christians and animists. The SPLA signed a comprehensive peace deal with the government to end the civil war in January 2005. The CPA granted autonomy to the South and called for a referendum on independence in 2011. Meanwhile, in Darfur, western Sudan, war broke out in 2003, involving several rebel groups. The lines of conflict are generally perceived as ethnic.

Almost all studies find that populous countries have more internal conflicts. One explanation is that large populations are often found in countries with large areas and long distances between the capital and peripheral areas. Rebellion could be easier to organize in peripheral areas, which may be less well defended or even ignored by the government. Second, a large population may be more difficult to police than a small one. It also increases the number of potential rebels to recruit to a rebellion. The Democratic Republic of Congo is a striking example of civil conflict aided by a large geographical size and population. The size of the country, 2,345,408 square kilometers (905,567 sq mi), is comparable to that of Western Europe. The country is bounded by Angola, the Republic of Congo, the Central African Republic, Sudan, Uganda, Rwanda, Burundi, Tanzania across Lake Tanganyika, and Zambia. The population was estimated at 62.6 million people in 2007, comprising some 250 ethnic groups. Whatever the initial or root causes of the so-called First and Second Congo Wars (1996–97, and 1998–) the sheer size of the country has worsened matters. Rebel groups can operate with relative ease in distant regions, while neighboring countries can also invade the country with relative ease, as during the Second Congo War when several neighboring countries invaded and occupied parts of the country.

Sudan is another example of a country whose political geography and history have aided violent conflict (see Box 1.1): Ethnic, racial and religious heterogeneity, characteristic of large populations, could lead to violent conflict, if not well managed.

Civil conflicts in Africa have not been confined to large countries. Liberia had a prewar population of less than three million; Somalia, less than four million; and Sierra Leone, less than five million. Rwanda and Burundi also have small populations of 10 million and 8.7 million respectively, and geographical sizes of 26,403 square kilometers and 27,816 square kilometers. The two countries have a high population density, which some observers blame in part for the recurring conflict: The high population density leads to competition for scarce land resources (see for instance Uvin 1998).

Youth bulge

A "youth bulge" is a situation in which there is a large proportion of the youth population (in the 15–24 year age group) relative to the total adult population. Urdal (2005) finds that countries with youth bulges have a markedly higher risk of conflict onset. This result is consistent with the fact that violent conflict mainly involves young people. However, critics argue that the real issue is not the number of young people in society, but the extent to which they have opportunities, including employment opportunities. Uvin (1998) argues that in the civil conflict and genocide in Rwanda in the 1990s — in which youths featured prominently — the underlying problem was that the youth were largely trapped in lives of crushing poverty, frustration, forced immobility, and humiliation on densely populated and increasingly scarce amounts of farmland. The youth only became violent when their desperation and vulnerability was exploited by opportunistic leaders.

Repression and corruption

In the absence of strong institutions to manage conflict and restrain government abuse in Africa, the political survival strategy a government adopts is often critical for a country's long-term peace and security, and development. Unfortunately, governments sometimes use political repression as a survival strategy. Examples include Idi Amin in Uganda, Samuel Doe in Liberia, and Ange Félix Patassé in the Central African Republic. In such cases, the leaders tend to rely on a narrow ethnic base for support, alienating the rest of the nation. In the short term, repression may subjugate a nation. However, in the long term, organized opposition, often diaspora-led, tends to build up. The opposition sometimes takes the form of violent conflict or rebellion as the only way of effecting regime change.

Corruption can be used to buy off opposition, strengthening a government's hold on power. However, beyond a point corruption can weaken the state as key institutions and fiscal capacity are undermined, ultimately resulting in state failure. Davies (2007) offers this explanation for state failure and civil conflict in Sierra Leone, citing the collapse of fiscal revenues before the war. The Democratic Republic of Congo under Mobutu is another example.

Competition for scarce resources

Competition for scarce resources, particularly land, sometimes leads to violent conflict. Land has considerable socio-economic, political and symbolic value in African societies. It is a source of rural livelihoods and provides access to natural resources. The origins of the economic crisis in Zimbabwe can be traced, at least in part, to attempts by the government to redistribute land. Uvin (1998) blames the conflict in Rwanda, in part, on competition for scarce land resources.

Inequality

Stewart (2000) articulates horizontal inequality — inequality between distinct population groups — as a conflict risk factor. Uvin (2007) argues that this was a key cause of the conflict in Burundi. Østby (2008) finds some indications that "economic polarization" in which the population is divided into distinct groups of rich and poor (rather than a smooth continuum of incomes), increases the risk of internal conflict.

Bates (2008) argues that regional inequality is a major source of internal conflict in Africa : the Ashanti region versus the north in Ghana; north-south inequality in Uganda, Nigeria and Côte d'Ivoire; Central Province versus the rest of the country in Kenya; Katanga versus other centers in the Democratic Republic of Congo; and oil-producing regions versus other regions in Nigeria and Sudan. In such circumstances, the costs of peace are high: the richer regions must transfer resources to the poorer, and are often unwilling to do so. Much of what others take as ethnic conflict originates from the fact that ethnic groups are geographically arrayed and so these fights over the distribution of wealth between regions often take the form of ethnic conflict. Azam (1995) adds that for Côte d'Ivoire, President Boigny, who ruled from 1958 to 1993, effectively bought peace by making large transfers — through the budget and high-paid jobs — from the rich south to the impoverished north. Ndikumana (2005) and Ngaruko and Nkurunziza (2000, 2003) also argue that distribution, rather than ethnicity, is the primary cause of conflict in Burundi.

Religious extremism

Religious extremism has emerged as a risk factor for violent conflict. Civilians are often targeted, sometimes with the use of suicide bombers. Iraq and Pakistan are well-known examples. In Africa, Islamic extremists have been active in the war in Algeria (see Box 1.2). The U.S. government suspects that elements of the al-Qaeda terrorist organization are operating in Somalia, alongside Islamic rebels.

Flawed or incomplete transition to democracy

Democratization has been seen as integral to conflict resolution efforts by the UN and the West. However, the democratization process has often been flawed or incomplete in several African countries. The term "inconsistent democracy" has been used in such instances. Inconsistent democracies tend to have an elected executive (usually a president) and wide and open participation in elections, but the legislature is very weak relative to the executive. Between elections, presidents and their governments can operate freely without much scrutiny. Several cross-country studies have associated this regime type with a high risk of conflict. Hegre *et al* (2001), Henderson and Singer (2000), de Soysa (2002), and others report an "inverted-U" relationship between the level of democracy and the risk of violent conflict: Political systems that are consistently autocratic or consistently democratic have similar risks of civil war, but in-between systems have considerably higher risks. However, the inverted U relationship has been contested. Hegre and Sambanis (2006), Treier and Jackman (2008), and Vreeland (2008) find no relationship between the level of democracy and the risk of conflict onset.

Even if semi-democracies have a high risk of internal conflict, they seem to manage the conflicts less brutally. Eck and Hultman (2007) find the number of deaths in one-sided violence to be considerably higher in autocracies than in democratic and semi-democratic governments.

High military spending and large armies

Some level of military expenditure is necessary to provide security and maintain peace. Thus, high military spending and large armies may be expected to deter internal armed conflicts. However, the cross-country evidence is somewhat mixed. Henderson and Singer (2000) find that military spending increases the risk of civil conflict, while Hegre and Sambanis (2006) find that large armies reduce it. One circumstance in which large military expenditures or large armies may raise the risk of conflict is when they are used as a means of repression and an alternative to dialogue and inclusiveness. The repressive Derg regime in Ethiopia sometimes spent nearly half of the national budget on defense.

Box 1.2: Algeria: civil conflict and Islamic extremism

Following years of one-party rule, Algeria held its first multi-party elections in December 1991. The Islamic Salvation Front won the first round of elections. However, the military then intervened and cancelled the second round. It forced then-president Bendjedid to resign and banned all political parties based on religion (including the Islamic Salvation Front). A political conflict ensued, leading Algeria into a violent civil war that took more than 150,000 lives between 1992 and 2002. A large number of civilians were killed. Many of the killings were claimed by the Armed Islamic Group, considered a terrorist organization in Algeria, France, and the United States. Elections resumed in 1995, and after 1998, the war waned. The current president, Abdelaziz Bouteflika, was elected in April 1999. By 2002, the main guerrilla groups had either been destroyed or had surrendered, taking advantage of an amnesty program, though sporadic fighting continued in some areas.

Since 2002, Algeria, Mauritania, and Morocco have faced an insurgency waged by the neo-Khawarij Islamist militia, Salafist Group for Preaching and Combat (GSPC). The GSPC allied itself with the Al-Qaeda organization against the Algerian government. This alliance created a division within the GSPC and led to the creation of the Free Salafist Group, another militant group opposed to the Algerian government and western interests. The conflict is a continuation of the Algerian Civil War that ended in 2002 and has since spread to neighboring countries.

Diasporas

Collier and Hoeffler (2004a) find that diasporas increase the risk of conflict renewal. One explanation is that diasporas can provide financing for rebellion. Diasporas may also find it easier to organize a rebellion from the sanctuary of foreign territory. Sometimes the very existence of a large diaspora is symptomatic of underlying risk factors for violent conflict such as state failure, government repression and ethnic antagonisms. The current ruling Rwandese Patriotic Front, which came to power in 1994 after staging a rebellion, was formed and financed by some Rwandese in the diaspora.

Colonialism and superpower rivalries

Some authors have stressed the role of colonialism and superpower rivalry in explaining violent conflict in Africa. Striking instances include the institutionalization and exacerbation of Hutu-Tutsi identity by the Belgian colonial authorities in Rwanda and Burundi; western support for the klepto-cratic Mobutu regime in the Democratic Republic of Congo; and support by the former Soviet Union and the West for the MPLA government and UNITA rebel move-ment, respectively, in Angola in the 1980s. The former Soviet Union also actively supported the Derg regime in Ethiopia, sending troops to repulse an invasion by Somalia in the Ogaden War of 1977–78. The repressive Barre regime in Somalia received support from the former Soviet Union and later from the West when it shifted allegiance.

Previous conflicts

Violent conflict exacerbates the very conditions that gave rise to it in the first place, creating a “conflict trap” from which escape is difficult (Human Security Report 2005 and Collier et al 2003). Numerous empirical studies confirm this proposition. Thus, once peaceful societies can get caught in a conflict trap. Burundi and Rwanda are striking examples of this. In each country, recurring violent conflict between the Hutus and Tutsis — who once co-existed peacefully — dates back to the late 1950s. For the two countries, the past is the biggest obstacle to lasting peace and security (see Box 1.3).

Conflict triggers

Most of the risk factors discussed above have always been present. Many of them, notably rough terrain, change slowly, if at all, with economic growth rates sometimes being the main exception. Why does violent conflict erupt at some point in time if risk factors have always been present or hardly change? The following events or circumstances often serve as triggers of violent conflict. The triggers are often just a visible final step in an already deteriorating situation.

Attainment of independence, regime change, and military coups

Violent conflict sometimes follows a country’s attainment of independence, as was the case in the Democratic Republic of Congo, Angola, and Mozambique in the 1960s and 1970s. One explanation is that independence opens the floodgates for competition to govern the state. In the absence of strong governance and conflict

Box 1.3: Rwanda and Burundi: overcoming the legacy of recurrent conflict

In both Burundi and Rwanda, the population comprises two main ethnic groups: Hutus and Tutsis, along with a tiny Twa minority. The distinction between the two groups was mainly social, with Tutsis being mostly upper class cattle-rearing people and Hutus mostly croppers. Social mobility, which had occurred across Hutu and Tutsi groups ended under the colonial administration when what had hitherto been often considered social classes took a fixed ethnic outlook. The colonial system established a political regime in which ethnic identity became a primordial factor of social mobility and imposed a hierarchy-based ethnicity. It is this system that created and perpetuated tension between ethnic groups and became a breeding ground for the subsequent violent confrontations between the two major groups, starting in the late 1950s.

The post-independence regimes largely perpetuated the colonial system of ethnic determinism and marginalization, a key factor of the recurrence of conflict. Although the two countries have achieved peace today, their ability to sustain it hinges on the ability of national leadership to design and effectively implement a national development strategy that creates opportunities for all by integrating all aspects of society. It is by making economic and political marginalization a thing of the past that the two countries can overcome the legacy of recurrent conflict.

management institutions, violence may result. Also, intense political rivalry at the centre may weaken the state, increasing the feasibility of rebellion. In several cases, prior to independence, the constituent regions of a state had little in common as a "nation", inducing a tendency to seek autonomy. Attempts by the central government to resist such moves could lead to violent conflict. Lastly, the regions may have been held together by the coercive force of the imperial power, which the post-independence governments may lack. One way or the other, given that attainment of independence is a rare (often unique) event, this is no longer likely to be an important risk factor in Africa.

Other changes in a country's political system may also trigger conflict. Several studies have shown that changes in a country's regime type or level of democracy increase the subsequent risk of war. Relevant changes are the introduction or abolishing of elections of a parliament and/or the executive, an increase or a decrease in the degree to which the executive is accountable to parliament or other bodies, or an increase or decrease in the share of population allowed to vote. The cancellation of the second round of elections in Algeria in 1992 triggered the civil war. Sometimes the regime change is part of the conflict itself and not the cause.

Elections

Elections can provide a mechanism for peaceful change and for holding a government accountable to its citizens. In post-conflict societies, elections may signal a symbolic transition from war to peace and the setting up of a legitimate political order. As a now routine part of their mandates, UN peacekeepers have, in recent years, provided support for elections in Sierra Leone, Liberia, and the Democratic Republic of Congo. In Mozambique, Sierra Leone, Liberia, and Burundi, elections have been conducted peacefully at the end of civil wars. In fact, in Sierra Leone, the opposition was victorious in the second elections conducted (in 2007) after the conflict ended in 2002.

Democratization and elections in Africa sometimes seem to increase the risk of violent conflict. UNITA returned to war in Angola in 1992 after refusing to contest the second round of presidential elections. In Ethiopia, a state of emergency was declared during the counting of votes in the 2005 general elections. Mass demonstrations were held, resulting in many deaths. In Kenya, disputed elections in December 2007 led to widespread violence with about 1,000 deaths within weeks. In Zimbabwe, the opposition boycotted the second round of elections in June 2008 amidst rising levels of violence in the run-up to the elections.

That elections are important triggers of civil conflict has been empirically supported by recent cross-national empirical studies (Strand 2007, Gleditsch, Hegre and Strand 2008). Where the executive faces few constraints, winning or losing elections makes a big difference. Since executives in inconsistent democracies are hardly accountable to the electorate while in office, elections are the only means for non-elites to influence policies, and the outcome of the elections is of crucial importance. Conversely, since it is often quite profitable to be in the executive or the legislature in systems with weak checks and balances, the temptation to rig elections or to fail to honor the outcome of elections is greater than in more constrained democracies.

In post-conflict situations, Collier, Hoeffler and Söderbom (2008) find that elections shift conflict risk from the year before an election to the year after. Since both the incumbent and the opposition would prefer to come to power through elections, they tend to play a waiting game, delaying any possible recourse to violence until after the elections. The authors also find the increase in risk after the election to be larger than the corresponding reduction before the election, and conclude that the net effect of elections is to increase the risk of civil war recurrence.

Neighboring conflicts

Conflict often spills over into neighbouring countries. The civil conflict in Liberia spilled over into Sierra Leone, while the presence in the Democratic Republic of Congo of the extreme Hutu factions from Rwanda helped trigger the so-called First and Second Congo Wars.

Dramatic events

Certain dramatic events, such as an assassination of a prominent personality, may plunge an already simmering conflict into wide-scale violence. Such events may create a power vacuum or serve as a signal or excuse for military action. The Rwanda genocide was triggered in April 1994 when the plane carrying Rwanda's President Juvénal Habyarimana was shot down, killing the president. This served as a catalyst for the execution of the genocide being planned by Hutu extremists.

Conclusion

The past years have seen a profusion of empirical studies aimed at explaining civil conflict. The results of such studies have been heavily contested in terms of methodology, data, and interpretation. Notably, natural resources have been blamed for fuelling civil conflict in some African countries. However, the mechanism through which natural resources raise the risk of conflict, as well as the empirical evidence, remains disputed. Furthermore, the preceding analysis of African experiences has highlighted the role of factors like legacies of colonialism and superpower rivalry, political repression and corruption, and state failure. These factors are usually omitted in empirical studies in part because they are hard to quantify. Taking into account the omission of these factors would further qualify the findings from empirical studies. The contestability of research results, and the variety and specificities of African experiences, suggest a need for deep contextual analysis of any given conflict.

CHAPTER 2

The consequences of conflict

Countries suffer from many different consequences of violent conflict. Violent conflict kills people in different ways — although it is often difficult to estimate how many. Civilians and soldiers are killed in combat; people die because of a higher prevalence of diseases; and people are killed because of an increase in violent crime. Wars force mass migration. Countries that have experienced violent conflict also face a high risk of renewed conflict. Conflict also has economic consequences. It leads to unemployment and loss of income owing to disruption of economic activity, destruction of infrastructure, uncertainty, increased cost of doing business, and capital flight. Furthermore, social spending is often cut to accommodate increased military spending, and the economy undergoes structural changes. Dealing with the consequences of violent conflict is a humanitarian imperative; but it is also important because it decreases the risk of the conflict recurring.

This chapter examines the social and economic consequences of conflict.

Social consequences

Mortality levels

The literature distinguishes between "battle deaths" — combatants and civilians killed during military operations — and "total war deaths" — which include battle deaths and deaths from disease, starvation, malnutrition, and crime.

Battle deaths

Between 1960 and 2005, about 6.6 million battle deaths were recorded in state-based armed conflicts worldwide. Figure 2.1 breaks this total down by region. About 1.6 million battle deaths — about 24 percent of the global total — were recorded in Africa; and about 3.6 million — 54 percent of the total — in Asia.

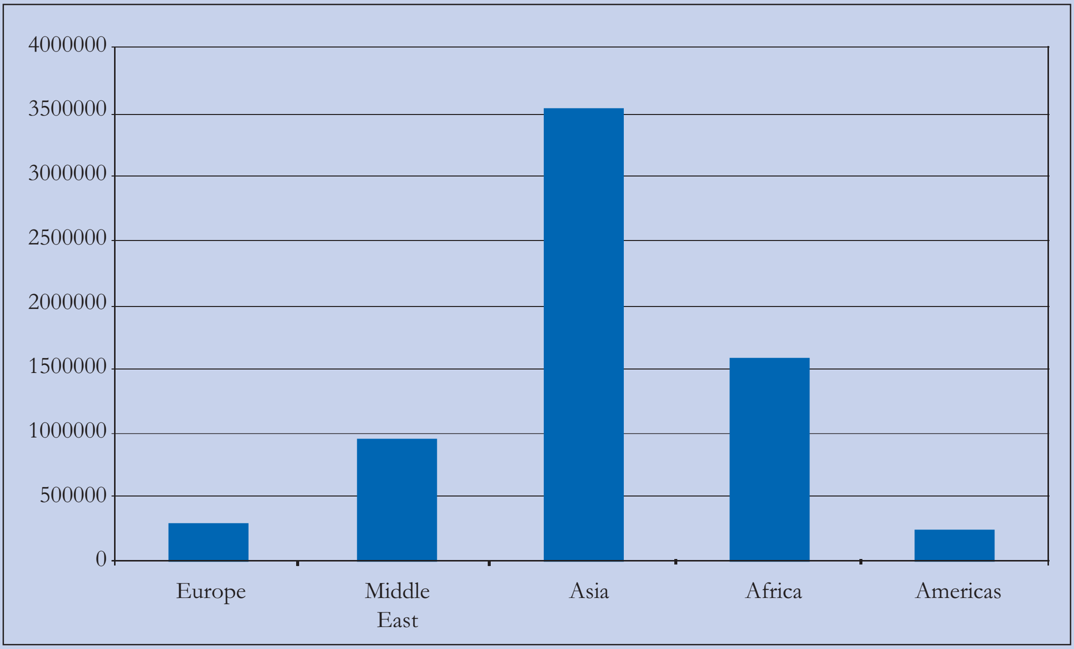
Beyond these aggregate numbers, the question is: who is killed in military operations? Murray *et al* (2002) examine the age and sex distribution of battle deaths. According to their data, men aged 15–29 are most likely to be killed, but women make up nearly a quarter of all battle deaths. Their estimates also suggest that battle deaths are almost equally split between military and civilian fatalities.

Total war deaths

Table 2.1 presents data on battle deaths and total war deaths for some African wars. The percentage of battle deaths in total deaths is generally low, ranging from about 3 percent to 30 percent. Although this is a large range, these numbers indicate that deaths from military operations usually constitute only a small proportion of total war deaths. Estimates of total war deaths have large margins of error and no comprehensive dataset exists to date.

Estimating total war deaths is a difficult exercise. A number of epidemiological studies have attempted to do so using

Figure 2.1: Battle deaths, 1960–2005



Source: UCDP/PRIO armed conflict dataset.

household surveys — which are difficult or impossible to carry out in war zones. These micro surveys, usually carried out towards the end of a war or once the war is over, rely on recalled data. One example is the work by Coghlan *et al* (2006), in which the researchers try to estimate the number of deaths from the war in the Democratic Republic of Congo during 1998-2004. The estimated total death toll was about 3.9 million, making the war the deadliest war since the end of World War II (Coghlan *et al* 2006). The latest estimates (as of mid-2008) put the estimated war death toll (excluding battle deaths) at 5.4 million.

Legacy effects

Wars affect people's lives long after the fighting has stopped. Wars do not only kill, they also cause disability due to injury or increased disease burden. One of the diseases that affects Africa disproportionately is HIV/AIDS. The disease is contracted through sexual transmission or contamination of a person's blood with the virus (through needle transmission, for example). Buvé, Bishikwabo-Nsarhaza, and Mutangadura (2002) provide an overview of the spread and effect of HIV-1 infection in sub-Saharan Africa. By the end of 2001, the HIV-1 adult

Table 2.1: Battle and total war deaths in selected African countries

Country	Period	Battle Deaths	Total Deaths
Algeria	1991–2002	90,200	—
Angola	1975–2002	160,500	1.5 million
Burundi	1990–2002	6750	200,000
Congo, Brazzaville	1993–2002	9791	—
DRC	1998–2008	—	5.4 million*
Egypt	1992–98	1347	—
Guinea-Bissau	1998–99	—	1,850
Liberia	1989–96	23500	150000–200000
Morocco	1975–89	13,000	—
Mozambique	1967–92	145,400	0.5–1 million
Nigeria	1967–70	75,000	500,000–2 million
Sierra Leone	1991–2000	12,997	—
Uganda	1981–91	107700	—

* This figure excludes battle deaths.

Sources: Lacina and Gleditsch (2005); Coghlan et al (2006); UCDP/PRIO armed conflict dataset; and Human Security Brief (2007).

prevalence rate in the region was estimated at 8.4 percent. Estimated prevalence rates for other regions were much lower: the Caribbean region had the second highest prevalence rate of 2.2 percent, while all other regions had prevalence rates of less than 1 percent. The discussion on why Africa is more severely affected than any other region focuses on two explanations: war and poverty. Wars are conducive to the rapid spread of HIV. Soldiers facing the risk of losing their lives weigh the risks of contracting HIV against stressful situations and dangers related to war. Civilians are often subjected to human rights abuses, including sexual violence. Some women find themselves in abject poverty, which may lead them to use commercial sex to survive. In general, displacement during war weakens social cohesion and relationships — which may lead to promiscuity. As stated above, poverty is another reason for the high prevalence rates. Poverty seems to increase the gender imbalance. Although women are more at risk of contracting HIV, it seems that they cannot demand condom use from their partners. Buvé, Bishikwabo-Nsarhaza and Mutangadura (2002) conclude that populations in many parts of Africa are becoming trapped in a vicious HIV-poverty cycle.

War also leaves people traumatized. Most of the victims of civil war are civilians, who are subjected to, or witness, war-related traumatic events such as shootings, killings, rape, torture and murder of family members. A random household survey of residents and internally displaced persons in Freetown, the capital of Sierra Leone, in 1999, showed that almost every respondent had been exposed to conflict. Fifty percent of the respondents had lost someone close to them, and 41 percent had actually witnessed the death of this person. Torture had been witnessed by 54 percent, executions by 41 percent, amputations by 32 percent, and public rape by 14 percent. The witnessing of such events can lead to serious psychological stress.

War ruins a country's economy, including the health sector. Post-conflict governments have insufficient revenues to spend on the health sector, which faces enormous demand. Yet, donors are often reluctant to fund improvements in the health sector until they are certain that peace can be sustained.

Regional spillover effects due to disease

Most of the total war deaths are attributable to communicable diseases and not to violence. Nationwide public health programmes for disease control and prevention cannot be carried out during civil war. This has implications for the health of the citizens in the country at war; however, the negative health effects of civil war go beyond borders. For example, Uganda has not reported any wild cases of polio since 1996, but it has to continue mass immunizations in border regions for fear that the disease will spill over from Sudan and the Democratic Republic of Congo (Wendo, 2002).

A further well documented example of civil war being a major impediment to the eradication of endemic diseases is the case of Dracunculiasis, or Guinea worm disease. The worldwide campaign to eradicate dracunculiasis began at the U.S. Centers for Disease Control and Prevention in 1980. At that time, there were an estimated 3.5 million cases in more than 20 African countries. Thanks to the regional eradication program the incidence of the disease was reduced by 98 percent. Most of the remaining patients were in Southern Sudan because the campaign could not be completed during the civil war in the south. During the temporary "Guinea Worm Cease-Fire" in 1995, health workers were able to distribute cloth water filters to villagers as part of the regional eradication programme. This distribution of more than 200,000 filters was considered a tremendous success. Distribution of filters continued after the temporary cease-fire. It was estimated at the time that it would take three to five years to completely eradicate dracunculiasis after the end of the war. Until then, the cost of the disease to Sudan and her neighbours would be substantial: About $2 million per year to maintain the eradication programme in Sudan, and the cost of maintaining surveillance to detect cases exported from southern Sudan to other regions of the country and to neighbouring countries. All of these costs could have been avoided if the eradication programme had not been hampered by the civil war in southern Sudan.

Regional spillover effects due to displacement

In contrast to death figures, it is easy to obtain internationally comparable data for displaced persons. The United Nations High Commission for Refugees (UNHCR) collects and publishes worldwide data. In 2006, it listed about 33 million people 'of concern' to the UNHCR. These people 'of concern' are defined in three broad categories: about 10 million refugees, 13 million internally displaced persons (IDPs), and 10 million others (asylum seekers, returned refugees/ IDPs and stateless persons).

Since 2000, the number of refugees has fallen from 12.1 million to 9.9 million worldwide. However, the total number of IDPs and others of concern has risen sharply since 2002 — from 10.3 million in 2002 to 23 million in 2006. How does Africa compare with the rest of the world? Africa is home to about 12 percent of the world's population; however, 31 percent of the world's refugee population originates from Africa. Most African refugees come from the following countries: Sudan, Somalia, DRC, Burundi, Angola, Eritrea, Liberia, Rwanda, Western Sahara, and Ethiopia. Table 3.2 lists refugee numbers for these countries. Refugees from these countries make up about 28 percent of the world's refugees.

Where do these refugees flee to? Most of these refugees flee across the border to neighbouring states, that is, they do not leave the continent. The main host countries are Tanzania, Chad, Kenya, Uganda, DRC, Sudan, Zambia, Ethiopia, Algeria and Congo. Refugee numbers by country of asylum are presented in Table 2.3.

Table 2.2: African refugees by origin, 2006

Country	Refugees
Sudan	686,311
Somalia	464,253
DRC	401,914
Burundi	396,541
Angola	206,501
Eritrea	193,745
Liberia	160,548
Rwanda	92,966
Western Sahara	90,614
Ethiopia	74,026

Source: UNHCR (2006)

Table 2.3: African refugees by country of asylum, 2006

Country	Refugees
Tanzania	485,295
Chad	286,743
Kenya	272,531
Uganda	272,007
DRC	208,371
Sudan	196,200
Zambia	120,253
Ethiopia	96,980
Algeria	94,180
Congo	55,788

Source: UNHCR (2006)

With respect to the other large group of "people of concern," the IDPs, a staggering 42 percent of global IDPs were displaced in nine African countries: Uganda, Sudan, DRC, Cote d'Ivoire, Somalia, Central African

Republic, Chad, Burundi and Congo. Table 2.4 provides the figures for IDPs in Africa. Displacement often has terrible consequences. IDPs are at high risk from violence, malnutrition, and communicable diseases. A survey carried out in the Republic of Congo found that between November 1999 and January 2000 morality rates were more than 5 per 10,000 and that malnutrition was the principal cause of death among the displaced. A third of all children in one camp in Brazzaville were suffering from global acute malnutrition. *Médecins Sans Frontières* treated more than 10,000 cases of acute malnutrition (Salignon *et al* 2000).

Table 2.4: Internally displaced persons in Africa, 2006

Country	IDPs
Uganda	1,586,174
Sudan	1,325,235
Democratic Republic of Congo	1,075,297
Côte d'Ivoire	709,228
Somalia	400,000
Central African Republic	147,000
Chad	112,686
Burundi	13,850
Rep. Of the Congo	3,492

Source: UNHCR (2006)

Box 2.1: Violence, displacement, and death in West Darfur, Sudan

The current violent conflict in Darfur began in earnest in February 2003, resulting in an estimated 190,000 refugees, who fled to Chad, and about 1 million internally displaced persons (IDPs). Between April and June 2004, *Médecins sans Frontières* (MSF) carried out a survey of IDPs in Darfur, to provide a basis of appropriate assistance. IDPs were surveyed in a two-stage household-based cluster survey: First, four sites were chosen in West Darfur; Second, in these four sites, a number of randomly chosen households were interviewed. The survey showed that IDPs lived either in clearly identifiable camps or had mixed with the resident population. Each head of household was asked to recall deaths since 2003. The age and sex of the dead people were noted, as were the causes (violence, medical, or other) and location (in the village, in flight, or in the camp). Crude mortality rates were estimated based on survey data. Crude mortality rates were extremely high in the "village and flight" period and violence-specific mortality rates accounted for most mortality during this period. The UNHCR rates situations with crude mortality rates above 1 death per 10,000 persons per day as an emergency situation. Mortality rates ranged from 1.5 to 9.5 in the different sites. In comparison, the non-emergency rate in the sub-Saharan population is 0.5. During the "camp period", mortality rates decreased to between 1.2 and 5.6, in other words, they were still well above the emergency benchmark. The survey also showed that men were at far higher risk of being killed. Separations and disappearances were also common, mostly affecting men. High mortality and family separations amount to a demographic catastrophe. The age and sex pyramids for these four sites are skewed because of the missing or dead men. The case of Darfur seems exceptional because of the high percentage of violent deaths in total deaths. However, as with other violent conflicts, the victims are mostly civilian and the displacement leads, not only to excess mortality and loss of livelihoods, but also to long-term dependence on aid.

Source: Depoortere et al (2004).

Children, girls and women

Violent conflict affects children, girls and women in various ways. The use of child soldiers is often part of the warfare strategy. Children are either recruited by force or enlist to seek protection or revenge. In Mozambique the rebel forces, RENAMO, used a minimum of 10,000 child soldiers, some as young as six or seven years of age. Twenty seven percent of the soldiers who turned up for demobilization were under the age of 18 (Homvana, 2006). In Angola, a considerable proportion of the country's children participated in combat and about 7 percent of all Angolan children had fired at someone (Homvana, 2006). Children were thus victims and perpetrators of violence. With respect to reintegration of child soldiers, Homvana describes how local cultural beliefs and practices were used. Traditional healers, chiefs and the family often take part in cleansing rituals for returning child soldiers. The rituals are designed to help the child to heal and reintegrate as well as encourage reconciliation within the community. This communal approach contrasts with Western psychotherapy which places the emphasis on the individual.

Boys and girls face different problems of reintegration. Girls often have babies of their own. This makes it more difficult for them to catch up on education and job training. There is also a high prevalence of sexually transmitted diseases which require treatment. Furthermore, due to their wartime sexual experiences, girls are often regarded with contempt and are thus vulnerable to further abuse since it is more difficult for them to find husbands and have an ordinary family life.

The death of men during conflicts raises the proportion of female-headed households. Thus, in post-conflict societies, women tend to face a much heavier burden of caring for the household. Moreover, women face more difficulties than men in integrating into the labor market even under normal circumstances. In the post-conflict period, the shrinking of job opportunities leading to increased competition for jobs makes women's access to the labor market even more difficult.

The economic legacy of conflict

Prolonged civil war is development in reverse (Collier *et al,* 2003). The following are some of the specific consequences.

Economic decline

The economy usually declines relative to its peacetime trend such that by the end of a conflict the economy is significantly smaller than it would have been had peace been maintained. Understanding this economic contraction process is helpful in designing remedial policies for the post-conflict phase.

Infrastructure

The most obvious legacy of conflict is destruction of public infrastructure. However, infrastructure does not only deteriorate as a result of direct damage from conflict. As the government shifts expenditure towards the military, public investment and expenditure on maintenance are squeezed. The post-conflict legacy of these effects is an acute shortage of public capital.

Military spending

During civil war, military spending inevitably increases as the government attempts to enhance its capacity to resist the rebellion. High military spending during conflict is hard to reverse. During the post-conflict decade, military spending is usually maintained at a high level, with little peace dividend being taken. This is in part a corollary of the high risk of reversion to conflict: governments respond to risk by increasing military spending. A more mundane reason is that rebel forces often need to be integrated into the regular army; as a result, military forces expand instead of contracting. Even if forces are demobilized, there are substantial short-term costs. A more worrying reason is that by the end of a civil war, the military is inevitably large and influential and is likely to lobby for continued high military spending. This reinforces the natural inertia in budgetary allocations: often, in practice, the baseline for each budget is the allocation in the previous year.

Cross-country evidence shows a positive correlation between post-conflict military spending and the risk of conflict reversion (Collier and Hoeffler, 2006). This is unique to the post-conflict context. Conflicting findings have been reported in other contexts. One possible explanation for the post-conflict effect is that the chosen level of military spending inadvertently becomes a signal of government intentions. A radical reduction in military spending, as done by the post-conflict government of Mozambique, may be understood by potential opponents as indicating that the government intends to be inclusive rather than rely upon heavy repression. Conversely, continued high military spending may be interpreted as an intention to rule by force and may thus provoke violent pre-emptive opposition. One of the implications is that sharp reductions in the military budget may directly enhance peace as well as free up resources for reconstruction.

Time horizons

During conflict, military victory, or at least the avoidance of defeat, becomes an overriding priority for government, which then shifts resources away from strategies that only have long-term pay-offs towards those that deliver short-term gains. In economic terms, this can be thought of as a shortening of time horizons, or an increase in the government's discount rate.

The same shortening of time horizons is likely to affect private economic behaviour. Faced with the uncertainties of civil war, people discount the future more heavily. One of the consequences of discounting the future more heavily is an increase in opportunistic behaviour. Normally, the main defence against opportunism is people's concern about not acquiring a reputation for opportunism since this will harm their ability to be trusted in future deals. However, as the future becomes more uncertain, there is a stronger incentive to snatch opportunities as they arise. Hence, one of the legacies of conflict is heightened opportunism in the society, which in turn reduces productivity in all activities that normally depend on an element of trust. In particular, it may be atypically difficult to enforce credit transactions.

Capital flight

During conflict, both fear and reduced opportunities induce people to withdraw themselves and their assets to safety abroad. People with skills are best-placed to leave the country: they are better able to finance emigration and they are more welcome in host countries. Hence, society tends to lose its skilled people disproportionately. Alongside the haemorrhage of skills is that of capital. People move assets abroad, simply to keep them safe, and because the return on investment within the economy declines as economic conditions deteriorate. The legacy of this flight of capital is an acute shortage of skills, a large diaspora, a collapse in private investment, and an accumulation of private wealth abroad.

Structural changes

The professions (the civil service, law, accountancy, and medicine) are most vulnerable to the loss of skilled people and the rise of opportunism. By definition, all the professions are skills-intensive; however, they are also highly dependent upon internalized standards of honesty. The civil service performs functions that are difficult to monitor — one of the reasons why these activities are in the public sector in the first place. Similarly, because professions are defined by a lot of specialist information, standards of conduct are normally policed by peer pressure rather than by external scrutiny. Hence, the rise of opportunism is damaging. One of the legacies of the flight of skilled people and the rise of opportunism is deterioration in the performance of both the civil service and the private professions.

The sectoral composition of the economy changes during civil war. One of the causes of change is the different degree of vulnerability of activities. If combatants raid movable assets, such as livestock, and steal valuable crops, rural households may shift to less vulnerable subsistence activities. Hence, one of the legacies of prolonged conflict is likely to be the retreat of the rural economy away from market activities.

Another source of structural change arises from changes in demand. The collapse in investment during prolonged conflict reduces demand in sectors that produce investment goods, especially the construction sector. Hence, a legacy of conflict is a shrunken construction sector.

Because of these structural changes, there is a further loss in skills. The maintenance of a stock of acquired skills depends upon their repeated use and transmission. Therefore, sustained contraction in output in a sector depletes the stock of skills. This can be thought of as “forgetting by not doing”, a process somewhat analogous to reversing “learning-by-doing”, which is normally a major force in productivity growth.

The policy legacy

During war, governments tend to become desperate: as a result, policy and governance deteriorate. The need for higher military spending collides with a decline in tax revenues as the private formal economy contracts. Furthermore, aid declines as the government is shut out of international credit markets and domestic credit markets dry up. In response, the government resorts to an inflation tax, leaving the post-conflict economy with a legacy of high inflation and reduced confidence in the currency (Adam, Collier and Davies, 2008). Resorting to the inflation tax is merely the most obvious of a wide range of unsustainable policies that sacrifice the future for the present. The short-sighted policies adopted during war would have started to inflict costs by the time of peace. One of the resulting implications is an urgent need for economic reform. More disturbingly, the post-conflict fiscal situation may not be sustainable, and reform may be needed merely to avert collapse.

Conclusion

Violent conflicts last longer and are deadlier in Africa than in other regions. As a result, the social and economic costs of conflict are higher in Africa. The costs spread well beyond the borders of the host country to the conflict. They also endure long after military operations end. In terms of social costs, while young men make up the highest share of fatalities in combat, the increased disease burden disproportionately affects women and children. Violent conflicts continue to kill long after the fighting stops. Health sectors in post-conflict economies are devastated and unable to meet the huge demand for health services. Usually, little resources are available to deal with the trauma of violent conflict. Violent conflicts also have health consequences for neighboring countries. Regional disease control programs are interrupted and preventable communicable diseases continue to kill in Africa. However, temporary cease fires for vaccinations and other disease control measures have been successful in lessening the regional consequences of war. Violent conflicts in Africa also cause displacement on a massive scale. Thus, Africa generates a high proportion of the global total of refugees and internally displaced persons.

The economic costs of conflict are also high, although these are difficult to estimate. They include loss of income and assets, damage to infrastructure, cuts in social spending, increased opportunism in economic transactions, capital flight, and a legacy of poor policy. The economic costs also endure long after the fighting stops. Capital flight may continue while the legacy of poor policy may be hard to reverse. Understanding and dealing with the costs of conflict is a major challenge to recovery from conflict.

CHAPTER 3

Conflict prevention and resolution, and peacebuilding strategies

This chapter focuses on key issues relating to conflict prevention, conflict resolution, and peacebuilding. It draws on the conflict risk factors and triggers identified in Chapter 1. Conflict resolution refers to the mechanisms for ending conflict, and peacebuilding to measures aimed at consolidating the peace after a violent conflict. Civil wars — whose distinctive feature is that they are executed by a rebel movement — can be ended militarily or by a peace deal, or a combination of the two. The few cases of decisive military victory in Africa include the National Resistance Movement's victory over the Government of Uganda in 1986, and the Government of Angola's defeat of UNITA in 2002. Sometimes, however, even when the rebel movement defeats the government and assumes power, a role reversal occurs, with the ousted government waging a rebellion. This happened in Rwanda following the Rwanda Patriotic Front defeat of the extremist Hutu regime in 1994. Negotiated settlements tend to be common. Examples include Sierra Leone (between the Revolutionary United Front and the government in 1999), Cote d'Ivoire (between the government and the rebel "New Forces" in 2003 and 2007), and Burundi (under the aegis of the Arusha peace process). This chapter proposes measures to address the root causes of violent conflict. It also examines conflict resolution and peacebuilding tools.

Conflict prevention

Economic growth and development

Many conflict risk factors in Africa seem to be related to the region's relative economic deprivation. Hence, policies that succeed in increasing income and education levels, stimulate economic diversification, and strengthen a middle class that derives income and political influence from its human and financial capital, are likely to aid conflict prevention in the long run. Broad-based economic growth, in particular, will eventually raise incomes and make recourse to violence a less attractive option for the young men and women who participate in violent conflict. Economic growth must be equitable to ensure that it benefits the poor, and the young men and women who are likely to participate in violent conflict.

Equitable economic growth is also likely to increase the effectiveness and stability of democratic institutions. Dahl (1989, p252) argues that democracy only succeeds in a 'modern dynamic pluralist society', characterized by 'a dispersion of: (i) *political resources*, such as money, knowledge, status, and access to organizations; (ii) *strategic locations*, particularly in economic, scientific, educational, and cultural affairs; and (iii) *bargaining positions*, both overt and latent, in economic affairs, science, communications, education, and elsewhere'. Extremely poor people do not have any bargaining positions. Only when the citizenry possess something they can use to hurt the income of elites in political positions can they succeed in keeping elites to the contract implied by a democratic political system. Such dispersion of resources and positions are closely associated with high average income.

Natural resource management

Case study evidence shows that natural resources have fuelled recent civil wars in Angola, Sierra Leone, DRC, and Liberia. In some of these countries, mismanagement of natural resources also aided state collapse that culminated in civil war. Sound management of natural resources therefore lies at the heart of building a viable and secure state in these countries. In some countries, the cause of conflict is the distribution of revenues from resources: Resource-producing regions are sometimes marginalized, resulting in regional inequalities, which could lead to violent conflict. In such circumstances, the appropriate policy would entail implementing a more equitable distribution of the revenues. The agreement between the Government of Sudan and the Sudan People's Liberation Army to end the long-drawn civil war in Southern Sudan is a good example. The agreement stipulated that revenues from oil — located in the south — would be split equally between the region and the central government. Chapter 4 recommends some policies in the post-conflict context.

Democratization and the social contract

Violent conflict is unlikely to take hold if a country has a framework of widely-agreed rules, formal and informal, that govern the allocation of resources and the peaceful settlement of grievances. The idea of a social contract as the basis of the modern state can be traced back to political philosophers like Hobbes, Locke, and Rousseau. A social contract does not refer to an explicit contract, but to a degree of government by consent, in return for, minimally, the provision of security. Within a society, social contracts can be vertical, if they are authoritarian in the sense of Thomas Hobbes, or horizontal, if fashioned by a greater degree of consent, as advocated by John Locke.

What does a good social contract entail? Kant's (1795)[1] essay on the 'Perpetual Peace' provides us with fundamental clues. First, the expression 'perpetual', implies permanence as opposed to a transient truce. In contemporary language, the expression "self-enforcing" may be used to signify that there are no incentives to deviate from the 'peace'. Second, and most crucially, Kant refers to a 'republican' constitution. By this he means the separation of powers between the executive and the legislature. The independence of the judiciary may be added. Good government lies at the heart of the idea of a social contract. Our contemporary understanding of good governance can include a host of other factors beyond the separation of powers, such as decentralized decision making powers. Third, the stability of the peace depends on the source of

[1] Although Kant speaks about a perpetual peace between nations, his argument can be extended to groups within a nation state.

sovereignty or legitimate power within the nation. Kant points out that good governance provided by dictators or absolute monarchs is inherently unstable as they or their successors face temptations to deviate from it. The assurance of good governance is therefore more reliable in a representative system of government, implying some degree of democracy.

The preceding discussion makes the case for democracy as the basis of the social contract. However, as discussed in Chapter 1, democratic institutions are sometimes unable to reduce the risk of conflict onset in African countries. This may undermine the case for democracy as the basis of the social contract.

The recent trend toward multi-party electoral regimes is strong and is unlikely to be stemmed. Democratic institutions seem to somewhat constrain behavior within war, reducing the lethality of conflicts, even though they are ineffective in preventing them. Reversing this trend is neither desirable nor feasible. Autocratic regimes, after all, tend to only provide the 'peace of the zoo' (peace by repression) (Hegre *et al.*, 2001). Thus, the relevant question is how to create or increase synergies among the democratization process, peace, and development in Africa.

Democratic institutions are chains of delegation from a principal (the body of voters) to agents at various levels – party leaders, MPs, heads of states, and the public service. Elections provide the means to formally delegate authority to politicians and to reassess their performance at regular intervals, but they do not provide a means to monitor the agent between elections. Without monitoring devices, the agent can abuse the delegated authority. Moreover, elected officials are put in positions where they can both manipulate the outcome of the next election and be empowered to remove the electoral institution. Thus, elections alone are not sufficient to ensure a democratic delegation chain.

Elections must be combined with constraints on the executive. Policies that encourage elections without safe-guarding constraints are not likely to have a conflict-reducing effect, and may even increase the risk of conflict. That armed conflicts often break out during or after elections bears witness to the enormous value of elected office to prospective candidates. Effective constraints on representatives reduce this value and create an environment for healthy political competition with considerably lower risks of violence. In mature democracies, the legislature functions as an institutional constraint. But members of parliament could also abuse their authority. An elected parliament alone is not a guarantee of scrutiny.

Both democratic and non-democratic executives can be constrained by strengthening the following practices and institutions:

- Transparency of public budgets and accounts
- General auditors capable of evaluating the state budget and accounts.
- Subjecting public investment projects to competitive bidding
- Independent judiciaries
- Independent central banks
- Rigid constitutions — requirements of super-majority or referenda to change them

- Independent electoral commissions.
- Decentralization of economic and political governance to enable widespread participation and foster ownership of the governance process. Decentralization may also help defuse secessionist pressures.

These constraining institutions are not only likely to decrease the incentives for violent competition for elected (and non-elected) office, but should also help put in place growth-promoting policies that in turn strengthen the functioning of democratic institutions in the long run.

The application of western-type democracy may pose special problems in ethnically polarized societies like Rwanda and Burundi. In such societies, additional measures are needed to protect minority rights. In the absence of such guarantees, democracy may lead to abuse and marginalization of the minority. If the minority is in power, it would be reluctant to allow a democratization process, out of such fears.

Strengthening neighborhoods

The payoffs to preventing conflicts may be much larger than immediately apparent since violent conflict in one country sometimes spreads to neighboring countries. The evidence reviewed in Chapter 1 also highlights the importance of good neighborhoods: The risk of armed conflict onset is lower where the neighborhood is relatively rich, democratic, and peaceful. The policy implication for international actors aiming to reduce the incidence of conflict is not to divert all resources to the most risk-prone states, but to support the countries that have the best policies, the highest growth levels, and the best-functioning political systems. The stability and relative wealth of countries such as South Africa and Botswana have a potential to 'spill over' to neighboring countries, if not in a fashion as direct as the spread of conflict. Steadfast support of the islands of success may be as important as addressing the crises that appear.

Regional integration

Violent conflicts in Africa often spill over into neighboring countries. Furthermore, some countries in Africa have supported, or been accused of supporting, rebellion in neighboring countries. Regional integration would promote peace and security by eliminating or minimizing these sources of conflict. It would also reduce mutual suspicions among countries, thereby reducing the tendency for regional arms races. Membership incentives could also help prevent or end conflict. For example, the resolution of ongoing conflict was a pre-condition set by the East African Community for Burundi's accession to the regional body.

Conflict resolution and peacebuilding tools

The following are some of the political and security interventions that have been implemented over the years as conflict resolution and peacebuilding measures.

Political interventions

Power-sharing

Power sharing is a tool for conflict prevention, conflict resolution, and peacebuilding. As a conflict resolution tool, it is usually part of a peace deal. Power sharing can serve as a carrot for parties opposing a government to agree and respect a peace deal: Every side has a stake in the peace in terms of the fruits of office, and may therefore have some incentive to not deviate from it. Success or failure will depend on the individual parties' commitment to the stipulations and mechanisms of power sharing — the rules of the game — and the presence of external mediation and guarantees.

In the longer term, by being inclusive, power sharing may be a preferable form of democracy to a winner-take-all majoritarian system. Power sharing is not only inclusive, as all minorities are part of government, but it may dampen harmful and potentially conflict-producing elite competition. Power sharing, based on a proportional representation electoral system, could be considered superior to the more traditional Westminster-style majoritarian system, as the majority has to accommodate the minority. This is certainly relevant to Africa with its high degree of ethnic diversity. Even in certain Westminster-style governments in former British colonies, power sharing has involved sharing ministerial positions among groups delineated along regional, ethnic, and other identity-based lines.

Several factors tend to undermine power sharing in a post-conflict context. First is asymmetric information: Parties to the peace treaty may have private information about their own strengths and intentions. Some groups or militias may retain an outside option of returning to war by only partially disarming. Second, commitment to the treaty may be incomplete, due to weak domestic and international anchors. Third, external assistance may be inadequate, thus constraining reconstruction given the low revenue base in post-conflict societies. The quality of external assistance also matters. Power sharing may also break down if external guarantors are biased, or perceived as such. Finally, the power sharing deal may be incomplete and not include all relevant groups.

Jarstad (2006) argues that power sharing may not be a panacea as far as sustaining peace treaties or promoting democratic development is concerned. First, when there are valuable resource rents at stake, or territories over which some groups have control, power sharing may be an insufficient incentive for some parties to hold to the peace. A group may opportunistically sign the peace treaty and then find an excuse to revert to war. This has been painfully demonstrated in Angola. Second, power sharing may not prevent the formation of splinter groups acting as spoilers in the peace process. Certain opportunistic elements may break away from the peace process, hoping to gain more in the future by a return to conflict. Third, power sharing formulas tend to reward those enamoured of violence, and to marginalize moderate voices. This not only endangers the peace accord, but may also retard the future evolution of democracy. Fourth, power sharing may perpetuate ethnic polarities in the long term. Fifth, power-sharing could be costly in terms of economic resources. Post-electoral violence in Kenya in early 2008 led to the formation of a Grand Coalition Cabinet. This involved the creation of an additional nine ministries, bringing the total to 40, equally split between the two leading parties in the December 2007 election. In addition, there are about fifty assistant ministers. Substantial financial resources will be required to run such a large power-sharing government.

For all these reasons, power sharing formulas need to be carefully designed. One option is to have temporary power sharing mechanisms that are dismantled later as democracy takes root. This was the idea behind the Arusha peace accords for Burundi: initially ethnic parties were to share power and later the constitution apportioned Hutu and Tutsi representation; and Sierra Leone, where the RUF were initially part of the government after the 1999 Lomé Peace Accord. Second, a decentralized system of government, with several layers of political and economic decision making, may aid a power-sharing arrangement by allowing a greater role for minority groups and groups outside of the central government. In this regard, a federalist system, with provinces or states, rather than a unitary system, may be more desirable. Furthermore, a bicameral rather than a unicameral legislature would be superior, as in the United States, with the Senate elected on a different basis to the lower chamber: Each state, however large or small, sends two senators, while the House of Representatives is elected on the basis of population. Third, the electoral system, whether proportional or majoritarian, should succeed in returning representatives of different ethnicities. Fourth, care must be taken to ensure that moderate elements are represented. It should be noted that a future democratic system may have to take on a different configuration to an immediate post-war power-sharing agreement. Finally, constraints on executive power — notably through an independent judiciary — are all important in the long-run. Including all of these elements in any one power-sharing package is virtually impossible, and the relative weight placed on the various factors has to be judged on a case-by-case basis.

Transitional justice

A number of judicial processes are often instituted at the end of a conflict. Typical interventions include international tribunals, criminal prosecutions, and reparations for victims. Africa has hosted a number of initiatives of this kind, such as the International Criminal Tribunal for Rwanda, the Special Court for Sierra Leone, the Sierra Leone Truth and Reconciliation Commission, the *gacaca* process (community courts) in Rwanda, and the first indictments of the International Criminal Court (ICC) against leaders of armed groups in Uganda.

In 2002, the ICC was set up in The Hague, the Netherlands, to try crimes against humanity, war crimes, and the crime of aggression (although the latter is not yet under the court's jurisdiction). The ICC emerged from a UN General Assembly conference in Rome in 1998. At present, it has 106 full member states. The court cannot exercise jurisdiction unless the accused is a national of a fully fledged member state; it is meant to complement existing national systems of justice in handling war crimes. The court's jurisdiction is unclear when national reconciliation processes grant amnesties to perpetrators of war crimes. To date, the court's activities have been exclusively focussed on Africa: Uganda, the Democratic Republic of Congo, the Central African Republic, and Sudan (Darfur). In Uganda, action was brought by the government against the rebel leader (Joseph Kony) and associates of the Lord's Resistance Army operating in the north. Kony and others continue to demand immunity from these trials in return for peace. Critics argue that the writ of the ICC does not run universally to cover more powerful nations, citing the fact that the United States seeks immunity for its citizens, despite being a non-member.

The gacaca process in Rwanda involves a system of community courts. Faced with the enormity of the genocide, and the large number of alleged perpetrators — some estimate that it would take the ordinary judicial system 150 years to try all the accused and the international court in Arusha could only try a 100 or so prominent suspects — the Rwandese authorities delegated part of the system of justice to the indigenous, community based '*gacaca*' method of traditional conflict resolution (see Graybill and Lanegran, 2004). These were argued to have three major advantages. First, this system lightens penalties for those who confess by halving their sentences. This has led to speedier procedures and disposal of cases. Second, apologies are central to the proceedings. Last, and not the least, affordable reparations through contributions to a community fund and/or community service is a cornerstone of 'gacaca'. Arguably, this system is far more likely to achieve the long-term reconciliation necessary for lasting peace due to the explicit acknowledgement of the need for apologies and reparation, and not least because it is a home grown solution to a domestic problem.

Fears have been raised, however, that transitional justice can undermine peace: The real or perceived threat of prosecution can discourage rebel leaders from agreeing to and honouring a peace deal, or ex-combatants from participating in a DDR programme. In contrast, supporters say that without justice and the end of impunity, reconciliation would be impossible. The demands for justice would have to be balanced against the risk of prolonged warfare, as the case of the Lord's Resistance Army suggests.

Truth and reconciliation commissions

The role of truth and reconciliation commissions can be traced back to the influential work of John Paul Lederach (2003). Lederach advocates the pursuit of 'conflict transformation', as opposed to 'conflict resolution' or 'conflict management'. Conflict transformation differs from the other two concepts because it reflects an alternative understanding of the nature of conflict itself. Conflict resolution implies that conflict is harmful — hence it is something that should be ended. It also assumes that conflict is a short-term phenomenon that can be resolved permanently through mediation or other intervention processes. Conflict management assumes that conflicts are long-term processes that often cannot be quickly resolved, but the notion of 'management' suggests that people can be directed or controlled as though they were physical objects. Also, the notion of management suggests that the goal is to reduce or control the violence, rather than to deal with the real source of the problem. Conflict transformation, according to Lederach, 'is to envision and respond to the ebb and flow of social conflict as life-giving opportunities for creating constructive change processes that reduce violence, increase justice in direct interaction and social structure, and respond to real-life problems in human relationships' (Lederach 2003: 14). Reconciliation is therefore part and parcel of conflict transformation. It is a long-term process, which needs to be broad and inclusive of individuals and communities if success is to be achieved, and its path can be associated with ups and downs instead of following a linear progression (see van der Mark, 2007).

Lederach apparently views justice as a central element of reconciliation and truth as an important ingredient in achieving justice. Reparation is another important input; otherwise, the principle of justice may not be served. The reconciliation process occurs across several dimensions: legal, psychological, religious, social, political, and economic. Truth and reconciliation commissions are a *mechanism* for achieving justice and, therefore, reconciliation. To be successful, the mechanism has to be across the aforementioned dimensions and has to work at the individual as well as community level in addition to functioning at the national level.

Truth and reconciliation commissions (TRCs) are increasingly being used to promote reconciliation following violent conflict in many parts of Africa, most famously in South Africa, but also in Rwanda, Sierra Leone, the Central African Republic, Ghana, Morocco, and Nigeria. TRCs provoke some thorny issues. Should they be part of the judicial process, or should they only serve as a reconciliation mechanism? Also, should they be combined with other processes such as war crimes trials?

Even though reconciliation should in principle occur at broad levels, it works mainly on individuals. Healing can help achieve national reconciliation, which underpins power sharing and long-term democratisation, both of which could be stepping stones in peace building. Achieving a common national position on the events of the past may be helpful, where all sides assume responsibility for errors and crimes. Some believe that healing, or reconciliation, cannot be achieved without justice, which in turn requires some punishment (or at least the acknowledgement by those granted amnesties of crimes committed) and restitution. Restitution has an important economic dimension — the livelihoods of both perpetrators and victims need to be guaranteed. Otherwise, forgiveness may not occur and old wounds will remain festering. Broad-based post-conflict economic recovery is essential.

Peacekeeping

United Nations peacekeeping

The United Nations defines peacekeeping as "a way to help countries torn by conflict create conditions for sustainable peace" (www.un.org/Depts/dpko/dpko/). Peacekeeping can achieve this objective by providing the means to police a peace agreement, build trust among belligerents, and provide technical and logistical support for key transition activities like disarmament, demobilization and integration of combatants, and elections. Peace agreements between warring parties are normally not self-enforcing. Peacekeeping provides a monitoring and enforcement mechanism. The first UN peacekeeping mission was established in 1948 to monitor the Armistice Agreement between Israel and its Arab neighbours. Since then, there have been 63 UN peacekeeping operations around the world.

Over the years, efforts have been made to adapt UN peacekeeping operations to cope with the evolution of conflicts and the global political landscape. Born at the time when Cold War rivalries frequently paralyzed the Security Council, UN peacekeeping goals were primarily limited to maintaining ceasefires and stabilizing situations on the ground, so that political solutions to conflict could be pursued. UN peacekeeping missions consisted of military observers and lightly armed troops with monitoring, reporting, and confidence-building roles in support of ceasefires and limited peace agreements. The end of the Cold War ushered in a new context for UN peacekeeping operations. Accordingly, the UN shifted and expanded its field operations from "traditional" missions involving strictly military tasks, to complex "multidimensional" enterprises designed to ensure the implementation of comprehensive peace agreements and assist in laying the foundations for sustainable peace. Today's peacekeepers undertake a wide variety of complex tasks, from helping build sustainable institutions of governance, to human rights monitoring, to security sector reform, to the disarmament, demobilization and reintegration of former combatants (www.un.org/Depts/dpko/dpko/).

Originally developed to deal with inter-state conflict, UN peacekeeping has been increasingly applied to intra-state conflicts and civil wars in recent years. Although the military remain the backbone of most peacekeeping operations, peacekeeping personnel now include administrators and economists, police officers and legal experts, de-miners and electoral observers, human rights monitors and specialists in civil affairs and governance, humanitarian workers and experts in communications and public information (www.un.org/Depts/dpko/dpko/).

In 2005, nearly 77 percent of all UN peacekeeping forces (or 50,000 out of a total of 65,000) were located in Africa. In terms of finance, African missions accounted for close to 75 percent of the UN's peacekeeping budget (US$2.9 billion out of US$3.9 billion in 2004-05 (United Nations Department of Public Information). Furthermore, there have been 54 peacekeeping missions in Africa since 1948. This makes the African continent the most important region for UN peacekeeping at this time.

Multinational peacekeeping missions, including those under the aegis of the United Nations, reflect the principle that peace is a global public good. This means that peace in distant lands is of benefit to the citizenry of the rest of the world. The motivations behind the missions may be altruistic, but strategic factors such as refugee spillovers and the costs of meeting complex humanitarian disasters such as famines may make peacekeeping serve not only as a palliative, but also as a preventive exercise. But the international community's willingness to pay for such operations in Africa, mostly by Western tax payers, may be limited. Peacekeeping missions in Africa buttress peace accords, but these missions are often inadequately funded and manned.

UN peacekeeping has met with varied outcomes in Africa. The UN and the United States intervened in Somalia in 1994 in what proved to be a disastrous mission. The U.S. forces withdrew in late 1993, after a botched military operation left 18 U.S. troops dead. A second UN mission withdrew in 1995. In Rwanda, UN peacekeepers were unable to prevent the genocide in 1994 that claimed 800000 lives. In Sierra Leone, UN peacekeepers were overrun by the rebel Revolutionary United Front (RUF), who used the peacekeepers' weapons to try to march on the capital in 2000. However, following British intervention, the UN peacekeepers later helped maintain the peace and conduct elections in 2002. In Darfur, the UN mission has been hampered by lack of logistics to cover an area the size of France and Sudanese Government objections that it prefers an African Union force. UN peacekeepers helped conduct elections in Liberia in 2005 and in the DRC in 2006.

Several issues confront peacekeeping as a tool for conflict resolution and peacebuilding. The first is funding and logistics, and the often restrictive mandates that circumscribe the role of peacekeepers. Second, the presence of UN peacekeepers is normally subject to the consent of the host country government. This means that whenever a government does not approve, peacekeeping effectively ceases to be an option for resolving a conflict. Third, peacekeeping pre-supposes that a peace exists that should be kept. Thus, peacekeeping by itself does not resolve a conflict. It can only be used when some sort of peace deal has been struck. Fourth, the appropriate time horizon for peacekeepers to stay in a country is debatable. Over the long term, peacekeepers may come to be perceived as an occupying force. Fifth, peacekeeping usually occurs in large-scale conflicts that assume a national dimension. Peacekeeping operations have not been associated with lower intensity, localized conflicts.

Doyle and Sambanis (2000) is one of the few empirical studies on peacekeeping. The authors use a dataset of 124 post-world war II civil wars and find that "multilateral, United Nations peace operations make a positive difference". However, the results of empirical studies on conflict issues tend to be fragile and highly contested. Further work is therefore needed to provide an empirical basis for policy conclusions and recommendations.

Peacekeeping by African institutions

African organisations have also been involved in managing the continent's security crises in recent years. On behalf of the Southern African Development Community, former President Mbeki of South Africa mediated between the Government of Zimbabwe and the opposition to resolve the country's political and economic crises. The African Union and the UN are deploying a joint peacekeeping mission to Darfur, Sudan. The Economic Community of West African States (ECOWAS) sent peacekeeping or peace enforcement troops to Sierra Leone and Liberia. However, lack of finance and logistics have often hampered regional peacekeeping operations.

Disarmament, demobilization, and reintegration

Disarmament, demobilization, and reintegration (DDR) is an early step in the transition from war to peace. The overall objective is to prevent the resumption of armed conflict by dismantling rebel forces' fighting capacity, and helping combatants to return to "normal" civilian life and to earn a living by peaceful means instead of war. DDR consists of three closely-related phases. Disarmament, the first phase, is primarily a military operation concerned with managing arms and ammunition. It involves the collection, control, and disposal of arms and weapons. Disarmament offers physical evidence of the warring parties' submission to a political process. Confidence building is essential to disarmament. Throughout the 1990s, for example, the Governments of Niger and Mali invested in symbolic post-conflict disarmament interventions such as weapons destruction ceremonies. Likewise, the creation of verification mechanisms as part of DDR interventions — including the public destruction of arms — helps build confidence between former warring parties and civil society, and rebuild government legitimacy. Small arms collection and destruction — as pursued by Mozambique, Sierra Leone, Liberia, Republic of Congo, Côte d'Ivoire, and other countries across Africa — seemed to offer an important symbolic commitment to peace. Notably, in Côte d'Ivoire in 2004 Prime Minister Seydou Diarra handed over his arms as part of the DDR process. Arms destruction also serves to prevent recirculation. In Mozambique and Namibia, arms continued to be purchased on the black market and turned up in violent crime in South Africa (Dzinesa 2007). The porousness of national boundaries imposes a need for regional coordination to minimize spill over effects: Disarmament could stimulate cross-border trade and trafficking.

Demobilization, the second phase, is a short-term process designed to reduce the size of the armed forces and to dismantle other informal groups through downsizing and complete disbandment. It ordinarily involves assembly, quartering, administration, and some form of discharge package.

Reintegration, the final phase, is designed to assist former combatants and their dependants resettle. It may include reinsertion (cash) payments, household material, land allocation, training, inputs, school fees, counselling, advisory support, credit schemes, job placements, and health support and referral services.

Challenges of reintegration

The challenges accompanying reintegration into state security structures and productive civilian livelihoods are formidable. Security services are often in dire need of reform — they may have been politicized and polarized during wartime. In the absence of reform, ex-combatants may find re-integration into the security forces especially difficult. With or without reform, integrated ex-combatants are often disillusioned with their new role and dissatisfied with their attributed rank.

Likewise, the social and economic absorptive capacities of cities, villages, and farming areas to which ex-combatants return may also be seriously eroded by decades of conflict. The lack of adequate physical and human capital to successfully reintegrate is likely to induce frustration and dissatisfaction, and raise the risk of resorting to alternative (violent) means to secure livelihoods. Another issue is potential tensions when target groups receive assistance but the local communities into which they are being reintegrated (who are also often needy) do not. In some cases, recognition of this problem has led to efforts to provide benefits to receiving communities as well as to reintegrees.

DDR planners and practitioners in Africa face a host of bureaucratic challenges. These relate in large part to the appropriate sequencing of interventions and the creation of *ex post* linkages to ongoing post-conflict recovery and development programmes. Administrative and financial hurdles sometimes accompany large-scale regional DDR programmes. The sheer number of international and national stakeholders involved in DDR programmes can frustrate a coherent and coordinated approach and over-burden African governments with institutional matters like reporting requirements. Likewise, enormous logistical challenges arise in disbursing reinsertion benefits through local banks, tracking beneficiaries, and measuring effectiveness.

The pursuit of economic reform could also raise tensions with a DDR programme. In Ethiopia, the transition from the communist regime of Mengistu Haile Mariam to a market economy led to widespread retrenchment in the public sector and to a dampening of labour market opportunities. This took place at a time when newly demobilized ex-combatants were entering the labor market — reducing the prospects for success (Ayalew *et al* 1999). In certain cases, the UN and the World Bank have supported Quick Impact Projects to ease the transition from DDR to longer-term development, but these are seldom more than 'stop-gap' measures.

There are also fiscal challenges. Peace agreements often provide for integration of rebels into the national army, leading to a potential trade-off between two balances: fiscal balance and peace achieved through power balance.

For conflicts resolved by negotiation, a strong peace agreement with firm commitment to its terms is required to facilitate DDR. When the peace agreement is weak, or commitment to its terms uneven, former combatants, particularly those still remaining in their existing command structures, can assume a spoiler function, as demonstrated repeatedly during Sierra Leone's halting peace process. Also, the knowledge that demobilization reduces or eliminates its capacity to fight may induce non-cooperative behaviour on the part of the rebel movement.

When former combatants are too hastily demobilised, as occurred immediately following Angola's civil war, they can also trigger new waves of violence in communities of return. Combined with an uneven commitment to the terms of the peace agreement, poorly constructed demobilisation efforts twice contributed to the resumption of armed violence between the MPLA and UNITA in the 1990s. Unless adequate provisions for meaningful reintegration are established at the outset — even before DDR is initiated — premature and poorly implemented demobilisation can prove counter-productive, even dangerous. A hasty demobilization process may leave command and control structures intact while cantonment itself can reinforce command structures.

Disarmament, demobilization, and reintegration outcomes

A growing body of evidence suggests that DDR is less effective at minimising armed violence or promoting sustainable reintegration than expected (Humphreys and Weinstein, 2007; Blattman and Annan, 2008; Pugel, (2008); and Paris, (2004). Box 3.1 highlights a study on Sierra Leone. It has also been recognised that some disarmament processes tend to be partial, reducing the overall stock of illegal arms in circulation only marginally (Small Arms Survey 2005).

Box 3.1: DDR in Sierra Leone: successful reintegration?

The international community showered Sierra Leone with plaudits for a successful DDR programme that paved the way for a stable post-war political order following a brutal civil war that lasted from 1991 to 2002. However, there is some empirical evidence that the reintegration component of the DDR programme may not have been that successful. Drawing on data from a survey of 1,043 combatants from the five warring factions in Sierra Leone's civil war, Humphreys and Weinstein (2008) sought to identify the impacts of DDR, particularly in relation to 'effective' reintegration. Their strategy was to compare reintegration success rates between those that entered and those that did not enter the DDR programme. Four distinct outcome measures were used to test the different 'dimensions' of reintegration: (i) access to employment, (ii) the extent to which fighters maintain ties with their factions, (iii) trust in democratic processes, and (iv) the combatants' belief that they are accepted by family and community members. The study found no discernible evidence that participation in DDR programmes actually facilitated reintegration.

Humphreys and Weinstein (2007)

Box 3.2: DDR for children: the Uganda case

Northern Uganda is an unusual but important place to evaluate the impact of child and youth soldiering and the meaning of reintegration. Tens of thousands of civilians were forcibly recruited by the rebel Lord's Resistance Army, LRA, during more than two decades of war — two-thirds of them children under the age of 18. A modest number of early LRA recruits were volunteers (many of whom became senior commanders in the force) and only a handful of them returned from the bush. Thus, virtually all ex-combatants in this region are former abductees, and DDR programmes have focused on the reception and return of children and youth escaping from abduction.

To investigate the effectiveness of DDR for children, Blattman and Annan (2008) conducted a large-scale representative survey of nearly 1,000 households, including nearly 500 former abductees. The findings suggest the need for a shift in conventional understanding of the impacts of war on children and youth and a change in the approach to their post-conflict reintegration. In contrast to the predominant focus among NGOs on reuniting families and providing 'psychosocial' care — activities to minimize mental 'traumatisation' and social dislocation — the evidence suggests comparatively little broad-based psychological traumatisation or aggression among former abductees, child or adult. Rather, indications of disabling symptoms of distress are concentrated in a relative minority, especially those that experienced the most severe violence and those who returned to the least supportive family environments. The main impact of war appears to be substantially lower education, diminished productivity, and increased poverty and inequality, largely due to time away rather than to trauma. The impacts are greatest for children, who are more likely to have had schooling interrupted.

The consequences of these human capital losses for post-conflict redevelopment are substantial. With so many young people affected, and since lost education and experience take time to re-accumulate, if ever, the level and growth rate of income in northern Uganda will be depressed for decades to come. Such evidence suggests a shift in reintegration programming towards closing the education and economic gap. For aid policy, the main lesson learned is the need to shift to a more targeted approach to psychosocial support for the most affected, and an increased investment in programmes that promote secondary schooling, enterprise development, and adult learning. For the Government of Uganda, the evidence supports continued emphasis on broad post-conflict youth programmes, but caution regarding the late and potentially damaging roll-out of the official DDR program.

Blattman and Annan (2008)

Box 3.3: Disarmament without gainful employment in the Niger Delta

The Nigerian Government has launched a number of disarmament efforts in the country over the last several decades. Many of these have taken place in the Delta region — a conflict involving non-state actors — but none has proven particularly successful. Between 1997 and 1999, for example, the Delta State Government initiated a disarmament programme for the warring ethnic factions from the Ijaw, Urhobo, and Itsekiri ethnic groups, while the governor of Warri offered cash, short-term training and employment to militant youths to give up their weapons. These initiatives failed to significantly reduce the number of arms in circulation or to yield measurable reductions in violence.

In July 2004, the governor of Rivers State initiated a disarmament programme to address the escalating violence in the Niger Delta. This programme never took hold and renewed fighting between heavily armed militant groups led to the intervention of the Federal Government. By October 2004, then President Olusegun Obasanjo negotiated a temporary end to the violence, leading to the establishment of an atypical 'peacetime' DDR programme. The key element preventing real progress on this initiative was the lack of attention to reintegration efforts and opportunities for former militants to earn gainful employment.

The failure of this process left many armed groups distrustful of the government and of its motives and apprehensive about any future disarmament initiatives. This shadow continues to hang over ongoing government efforts to resolve the crisis in the Delta. Even so, most armed group members have expressed a willingness to leave militia activities if they are provided with employment opportunities and security is restored to the region. This reveals positive prospects for future disarmament campaigns, but participation will be heavily dependent on improving credible community stability and creating viable economic alternatives to earning a living through violence.

Source: Hazen (2007)

Box 3.4: Incomplete DDR and SSR: South Africa's crime risk

The DDR process undertaken during South Africa's transition did not adequately focus on the weapons left over from the liberation struggle. Although considered at the time to be an essential process, it proved extraordinarily challenging. For example, the liberation armies did not fully register the holdings of their members and the demobilization and reintegration process did not specifically require combatants to hand in arms as a condition for receiving benefits. Likewise, the demobilization process also largely excluded the informal Self Defense and Self Protection Units that controlled thousands of weapons. The integration of former combatants into the South African National Defense Force (SANDF) also encountered major difficulties. Thousands of combatants either elected not to join the SANDF or were excluded from joining. Most of those that opted to join the SANDF left soon after. The majority of these ex-combatants are unemployed with little prospects of gainful integration into the formal labour market. While the extent of their involvement in criminal violence has yet to be systematically assessed, the ex-combatants' high rate of incarceration point to a disproportionate involvement in crime. At an institutional level, the criminal justice system continues to face the serious challenge of rebuilding legitimacy after its deep involvement in repression during Apartheid.

Small arms control

Small arms are the preferred weapons of gangs, individual criminals, and armed groups opposing the state. A modest number of small arms in the hands of small numbers of people can yield devastating outcomes. Consequently, small arms control programs are usually organized at the end of a violent conflict with the objective of retrieving arms and ammunition — often through the use of a combination of voluntary and forcible measures. In order to support 'local ownership' of such processes, specially-created national DDR or disarmament commissions and 'national focal points' are sometimes established to see the process through. The emphasis has sometimes been on demonstrating rapid and visible results. Thus, carefully arranged rows of hardware and cantoned ex-combatants are sometimes regarded as more convincing expressions of progress than demonstrated reductions in real and perceived insecurity.

The narrow spectrum approach to addressing arms availability and armed groups remains dominant. The emphasis of peace-support operations and of African governments on containing cross-border arms trafficking and on forcible disarmament is well-documented (Small Arms Survey 2005). It is also widely recognised that (targeted) arms embargoes, sanctions, and border patrols, while all visible expressions of action, can only partially contain the vast surplus of weaponry already in circulation. Despite growing attention on security sector reforms, small arms and munitions continued to be frequently leaked from poorly safeguarded state armouries and security forces, as has been documented in Uganda, Congo, and Angola (See, for example, Nichols and Muggah, 2007, and Muggah, 2004, for a review of DDR programmes in the Republic of Congo). Thus, even when the tap is turned off through reductions in imports and enhanced border patrols, the sink is still brimming with legal and illegal weaponry.

Arms and ammunition are not only produced and transferred from western and eastern countries to the Global South. Since the end of the Cold War, manufacturing capacities have expanded to more than 90 countries (Small Arms Survey 2007, 2006). While considerable transfers from North America, Western, and Eastern Europe, and Asia persist, military- and civilian-grade weapons are being produced in Africa for domestic consumption (Small Arms Survey 2007, 2006). Several North African countries, together with South Africa, Ghana, Nigeria, Kenya, Ethiopia, Sudan and Uganda, harbour arms and ammunition production capacities. Containing arms availability increasingly has as much to do with regulating and reducing domestic production and circulation, as with dealing with the international trade. Increasingly, weapons are made in Africa.

The circulation of foreign-produced arms encompasses more than an international black market run by nefarious arms dealers. Arms are transferred in many ways, including through legal inter-state trade, illegal and covert international transfers, shipments between states and armed groups, illegal cross-border and domestic trafficking, transfers between armed groups and civilian recirculation in local informal markets. Throughout the process, a host of intermediaries — from arms dealers, shipping companies, and corrupt officials are implicated with weapons traveling by air, road and sea. Factors that appear to statistically shape illegal arms markets include the extent of trade barriers, the porosity of international borders, and domestic policing capacities (Killicoat 2007).

Small arms control has become a priority for some post-conflict African governments. Since the mid-1990s, considerable diplomatic energy has been devoted to elaborating international and regional frameworks to control small arms proliferation and trafficking across Africa. These initiatives were motivated by rising international concern with the trans-national implications of arms circulation — particularly from developed countries to Africa. They were also inspired by attempts to contain spiralling rates of conflict and crime across the continent. By investing in enhanced information-sharing, forensics gathering, and practical cooperation across the continent, it was expected that arms trafficking could be curbed. African institutions such as the Organisation of African States (now the African Union), the Economic Community for West African States (ECOWAS), and the Southern African Development Community (SADC) elaborated practical export and import control and collection initiatives alongside the EU, the Organisation of American States (OAS), the Pacific Islands Forum (PIF), the League of Arab States, and many other organizations.

Many international instruments and agreements relating to arms control are available to help shape dialogue with national partners, and facilitate coordinated and responsible action (see Table 3.1). These measures have established important precedents for, inter alia, weapons manufacturing controls, regulation of civilian possession, stockpile management and security, transfer controls, marking and record-keeping and tracing (See www.smallarmsurvey.org for a review of international and regional measures and corresponding texts). While many commitments are not legally-binding per se, they do offer vital entry-points for enhancing international and regional cooperation to support stability and security.

Increasingly, regional initiatives are being adopted to stem the flow of new arms to and within Africa. These included efforts by ECOWAS, initiated by Mali in 1993. Other initiatives include the SADC Protocol to control arms. In 2004, eleven countries in the Great Lakes and the Horn of Africa also signed the Nairobi Protocol for the Prevention, Control and Reduction of Small

Table 3.1: Some small arms control instruments

Global	Africa
UN Firearms Protocol (2001)	ECOWAS Moratorium (1998, 1999)
UN Programme of Action (2001)	Bamako Declaration (2000)
Wassenaar Arrangement (2004; 2002)	SADC Firearms Protocol (2001)
Ottawa Treaty on Landmines (1997)	Nairobi Protocol (2004)

Arms and Light Weapons — the first such binding agreement in the region. Together, these efforts seek to promote the prevention of criminal and conflict violence by eliminating civilian ownership of automatic and semi-automatic rifles, introducing sanctions for unlicensed possession and promoting controls on manufacturing, import, export, transit and transfer of arms.

Recommendations

Disarmament, demobilization, and reintegration; and small arms control are closely related activities. The following measures are recommended to enhance their effectiveness:

Adopt people-centered benchmarks of DDR and small arms control 'success': Until comparatively recently, conventional DDR and small arms control programs emphasized measurable output indicators such as the number of arms collected, combatants demobilized and funds disbursed. As important as these metrics are, they are not the same as effectiveness outcomes or impacts. Development policy makers and practitioners should be encouraged to develop more

Box 3.5: Operation Rachel: successful regional arms control in Southern Africa?

Operation Rachel was launched in 1995 as a joint operation by the police forces of South Africa and Mozambique to prevent and reduce criminal violence. The primary objective was to target arms — particularly military-style weapons — availability across several Southern African countries. Since 1996, the police forces of South Africa and Mozambique worked together to identify and destroy arms caches still buried in Mozambique following the country's civil war (Dzinesa, 2007, and Chachua, 1999).

Operation Rachel specifically aimed to prevent weaponry from falling into the hands of smugglers/traffickers who direct them to lucrative underground markets, where they are used to perpetrate violent crime. It also included initiatives to remove and destroy unstable explosive devices and material from these caches, thereby preventing injury to innocent civilians (women and children) in the vicinity.

The intervention was a stunning success. Operation Rachel collected and destroyed some 21,600 firearms, 1,610 anti-personnel landmines, and 5.1 million rounds of ammunition between 1995 and 2005. In 2006, more than 3,060 small arms and light weapons, 105 missiles, 75,000 firearm magazines, and 300,000 rounds of small arms ammunition were gathered with more than 95 per cent in good working condition. South Africa's 2005 report to the 11th United Nations Congress on Crime Prevention and Criminal Justice stated that "Operation Rachel has had a positive impact on the stability of South Africa, Mozambique and the Southern African region".

Operation Rachel's success is attributed in part to a high degree of co-operation and intelligence-sharing between states and a culture of learning and adaptation that occurred between the Mozambique and South African police forces over successive operations. This translated into consistently well-planned and executed interventions. Other SADC member states that are strong candidates for similar initiatives are Angola and the Democratic Republic of Congo (given their recent peace processes and the number of arms caches that are presumed to be located in these two countries), as well as Tanzania and Zambia.

Source: Stott and van der Merwe (2007).

effective 'success' benchmarks, including indicators tailored to measuring changes in real and perceived safety and security.

Ensure adequate human and capital investment in DDR, particularly reintegration: While considerable attention is devoted to disarmament and demobilization, there needs to be renewed engagement with 'reintegration'. There is a pressing need to move beyond a narrow interpretation of reintegration as consisting of economic wellbeing to one that takes into account its political, social, and psychological dimensions. Likewise, there is a critical need for African governments and donors to invest in longer-term reintegration. Too often, support tails off shortly after reinsertion benefits are provided to ex-combatants and their dependents. Likewise, reintegration efforts are not effectively linked with parallel reconstruction processes. Ensuring that the development sectors effectively aligns interventions with 'reintegration' priorities is an important, if challenging, enterprise.

Enhance linkages between DDR and security sector reforms: There is an obvious need for more cooperation in the planning and implementation of synergies between DDR and SSR. DDR is unlikely to be effective without an accountable and functional security sector. In the absence of security guarantees or of legitimate security entities, it is unlikely that combatants or civilians will lay down their arms. Moreover, without an effective SSR strategy, there will be few options for qualified ex-combatants to play a role in new security institutions.

Adopt regional and localized approaches to DDR, SSR and arms control: While African governments should be able and willing to play a central role in overseeing DDR, SSR, and arms control at the national level, it is important to focus on both the regional and local dimensions of security.

Conclusion

The prevention of violent conflict in Africa remains an important challenge, given the prevalence of conflict risk factors. The challenge requires a range of measures relating to economic management, political participation, and regional integration. Equitable economic growth is needed to empower the poor and raise living standards. Care should be taken to ensure that communities in which natural resources are located are the primary beneficiaries of the exploitation of the resources. Regional integration will reduce regional tensions and arms races.

Conflict resolution and peace building also face numerous challenges that often involve costs and trade-offs. The relative merits of the various measures have to be carefully analyzed and balanced, taking individual context into account. As with conflict prevention, the need for a regional approach is paramount. However, the decline in violent conflict in Africa in recent years suggests that conflict resolution efforts are achieving some measure of success. This needs to be consolidated to end the remaining conflicts in Africa. Furthermore, the decline reinforces the need for peacebuilding to ensure that the gains are not reversed.

CHAPTER 4

Economic policies for post-conflict reconstruction and development

In its broad sense, reconstruction refers to the rebuilding of structures, institutions, and conditions that prevailed during peacetime. Reconstruction also encompasses the rehabilitation of basic services like health and education. The key questions facing countries undertaking a post-conflict reconstruction program include what to reconstruct and how to reconstruct. These questions are important because not all peacetime conditions are desirable, and reconstructing undesirable conditions may therefore constitute a recipe for future conflict. Peacebuilding is a form of reconstruction, peace being the object of reconstruction. This Report has already dealt with aspects of reconstruction relating to peace building in Chapter 3. This chapter focuses on economic policies for reconstruction and development.

Economic policies are vitally important, not only for progress towards prosperity, but also for the more fundamental challenge of maintaining peace. There are three reasons why economic policy should be accorded priority status. First, the urgent need to reduce poverty in post-conflict environments: prolonged conflict occurs disproportionately in societies that are already poor, and poverty typically deepens during conflict. Pitifully low living standards are thus a legacy of prolonged conflict. Moreover, during prolonged conflict people are driven to adopt desperate strategies for economic survival. They may have been driven by fear of violence into locations and activities that provide only precarious and possibly unsustainable incomes. Hence, there is an urgent need to improve living standards, which can only be achieved by raising incomes. Second, low income is a risk factor for violent conflict. Thus, economic recovery should help reduce the risk of reversion to conflict. Third, economic outcomes during post-conflict periods are far more variable than in other situations. On average, post-conflict economies grow more rapidly than normal as they bounce back from the damage done during conflict, but the range of performance is very wide. It is quite possible to sustain growth rates of 10 percent or more for an entire decade, as was the case in Mozambique. However, some post-conflict societies do not experience rapid recovery: for example, Zimbabwe's per capita income stagnated during the 1980s, its post-conflict decade. The variability of post-conflict economic outcomes suggests that performance during this period is particularly sensitive to policy choices.

The first section of this chapter outlines the distinctive context of economic policy after civil conflict. The next section proposes, from a government standpoint, a set of policies for economic recovery during the post-conflict decade. The third considers the same issues from the standpoint of donors; while the fourth broadens the analysis to other forms of conflict beyond civil war: international conflicts and tensions, as well as internal violence that does not scale up to civil war.

The distinctive context of post-conflict situations

The economic consequences of conflict include capital flight, poor policy, economic decline, damaged infrastructure, increased military spending, structural changes to the economy, and shortened time horizon for government and private agents. Post-conflict economic recovery is fundamentally dependent on responses by the private sector. Capital flight that occurs during conflict may continue or be reversed post-war. Since the stock of assets held abroad is often very large relative to the economy, this difference is critical to economic recovery. Capital flight may continue because the process of shifting assets abroad during the conflict had not been completed, or because new wealth, generated by high profits in the post-conflict environment, is being shifted abroad owing to concerns about further insecurity. Davies (2008a) finds that capital flight usually continues during the post-conflict period. However, there are exceptions: Uganda succeeded in attracting substantial human and financial capital repatriation during its first post-conflict decade. Such repatriation helps finance private sector recovery.

Recovery also affects the structure of the economy. Sectors that contracted during the conflict expand: for example, rural economies see a return to the market. However, this process creates the possibility of bottlenecks as the output of some sectors is needed for the expansion of others. The most likely bottleneck is the supply of non-tradable capital goods.

The legacy of a diminished construction sector, with few firms and depleted skills, slows the pace of recovery. It also gives rise to booms in construction prices as sharply increased demand meets severely curtailed supply. For example, in Liberia the cost of building a school has doubled. These price booms have two detrimental effects. They dissipate increased spending in higher costs, and they also generate large 'rents' for those who control supply, opening up the possibility of political corruption.

There may also be other bottleneck goods or services. In construction, cement is one of the key inputs that become quasi-non-tradable if the country is landlocked. For example, in Southern Sudan the cost of importing cement from the world market is prohibitive and cement has to be brought overland from Uganda, which itself has limited supply. Similarly, there may be bottlenecks in specialized professions. Paddy Ashdown, the former Commissioner for Bosnia, wrote that what he really needed to assist the Bosnian recovery was 'accountants without borders'. In Sierra Leone there has been a shortage of specialist lawyers.

Post-conflict economic policies

In many respects, the challenges posed to economic policies in post-conflict societies are similar to those posed by societies that have been at peace, but in which policies and governance are poor and incomes are low. In other respects, however, there are distinctive differences. Since there is already an enormous literature on economic reform in peaceful societies, the pertinent issue is why policies differ if the society is just emerging from prolonged conflict. One of the reasons is that objectives are markedly different in post-conflict settings relative to peace settings. This section elaborates on these differences.

Distinctive objectives

Post-conflict societies face a heightened risk of conflict reversion. Governments will therefore rightly be concerned, not only with economic recovery as an end in itself, but with adopting economic policies that help reduce the risk of conflict. Of course, governments in all societies wish to minimize the risk of civil war; however, this objective should receive a considerably higher priority in post-conflict societies because the risk is much higher. There is a potential trade-off between policies that promote growth and those that promote peace. For example, policies focused on growth may concentrate spending on regions with a higher growth potential; however, this may aggravate regional inequality. Where such trade-offs exist, peace building policies would naturally take priority, as economic growth or recovery would be threatened in the absence of peace. However, the objective of risk reduction does not always conflict with that of economic recovery. On the contrary, economic recovery could help bring risks down in the long term. The premium on risk reduction does change appropriate economic priorities in two key respects.

One of the distinctive policies is the appropriate level of military spending. The usual response by governments to the high risk of conflict reversion is to maintain military spending at a high level. While this is understandable, it reduces the funds available for directly productive public spending. In a post-conflict context, public spending needs are particularly acute, while revenue sources are particularly modest. Consequently, the release of money from the military budget would be highly valuable. Moreover, since one of the legacies of conflict is an inflated military budget, there is an unusually large scope for reduced spending. For example, Mozambique undertook deep cuts in its military budget at the end of its civil conflict.

Although high military expenditure reduces funds for productive spending, it may be the price for peace, at least in the short term. Notably, if a peace agreement calls for the absorption of former rebel combatants into the military, large cuts in military expenditures may threaten the fragile peace. Given this caveat, opportunities for reducing military spending should be seized whenever such cuts do not compromise peace and security.

Economic priorities are also likely to be distinctive in the creation of jobs for young men: the higher the proportion of males aged 15–29, the higher the risk of conflict. This is unsurprising since this is the group that forms the recruitment base for rebel armies. The extremely high costs of conflict reversion suggest that it is worth spending public money to create jobs for this segment of the workforce. Indeed, this may be part of the rationale for high post-conflict military spending: By maintaining a large army, the government keeps young men contained.

Different types of public spending have very different intensities of employment of young males. This implies that the true costs of different types of public spending may diverge considerably from their monetary costs.

Distinctive policies for economic growth

This section considers how economic growth policies may need to be distinctive.

The pace of economic policy reform

As noted earlier, one of the legacies of civil war is an accumulation of poor economic policies that have snatched short-term benefits at the price of long-term damage. This implies the need for rapid reform.

Policies in post-conflict countries are atypically poor, making a strong case for accelerated reform. In addition, the political costs of reform are expected to be lower than usual for two reasons: First, the vested interests that usually block reform are likely to have been weakened by the conflict. Second, with the onset of peace, people expect change: Peace may provide a unique window for coordinated reforms in which groups are willing to tolerate some loss of special interests because they are confident that they will benefit from many other reforms. The success of reform often depends upon such a coordination of expectations. Economic reform is usually quite rapid in post-conflict contexts. Whereas the average Country Policy and Institutional Assessment (CPIA) at the onset of peace is only 2.41, by the end of the decade, it is around 3.05, slightly higher than the CPIA for the average low-income country at peace. However, these improvements are achieved despite the low priority accorded to economic policies — they do not receive much political attention in the early post-conflict years. There are strong pressures to divert attention from the positive sum game of economic reform to the zero sum game of distribution of political power among groups. Rwanda is an exception to this relative neglect. The post-conflict government prioritized economic reform and has achieved remarkably rapid economic growth despite the severe handicap of being landlocked and resource-scarce.

Macroeconomic policy

One of the legacies of prolonged civil war is a high rate of inflation. Post-conflict governments face hard choices in confronting inflation. One of these choices is to adopt a contractionary fiscal policy with a combination of additional taxation and reduced spending. However, this policy stance entails substantial trade-offs. The social returns on public spending are particularly high, implying that inflation reduction by means of reduced public spending is costly. Furthermore, the social cost of additional taxation may also be atypically high, meaning that reduced inflation by means of increased taxation would be costly.

Taxation may be particularly costly in post-conflict situations because during prolonged conflict most economic activity would have retreated into informality, resulting in a smaller tax base. One of the priorities for post-conflict recovery should be the reversal of this process to accelerate the return to a formal economy. Formalization has various advantages: It permits greater economies of scale; it makes transactions with other firms more readily enforceable; and it facilitates future taxation. Thus, even from the narrow perspective of public revenues, there is a good case for the government giving priority to building the taxable base of the economy — and hence future revenues —, rather than seeking to maximize revenues in the short term. Indeed, the economic rationale for building future revenues by moderating current taxation is analogous to the case for building future seigniorage revenues by moderating current inflation.

The need for tax moderation is reinforced by the legacy of a decayed public administration and the rise of private opportunism. Firms cannot be trusted to report accurate accounts to tax collectors, and tax collectors cannot be trusted to behave honestly. In combination, these behaviours produce low-revenue yields from taxes and high corruption costs. The problem of poorly motivated tax collectors is sometimes resolved by explicit revenue targets and by preventing face-to-face negotiations between individual tax collectors and firms. However, in the post-conflict context, the accounts of firms cannot often be trusted. In practice, the tax payments deemed reasonable by collectors are likely to be influenced by the visible prosperity of the firm, but, since investment is the most important such sign, this behaviour approximates to an investment tax. Since governments wish to encourage private investment, this inadvertent effect of the tax effort undermines their post-conflict recovery agendas.

Reversing the flight of capital and skills

Post-conflict societies are extremely short of both human capital and private investment because of capital flight. However, their previous flight constitutes an opportunity: at its best, flight during conflict preserves both skilled people and assets. The challenge is thus to repatriate them.

The repatriation of capital is induced by improvements in domestic economic conditions, including a decline in inflation. However, much more can be done. Members of the diaspora may be willing to return with their skills and their capital, some of which will be flight capital and some accumulated savings earned abroad. Returning members of the diaspora are likely to be looking for new business opportunities. The post-conflict environment may offer abnormally high profits — owing to a less dangerous operating environment and expanded market. In addition to business opportunities, the diaspora is likely to be concerned about the quality of education and of health services. Families would have become used to the standards in their host country and may be reluctant to return to markedly lower standards. Since there is no way in which educational and health standards across the society can rapidly be raised to the required levels through public investment alone, it is necessary to encourage private provision of high quality services.

During conflict, sections of the diaspora are likely to have become politicized such that a government may well view them with suspicion. However, the onset of peace is an opportunity for the government to encourage the diaspora into a constructive role. The diaspora business community is, after all, by far the most informed investor group in society. Properly treated, it is likely to be the first skill and capital inflow. It is also a useful barometer of obstacles to enterprises and so can guide the government in the myriad of microeconomic and administrative reforms that are likely to be needed. The best African example of successfully targeted post-conflict diaspora policies is Uganda. The exodus of Ugandan Asians was successfully reversed by combining an information campaign and the restitution of confiscated property. The legal process by which property was returned was particularly successful since it combined transparency, speed, and closure. All claims made prior to a set date were swiftly adjudicated, but claims not lodged by that date were not considered.

Sectoral policies

Breaking the construction bottlenecks

One of the legacies of civil war is a diminished construction sector, which is then overwhelmed by a sharp increase in demand for its services for post-conflict reconstruction. The result is a price boom for construction services, reflecting a steep supply curve.

There are several potential bottlenecks within the construction sector. Although Botswana does not face a post-conflict situation, it provides a good example of how bottlenecks can be overcome. Faced with bottlenecks, which constrained exceptionally rapid growth, the government implemented an annual plan specifically for the construction sector. Each year, construction firms were called in to discuss the feasibility of government construction plans, and to identify and address bottlenecks. Construction requires land, material inputs, skills, organization, and finance. Each of these constitutes a potential bottleneck.

During conflict, urban land rights often become confused and this can delay post-conflict construction projects. For example, in both Sierra Leone and Angola there is chronic traffic congestion resulting from the ability of private households to import vehicles expanding far more rapidly than the government's ability to build roads, the stock of which has deteriorated due to decades of neglect. One reason for the delay in road building is the difficulty in public acquisition of the land on which roads need to be built. Hence, government legal action, whether through legislation or accelerated legal processes, may be needed to ensure that adequate land is available for construction projects.

Construction requires material inputs. Government planners should aim to break bottlenecks as swiftly as possible by drawing up a critical path showing the best prioritization sequence. Some inputs may be internationally non-tradable. In this case, some combination of economizing on the use of the input and prioritizing an increase in its local production will be appropriate. Some inputs, whether traded or not, may simply be expensive. In such cases, it is important to redesign projects to economize on their use. Even where there is a proximate port, the ability to import can become a bottleneck, either because of policy restrictions on imports, procedural restrictions such as customs, or the malfunctioning of the port. If the problem is the port, then port rehabilitation should become a priority.

Construction requires skills. While with appropriate technologies many unskilled workers can be employed; there are complementarities between skilled and unskilled workers. During conflict, the skills base in the construction sector of the economy is depleted as a result of forgetting-by-not-doing. These depleted skills include mundane skills like those required by bricklayers, welders, electricians and plumbers. Without these skills, the pace of reconstruction will be slowed, and precisely because the skills are mundane, the cost of importing them is high relative to the cost of local training. While restoring the stock of highly skilled people is a long and slow process, the mundane skills can be restored quickly. Again, the issue is one of giving early priority to potential bottlenecks, such that if skills are likely to become a bottleneck, training programs in these skills should be set up at the onset of peace.

The ability to organize production constitutes the entrepreneurial and managerial roles of firms. During conflict, economies lose many of their domestic construction firms and others become smaller. Recovering a stock of domestic firms takes time. In Botswana, construction contracts were tailored to accommodate the small size of most local firms, enabling them to grow rather than simply be bypassed by the public construction boom. The use of foreign companies can resolve the bottleneck in the organization of production. However, some foreign companies, notably Chinese companies, adopt a mode of operation ill-suited to post-conflict conditions because they do not use sufficient local labour. This is important, given the need to create jobs for young people who are otherwise liable to resort to violence. Tenders for construction should be required to specify and commit to local employment levels so that choices among contractors can incorporate the employment objective.

The organization of simple reconstruction tasks may be well-suited to military organizations that have thrived during conflict. In post-war Europe and Japan, citizens and fighters were mobilized into public work gangs. This model may have benefits beyond the reconstruction work itself because it gives ordinary people a sense that they are participating in building a better future and that this endeavour is being directed by their government. Potentially, groups that were fighting units during the conflict may, given suitable opportunities, evolve into informal construction firms.

Financing may be a bottleneck for local construction firms. Credit is intrinsically scarce in post-conflict conditions because of the breakdown in trust and reputation, and it takes time to restore credit. A useful way of restoring credit is to establish fast track legal processes enabling banks to foreclose on collateral.

The extraction of natural resources

During prolonged conflict, companies extracting natural resources do so on terms that are highly favourable to them. Favourable terms for exploiting companies sometimes follow from competition between the government and the rebel organization: both may control territory containing extractable resources and so can sell extraction rights. Favourable terms also compensate firms for the hazardous environment and abnormally high costs of operations. Clear evidence of this is provided by a study of the impact of the death of Jonas Savimbi on the stock market prices of resource extraction companies operating in Angolan diamonds. The death of Savimbi was unexpected, and so constituted financially significant news; it clearly marked the end of the prolonged civil war. While peace was evidently good news for Angolan society, it was treated as bad news for diamond extraction companies operating in Angola: the stock market prices of their shares fell significantly in reaction to the news (DellaVigna and La Ferrara, 2007). The most plausible explanation for this fall is that stockholders recognized that the bargaining power of the company had been reduced by the elimination of UNITA as a possible negotiating partner. As the fall in quoted stock prices indicates, companies expect that peace will bring renegotiation. Hence, a priority for post-conflict economic policy is to reach reasonable terms with resource extraction companies that are already operating. The potential sums involved are often very large relative to other sources of government revenue and so this is both urgent and important.

Peace also opens up the scope for the commercial extraction of deposits that were previously known but unviable during war conditions. The extraction of such resources requires the establishment of a tax structure that ensures profitable extraction, but captures a substantial proportion of the economic rents for the government.

Finally, peace opens up the scope for prospecting. This is especially important given current high commodity prices. Territories exposed to prolonged civil war are among the major remaining locations on earth yet to be prospected. However, the prospecting phase is not something to be rushed. Prior to licensing prospecting, the government should probably invest in a cadastre to reduce uncertainties. In general, private companies build in a high expected rate of return on uncertain prospects..

Renegotiation, the extraction of known but previously unexploited deposits, and the licensing of prospecting, all lead to a trade-off between current and future government revenues. Governments have two sources of revenues from resource extraction: initial one-off payments for extraction rights and a continuing flow of tax revenues from royalties and profits taxes. Clearly, the lower the future taxes, the more valuable the extraction rights. The temptation for fiscally stressed post-conflict governments is to bring revenues forward by committing to low future taxation, thus maximizing the price that companies are willing to pay upfront for extraction rights. However, this is likely to be very costly. Political uncertainties are inherent to the post-conflict situation: For this reason, long-term government commitments to low taxation are treated with suspicion by companies. Thus, governments sacrifice a lot of future revenues for each dollar of current revenue raised by such a strategy. Post-conflict governments cannot credibly commit to low long-term tax regimes as such commitments can be undone by future governments. The better strategy, therefore, is not to attempt to bring revenues forward, but to instead adopt a tax regime that is reasonable from the outset, and, if possible, is modelled on tax regimes in countries with similar geological conditions.

Revenue management is another important issue, particularly for oil in the light of the current rise in prices. Care must be taken to avoid boom and bust cycles. The creation of societal trust funds is one option to be considered. Greater fiscal federalism, where resource rich regions get effective control over resource rents, as in Indonesia at present, should be pursued. This would dampen the tendency for secessionist rebellion in resource-rich regions. Murshed and Tadjoeddin (2007) find that the recent Indonesian experiment with fiscal federalism may be conflict-abating as it has increased the size of local government, which citizens value more than a distant federal government.

Two ongoing initiatives on corruption are worth pursuing. The first, "Publish What You Pay", as advocated by Global Witness, is meant to work through regulation of companies in countries where they are incorporated. Therefore, it is mainly a matter of corporate governance in developed countries. The second initiative is the Extractive Industries Transparency Initiative (EITI), proposed by the UK government as a voluntary code of conduct for participating host countries and companies.

Finally, extractive firms should be encouraged to exercise greater corporate social responsibility in countries in which they operate. This means that extractive firms should always consider the interests of society beyond their statutory obligations. They should take responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders, as well as on the environment. In this regard, extractive firms must protect the communities they operate in from environmental damage as a result of their mining activity. They must also minimize disruptions to the lives of people in the community.

Integrating the rural economy into the market

Rural economies tend to retreat into subsistence during prolonged civil wars. The integration of smallholder agriculture into the market is thus a potential opportunity. Agricultural markets depend on transport and information. Since both of these are jeopardized by violent conflict, one of the legacies of war is that markets do not work well. This in turn has important corollaries. For example, household food security is impaired because food markets are not sufficiently dense to be reliable; while income uncertainty increases because of more volatile prices. On average, incomes are lower because of high geographic price dispersion due to low trade. The restoration of efficient rural markets is thus a priority. Private entrepreneurs are likely to make the needed investments in trucks, but the government should prioritize the complementary investment in rural roads and in information. By their nature, agricultural markets need speedy information on the spatial distribution of produce and prices. Mobile phones are well-suited to this function and so establishing an efficient and affordable network with effective coverage in rural areas is a priority.

The design of service delivery

A particularly urgent legacy of conflict is the deterioration in the provision of basic social services such as education and health care. The restoration of these services cannot be postponed because both are time-specific: if children miss schooling, then this cannot readily be offset by subsequent education; similarly, if the sick miss treatment.

However, states often lose the financing needed to pay for such services as well as the organizational capacity to deliver these services efficiently. Tracking surveys of social spending in Africa reveal some particularly high rates of leakage in post-conflict settings. Both the urgency of needs and expectations of change in post-conflict situations make it an appropriate moment to think afresh about the institutional architecture of service delivery. Indeed, the chance to rethink the provision of basic services makes the post-conflict situation an important opportunity for improvement. Just as the invention of mobile phones has enabled governments that were unable to provide adequate landline-based telecommunications to leapfrog to a superior technology, so does the post-conflict situation open up the possibility of institutional leapfrogging in service provision.

The conventional institutional architecture of service delivery in Africa is modelled on that of Europe in the 1950s: government ministries combine the functions of policy planning, resource allocation, and retail delivery of services with the aspiration to a monopoly of provision. Since the 1950s, Europe has rethought its mode of provision and has gradually moved away from this model. In post-conflict Africa, where the civil service has collapsed and opportunistic behaviour is rife, the conventional model of state service delivery is particularly inappropriate. Similarly, the conventional donor post-conflict approach of attempting to rebuild state systems that have already comprehensively failed is a denial of reality. The economic theory of corruption explains why once a civil service has been comprehensively corrupted, incremental attempts at reform prove hugely difficult. Essentially, behaviour is locked into a pattern by the pressure of expectations. Once there is an expectation that civil servants will be corrupt, they have a much weaker incentive to be honest. This makes both honesty and corruption locally stable equilibria. Hence, within an honest system small perturbations into corruption can be quickly eliminated; conversely, in a corrupt system small perturbations into honesty tend not to persist. Thus, faced with the task of reforming a system that has collapsed into comprehensive corruption, it is more effective to create new institutions that are not so burdened with expectations of how employees will behave. As long as new institutions are well designed to include powerful incentives against corruption, realistic expectations of how staff will behave in them will break from the deadweight of past expectations.

A sensible starting point in redesigning service delivery is to separate the three functions of policy planning, resource allocation, and retail delivery of services. Policy planning is necessarily a political function that is appropriate for government ministries: this is the level at which the expressed political will of citizens must have effective power.

At the other end of the delivery chain — the retail delivery of social services through schools and clinics — there is a strong case for allowing as many separate organizations as possible to manage the provision of these services. Normal market-based competition is not desirable in social provision because it would require providers to get their revenues from users. It was the realization that provision of basic social services was not well-suited to the market that led to public provision. However, it is now possible to design institutions in such a way that they are either free or heavily subsidized to end-users, without provision being restricted to government-owned organizations. The key design feature is for governments to enter into contracts with organizations that directly provide the service.

The most obvious reason for allowing many separate organizations to provide basic services is that some will inevitably be better than others. This diversity allows funding to be gradually directed towards more effective providers. A related but distinct reason is that the very fact that there are multiple providers allows 'yardstick' competition. That is, the realization by providers that future funding depends on their performance relative to other providers stimulates the incentives provided by a market. A further, more sophisticated, reason for encouraging diversity is the scope it provides for better motivating workers. Motivation is critical in the delivery of social services because detailed performance by individual workers is difficult to monitor. It is therefore much more efficient to attract workers who are self-motivated to work for the organization. Economic theory proposes, reasonably enough, that because potential workers differ in their beliefs and interests, it is helpful to offer them a range of organizations with different philosophies. People can then choose to apply for a job in organizations that most strongly motivate them. For example, some teachers may want to teach handicapped children, others may want to teach children who share their religion, and so forth. A diversity of independently managed delivery organizations enables this matching of motivations to organizations (Besley and Ghatak, 2003). One of the implications is that diversity in the mode of supply is likely to be a long-term feature of an efficient system.

Resource allocation, the third critical function, occurs between the functions of policy planning and that of retail service delivery to users: public money has to be channelled to retail providers to meet all or part of their costs. Where the civil service has become inefficient, this function is best placed with a separate public, but independent, institution, somewhat akin to an independent central bank or an independent revenue authority. By analogy, this may be termed an *independent service authority* (ISA). Ministries would set the policy objectives that such an implementing agency would be required to follow, but would not have direct operational authority on the allocation of public money. This separation of the policy function from the spending function not only slims down the functions of the ministries to a manageable core, but reduces the moral hazard of conflating policy setting with spending.

An independent service authority would receive funds from the government and donors and allocate them to retail service providers in accordance with contracts. Its core functions would be to negotiate and monitor these contracts, and measure the comparative performance of different organizations. Since it would not be part of the civil service, it would be free to recruit afresh, to pay appropriate salaries, and to link these salaries to performance. While an ISA would be a public institution, and its finances would be reported in the government budget, its supervisory board could include representatives of government, donors, and local civil society. One of the advantages of such wider representation is that this would increase the confidence of donors in the probity and effectiveness of the spending process, thereby augmenting the inflow of aid. The core function of the board would be to approve contracts, receive reports on performance under existing contracts, and ensure that resource allocation conforms with government policy as set out by the relevant ministries.

One of the political advantages of this model is that the pertinent government ministries would have to specify to the independent service authority the criteria by which resources should be allocated between localities and priorities. Since the criteria would need to be specified for the independent service authority, they would naturally also be public. In an integrated monopoly ministry, the government needs to have such criteria in order to make decisions; however, criteria that is only for internal ministry use does not need to be made public. In post-conflict environments, social groups, usually differentiated by locality, are understandably highly suspicious of each other. Each group will suspect that it is not getting its fair share of public spending. By forcing transparency into the political allocation process of public expenditure through the need for explicit instructions, an independent service authority can help build trust. Transparency, both in the actual decisions and in the criteria on which the decisions are based, is probably the best that can be done to defuse potentially dangerous political tensions. An independent service authority limits the power of government to make secret and discretionary reallocations of public spending to favoured groups: it is therefore an appropriate domestic restraint upon the abuse of power, targeted on an issue that is liable to be sensitive in the post-conflict context. In contrast, the attempt to re-establish integrated public monopoly ministries risks reviving precisely the most contested power centres.

Aid policies for post-conflict societies

Aid has the potential to play a critical role in post-conflict economic recovery. Three aspects make the post-conflict situation particularly suitable for aid. First, needs are acute: electorates in aid-providing countries expect their governments to support post-conflict recoveries. Second, the recovery is by its nature a time-limited phenomenon: the normal concerns about aid fatigue are less applicable because of the credible prospects for rapid recovery. However, beyond recovery, growth needs to be sustained over the medium-to-long term. This requires external financing to supplement domestic resources. Finally, many of the costs of violent conflict accrue to the neighbourhood. The costs of conflict reversion are thus not fully internalized by the post-conflict government, and donors therefore have a legitimate role in using aid to increase the pay-off to peace-promoting policies.

There is some evidence that despite the poor policy context, aid is atypically effective in raising growth in post-conflict situations (Collier and Hoeffler, 2004b). This suggests that post-conflict situations should probably receive more aid than would be warranted by a conflict-blind policy-based formula and many donors now make special provisions.

Over and above its effect on poverty reduction, aid could be peace-enhancing — the faster the growth of output, the lower the risk of conflict reversion. Thus, by raising output, aid helps reduce the risk of war recurrence. As indicated above, Adam *et al* (2008) find that aid reduces inflation in the post-conflict context, while Davies (2008a) finds that in post-conflict situations, capital flight is particularly sensitive to inflation. This implies that aid may indirectly enhance capital repatriation by lowering inflation.

However, a number of issues arise in the use of aid for post-conflict reconstruction and development. The first concerns the quality of aid and the delivery mechanism. The debate centers on whether budgetary support should be favoured to project aid. Budgetary support offers more flexibility and leaves the government free to spend the funds as it sees fit. This very advantage of budgetary support constitutes its principal potential weakness: the flexibility it offers to a government can be abused, especially in post-conflict countries with weak institutions.

Project aid has its own problems. It offers less flexibility to the government and often leads to the setting up of a parallel institutional mechanism to administer the aid. In countries like Sierra Leone, project implementation units have been set to administer project aid. This has led to the cherry-picking of human resources from tertiary and government institutions (Davies 2008b).

The favourable effects of aid on the risk of conflict reversion maybe partially offset if aid inadvertently leaks into military spending. Because aid is fungible through various channels, it is therefore likely that some of it augments military spending. Collier and Hoeffler (2007) find that on average around 11 percent of aid finds its way into military spending. This result is not specific to post-conflict societies. However, if this is approximately the leakage in post-conflict situations, because aid inflows are large, it implies that a substantial proportion of the military budget of the typical post-conflict government is financed by aid. If so, this would be particularly worrying because, as discussed above, in post-conflict situations, government military spending seems to increase the risk of conflict. These concerns may constitute a reasonable basis for donors to negotiate limits on the military budget in return for aid.

A further concern about aid is the absorptive capacity of post-conflict governments. While needs are at their peak in the early post-conflict period, the administrative capacity of the government to spend public money well is at its nadir. Hence, there is a case both for prioritizing improved mechanisms for public spending such as independent service authorities, and for phasing exceptional aid inflows more evenly over the decade rather than bunching them all in the first few years. The need for policy reform and the deterioration in the professional civil service suggests that technical assistance is particularly valuable during the post-conflict period.

The allocation of aid is also problematic. Over the past decade, aid allocation has gradually become more closely linked to attained levels of government performance. Since post-conflict governments inherit very poor policy performance, an exception has to be made for them. But the question is how long this exception should last. Potentially, aid to post-conflict governments may have two distinct elements, one that is unconditional and one that reflects attained performance. Over the course of the post-conflict period, the balance between these two elements may change. At the beginning, large aid inflows would be warranted purely on the basis of need and opportunity. However, over time, aid allocation would gradually depend more heavily on attained performance. This would enhance the incentive for governments to adopt reforms. Finally, the classic problems of temporary aid booms — Dutch disease, construction booms, public expenditure commitments that are difficult to reverse, temporary trade liberalizations that are gamed by importers — are all likely to arise. However, these may be fully offset by the core underlying rationale for aid in these contexts: that the economy has an acute but temporary need for additional resources.

Another issue is that aid is never apolitical. Aid strengthens the government and implicitly weakens the opposition, and this may fuel conflict. This constitutes one of the arguments for pushing for clear peace commitment mechanisms — such as signing peace accords that include specific power-sharing arrangements — as part of aid conditionality.

Beyond post-civil conflict

The core of this chapter has considered the post-conflict context; however, there are related contexts of actual and potential violence that warrant further discussion.

Africa has not had many international wars, but it has not completely escaped them. As a result, in parts of Africa, most notably the Horn of Africa and Central Africa, neighbouring governments are highly suspicious of each other. This creates two economic problems: arms races and interruptions to trade routes.

Neighbourhood arms races occur around the world. In effect, an increase in military spending by one country forces neighbouring countries to increase their military spending simply to preserve their initial level of security. Hence, military spending is a neighbourhood public bad. Like other public bads, it needs to be curtailed through coordinated action. A neighbourhood might agree on a target rate of reduction that each government should implement. President Arias of Costa Rica is currently leading an initiative in Central America to de-escalate arms spending in a coordinated fashion. Africa, with its multiplicity of small states, each with several neighbours, is the other region of the world in which such an initiative would be highly appropriate. To be credible, any commitments to reduced military spending must be supervised by an agreed but independent verification process. . In Africa, the African Development Bank is well-suited to such a role. The problem of high neighbourhood military spending is particularly acute if neighbours have actually had a war. Once a country has been involved in an international war, its level of military spending remains high for decades. In effect, governments appear to be taking the view 'once bitten, twice shy'. Since the typical international war is brief, an unfortunate implication is that most of the costs of such wars occur after they are over, due to the elevated level of military spending. Hence, negotiated mutual reductions in military spending following international wars or periods of heightened tension within a neighbourhood can be valuable.

The other disturbing consequence of international conflict is the closure of trade routes. The clearest such case at present is the diversion of Ethiopian trade away from the least cost route to the coast, which would be through Eritrea. Given the large number of landlocked countries in Africa, it would be valuable if the region's political institutions could negotiate agreements, supported by credible penalties, enabling guaranteed access to the coast for landlocked countries.

Finally, some types of internal political violence are below the scale of civil war but nonetheless have important economic consequences. One example is the recent political disturbance in Kenya. One of the side-effects was the prolonged closure of Uganda's trade route to the coast. It is a further example of the damage that might at least have been curtailed had the Kenyan government pre-committed itself to an agreement whose breach would have triggered substantial compensation to Uganda. While the need to provide compensation would not have deflected the course of the political disturbances, it would probably have induced the government of Kenya to place more priority on keeping the transport route open, clearly something within its military power. A second example is the violence in the Delta region of Nigeria. Oyefusi (2008) surveyed more than a thousand young men in the Delta region to determine why many of them had joined violent gangs. Oyefusi found that there was no relationship between the social facilities of a district and the propensity of young men to join violent gangs. Rather, the main driver was the presence of oil wells. The evidence was consistent with the violence having transmuted from its origins in political protest into extortion rackets against oil companies. As with other forms of violent crime, the best policy response may be some combination of employment opportunities targeted at young uneducated males, and intensive policing.

Conclusion

Rapid post-conflict economic recovery is both valuable and feasible. However, recovery often depends on three distinct actors: The post-conflict government, whose task is to reform economic policies that are likely initially to be dysfunctional. Donors, whose role is to provide both exceptionally large financial inflows, despite initially poor policies, and technical assistance to help governments implement reform. Finally, in appropriate cases, the Security Council and the African Union, provide peacekeepers. Each of these roles requires about a decade — rather than just the first few years — of peace: there is usually no quick solution to conflict, and full economic recovery may take more than a decade.

The roles of these three actors are interdependent. Without rapid economic reform, aid is less effective and unlikely to be sustained throughout the decade. Without the combination of reform and aid, risks of conflict reversion may not fall sufficiently to provide a credible exit strategy for peacekeeping where it is undertaken. Without peacekeeping, the risks of conflict reversion may be so high that they will discourage the return of the diaspora and deter private investment.

The need for a long-term perspective on recovery and the interdependence of decisions pose a challenge: In the early years of a typical post-conflict situation, actors are often in fire-fighting mode, and coordination is weak. There is thus a case for a 'template', or 'compact' that, while not legally binding, would set out the expected roles of each actor over the course of the decade. Governments would commit to economic reform, donors would commit to large inflows of finance and technical assistance sustained over the decade, and peacekeepers would commit to the provision of long-term security — perhaps as the UK did for Sierra Leone — evolving into an 'over-the-horizon' commitment after the first few years. The purpose of such a compact would be to recognize the interdependence between actors and the long-term nature of the recovery process.

What are the implications for the African Development Bank? The Bank has four different roles, each of which needs to be distinctive in the post-conflict setting: advice, capacity building, finance and advocacy. This has motivated the Bank to design new instruments for intervention in fragile states, most of which are post-conflict countries. These initiatives are discussed in the next chapter.

CHAPTER 5

Bank Group support to conflict-affected countries

This chapter reviews the support provided by the African Development Bank to conflict-affected countries. Such support is transmitted through facilities designed for countries designated as fragile states. Twenty regional member states, home to 226.8 million people, nearly a quarter of Africa's population, belong to this category. While circumstances vary widely from country to country, fragile states tend to be characterized by exceptionally weak institutional capacity, poor governance, political instability, and, frequently, ongoing or past violent conflict (see Box 5.1 for a discussion of definitions). Fragile states are also the least likely to achieve the Millennium Development Goals (MDGs). Indeed, they contribute significantly to the MDG deficit, accounting in 2005 for nearly 30 percent of all child deaths and for 29 percent of 12 year olds who had not completed primary school (World Bank 2007).

The Fragile States Group includes countries facing serious deterioration in governance, countries in active conflict or crisis or in transition, and gradual improvers. Major differences exist in political and public security environments, institutional capacity and performance, government accountability, and commitment to progress along a credible reform path. These differences have major implications for the scope and nature of engagement by development partners. Experience to date shows that a uniform approach to widely differing circumstances has often failed to produce the desired results, calling for forms of selective engagement.

Fragile states have huge unmet socio-economic needs, which include consolidating peace, improving security country-wide, building institutional capacity, supporting reforms, rehabilitating and reconstructing basic infrastructure, and reintegrating ex-combatants and vulnerable war victims. War-ravaged economies also need to be revived and the provision of essential public services restored. Over the long-term, the needs and development challenges of countries that have successfully transitioned through the post-conflict phase are similar to those of other low-income countries — addressing poverty, building state capacity and accountability, promoting sustainable socio-economic development, and supporting the creation of gainful and productive employment and income-earning opportunities for the citizenry, particularly the youth.

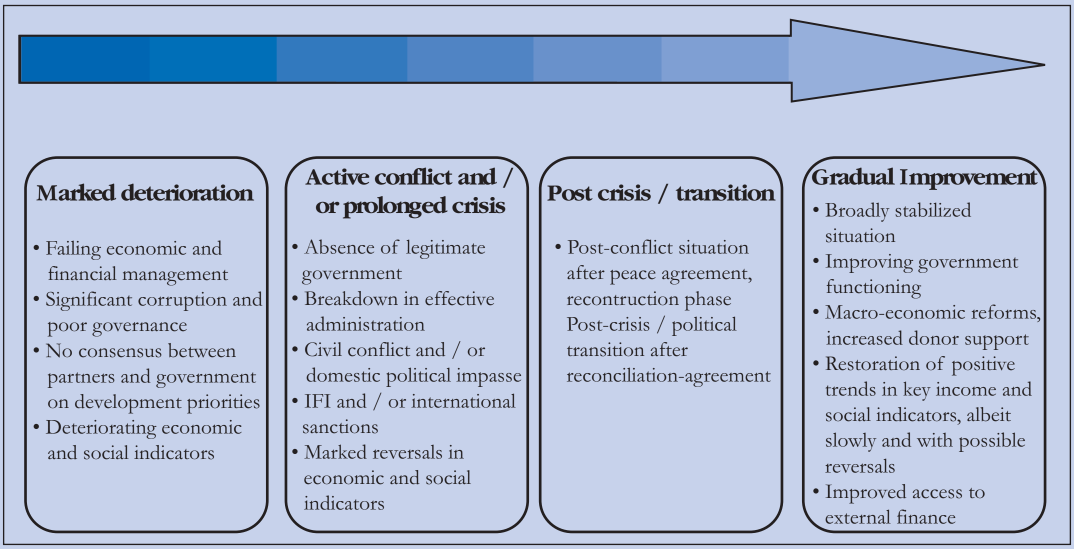
Figure 5.1 illustrates a simplified continuum along which circumstances of fragility usually fall — ranging from marked deterioration in performance, to active conflict, to post-crisis and transition, and finally to gradual improvement. Movement along this continuum is, in reality, neither automatic nor unidirectional, as countries may stagnate or move back and forth between various fragile situations.

Box 5.1: Difficulties in defining fragile states

State fragility is difficult to define partly because the term itself is fluid and partly because it represents a continuum, with the possibility of a state moving in and out, depending on its ability to respond to internal and external shocks. This notwithstanding, development partners have tried to categorize fragile countries using different performance indicators. Some characterize fragile states as countries with poor policies, weak institutions and weak governance structures. Others use poor socio-economic performance indicators as evidence of potential inability to achieve the Millennium Development Goals (MDGs) as a criterion for determining state fragility. Still, others use the concept of state inability to provide basic services, including security, as an indicator of state fragility. Whatever they are called (low- income countries under stress, poor performers, and so forth), the main attribute of a fragile state is its inability to deliver basic services either because of weak capacity, weak institutions and poor policies, political instability, or a combination of all these factors.

The Bank Group uses the Multilateral Working Group's definition to assess state fragility. Under this definition, a country qualifies as fragile if it satisfies any of the following conditions: it has a composite AfDB and World Bank Country Policy and Institutional Assessment (CPIA) score of 3.2 or less; (ii) it has low income and does not have a CPIA score (iii) UN or regional peacebuilding, peacekeeping or mediation operations have taken place in the country in the last three years, with the exclusion of border monitoring operations.

Figure 5.1: The fragile state continuum



Bank support to fragile and conflict-affected countries

The Bank's program of assistance to fragile countries is based on its mandate of supporting socio-economic development and fighting poverty in its Regional Member Countries (RMCs). A peaceful and stable environment is a necessary precondition for the effective implementation of the Bank's mandate — war and conflicts are inimical to the long-term goals of social and economic development. By virtue of this mandate, the Bank has the role and responsibility of effectively collaborating with partner countries and effectively coordinating the efforts of the donor community, non-regional, and regional organizations in addressing the socio-economic development challenges and issues in fragile countries.

Prior to 2000, the Bank provided a standardized lending program for all RMCs, including fragile and conflict-affected countries. The program was delivered using standard operational aid-delivery instruments, policies and procedures, and was broadly aimed at supporting macroeconomic reforms, improving service delivery, building institutional capacity, strengthening income-earning opportunities in key productive sectors, and providing arrears and debt relief to eligible countries.

In recognition of the difficulties faced by post-conflict countries, in 2001, the Bank prepared its Post-Conflict Assistance Policy Guidelines, which specifically focused on addressing the special needs of these countries. The support articulated in the guidelines has several broad components, including reviving war-ravaged economies; re-establishing good governance frameworks; rehabilitating and reconstructing basic social services; and re-establishing an enabling policy environment for supporting private sector activities.

Point of entry

The Bank's point of entry into a country's post-conflict reconstruction and development effort begins after the cessation of hostilities and the establishment of a transitional government authority supported by stakeholders within the country and the international community. The Bank's assistance program is delivered in close partnership with other donors and begins with the preparation of a comprehensive needs assessment for the country, in partnership with other donors and with the full participation of the country. Included in the needs assessment is a results measurement framework, which lays out a selective group of priority actions and outcomes and their financial implications, and offers a tool that national and international stakeholders use to align efforts to maximize the opportunities for a successful transition and minimize risks of reversal into conflict. The post-conflict needs assessment is accompanied by a transitional result matrix, a results monitoring framework.

Support after consolidation of peace

The support provided after the consolidation of the peace process depends on whether the country emerging from conflict (a) has arrears with the Bank and with other international financial institutions or (b) has met the required financial obligations to the Bank and established an appropriate environment for effective delivery of development assistance. Tables 5.1 and 5.2 provide statistics on Bank support to countries in the fragile state category.

Countries with arrears

Many post-conflict countries are heavily indebted and emerge from conflict with huge arrears to their external creditors, including to the Bank and other international financial institutions. In the past, support to countries with arrears has generally been modest because the Banks policy on recovery of loan arrears precludes countries from receiving further assistance, except support for capacity building operations financed by 20 percent of a country's PBA-determined grant allocation. This amount was increased to 50 percent of a country's PBA-determined allocation in 2008.

Addressing the twin challenge of arrears clearance and debt relief

Arrears clearance has therefore been one of the priority support programs implemented early in the post-conflict phase to allow post-conflict countries to re-establish normal relationships with their creditors. A related priority is addressing the external and domestic debt burdens of post-conflict countries. To address the challenge of accumulated arrears and debt relief, the Bank established in 2004 the Post-Conflict Countries Facility (PCCF), which helps eligible countries clear their arrears. The Bank's support for arrears clearance is closely coordinated with that of the World Bank and the IMF, and constitutes the first step in accessing debt relief under the Highly Indebted Poor Countries (HIPC) initiative. Thus far, assistance has been provided through the PCCF to Burundi and the Republic of Congo in 2004, Central Africa Republic in 2006, and Liberia and Comoros in 2007.

Support for arrears clearance has proven extremely useful in the normalization of relationships with the Bank and with other donors. Arrears clearance has paved the way for the quick resumption of operational activities and for the countries concerned to become eligible for debt relief under HIPC and, more recently, from the Multilateral Debt Relief Initiative (MDRI). Burundi, the first beneficiary of the PCCF, for instance, received support for arrears clearance from the Bank, the World Bank, and the IMF in 2004. This allowed the country to gain access to its HIPC program in September 2005, worth US$826 million in December 2004 net present value (NPV) terms. HIPC debt relief funds for Burundi continue to support the resettlement of internally displaced persons, infrastructure development, and improvement of access to quality health and education services. Other post-conflict countries that have already benefited from HIPC debt relief from the Bank and other partners, following arrears clearance, include the Democratic Republic of Congo and the Republic of the Congo. HIPC debt relief for Liberia and Comoros is programmed for 2008.

Bank support for arrears-free countries

Support for countries without arrears is outlined in the Bank's Post-Conflict Assistance Policy Guidelines (2001). Over the short term, the Bank's assistance aims to support institutional reforms and capacity building, resettling of displaced populations, reintegration of vulnerable war victims, and revival of the economy. Such support is instrumental for a quick transition from war to peace and consolidation of the peace process. The Bank provides this support in partnership with other donors.

Over the medium to long term, the Bank focuses on the rehabilitation and reconstruction of physical, social, and economic infrastructures. The objective of the Bank and other partners in this phase is to rebuild and modernize these infrastructures to beyond pre-war standards. This includes supporting poverty alleviation programs in health and education, and rehabilitating the productive sectors of the economy, in particular, agriculture. Accordingly, the Bank participates in multi-sector programs to address a diverse and broad range of issues on rehabilitation and reconstruction needs across all sectors of the economy. In partnership with the Bretton Woods institutions and other bilateral partners, the Bank also supports the implementation of macroeconomic and structural reforms and provides institutional capacity and state building support, focused on improving governance, fighting corruption, and strengthening infrastructure, including restoration of energy and power supply (see Box 5.2).

Box 5.2: Sierra Leone: Bumbuna Hydroelectric Power Project

The objective of the Bumbuna Hydroelectric Project (BHP) is to increase the supply of reliable, cost-effective, and environmentally sustainable electricity for industrial, commercial, and domestic use in Sierra Leone. The BHP consists of a 50 MW hydroelectric power station and a 200 km transmission line to transfer power from the power station to Freetown. The Bank approved a loan and grant to finance the BHP on 18 December 1990. However, owing to instability in the country, works under the project were delayed, leading to cost overruns. Consequently, in 1995 and 2004 the Bank and other donors had to provide supplementary financing to sustain implementation of the project. In 2007, major project works were suspended owing to exhaustion of funds, following the inability of a donor to disburse resources. To resolve the impasse, the Bank intends to provide a supplementary loan and has already mobilized additional resources from the Government of Italy and the UK Department for International Development. When completed in the first half of 2009, the BHP will supply power at a unit cost of 15 US cents, replacing thermally generated power with unit costs of around 40 US cents. Furthermore, the BHP will provide electricity to 8000 consumers in three other towns.

The Bank also supports structural and macroeconomic reforms aimed at re-establishing enabling environments for sustained economic growth and poverty reduction, and for reviving private sector activities, particularly small-scale, income-earning opportunities through the provision of micro-finance.

Programming and financing instruments

The Bank's specific program of assistance to a country is based on the analysis and recommendations made in the country's interim or full Country Strategy Paper (CSP). The Bank's CSPs draw heavily on national programming documents such as interim or full Poverty Reduction Strategy Papers (PRSPs), and, where PRSPs do not exist, National Development Plans or Agendas (NDA), or Post-Conflict Needs Assessments (PCNA) for countries emerging from conflict.

The financing instruments used are project and program investment loans or grants, delivered through standard policy-based lending (PBL), Development Budget Support Lending (DBSL), Sector-Wide Approaches (SWAP), or other investment (projects) loans or grants. Depending on the nature of the financing instrument and the country's fiduciary risk, the Bank delivers its support through the country's budgetary system, the UN systems — particularly for emergency support operations — or project implementation units (PIUs) whicht are usually established in various sector ministries.

Resource allocation

Resources under the Bank's program of assistance are allocated according to the Performance-Based Resource Allocation (PBA) system. A Post-Conflict Enhancement Factor (PCEF), introduced in 2002, allowed eligible fragile states, mainly post-crisis countries, to benefit from additional resources over and above their PBA-determined allocation for up to six years after being designated "post-conflict". This support was terminated in end-2007. As stated, supplemental funding is now available under the newly-established Fragile States Facility (FSF).

Bank portfolio to 2007

Global portfolio

Tables 5.1 and 5.2 show that Bank approvals in support of economic recovery have increased steadily from US$154 million in 2001 to US$392 million in 2007. In 2007, the cumulative portfolio for the twenty countries stood at US$1.5 billion or about 9.3 percent of the Bank Group public sector portfolio of US$ 16.2 billion. The steady growth in the portfolio of the twenty countries is explained by the continued consolidation of the peace process and the commitment by the Bank Group to enhance its assistance to fragile and conflict-affected countries. A key characteristic of the global portfolio in the twenty countries is that it is composed of relatively small-sized operations. The large number of small-sized operations is attributed to (a) the fact that operations target strengthening capacity and undertaking reforms which require small amounts of resources; (b) the small ADF resource allocations to most countries; and (c) competition for limited resources by different sectors without proper selectivity due to limited capacity implementation.

Distribution by Sector

The social sector and agriculture account for more than 50 percent of the total portfolio. The large share of these two sectors is explained by the need to rehabilitate and

Table 5.1: Fragile states operations (US dollars)

Country	2001	2002	2003	2004	2005	2006	2007	Total
Burundi				31,651,200.00	18,840,000.00	25,591,000.00	11,492,400.00	87,574,600.00
CAR					—	5,181,000.00	10,205,000.00	15,386,000.00
Comoros					—	—	—	—
DRC		47,461,100.00	74,575,000.00	86,711,100.00	137,296,500.00	2,904,500.00	286,981,226.30	635,929,426.30
Cote d'Ivoire		7,237,392.28	—	—	—	531,708.76	31,400,000.00	39,169,101.04
Guinea Bissau	18,588,800.00	—	11,241,200.00	—	2,119,500.00	9,106,000.00	—	41,055,500.00
Liberia	—	—	—	—	—	4,710,000.00	23,926,800.00	28,636,800.00
Sierra Leone	15,700,000.00	25,120,000.00	20,811,920.00	5,714,800.00	45,530,000.00	3,124,300.00	—	116,001,020.00
Togo		—	9,748,222.63	—	—	3,999,408.58	—	13,747,631.21
Sub-Total	34,288,800.00	79,818,492.28	116,376,342.63	124,077,100.00	203,786,000.00	55,147,917.34	364,005,426.30	977,500,078.55
	—	—	—		—	—	—	—
Angola	15,119,100.00	21,195,000.00	7,269,571.00	—	27,536,867.42	—	—	71,120,538.42
Chad	34,117,670.00	24,444,900.00	3,642,400.00	3,768,000.00	58,342,416.75	20,955,408.58	—	145,270,795.33
Congo Republic	—	—	785,000.00	—	—	27,239,500.00	—	28,024,500.00
Djibouti	5,102,500.00	6,280,000.00	9,748,222.63	7,850,000.00	—	519,575.80	10,205,000.00	39,705,298.43
Eritrea	31,243,000.00	—	—	29,249,100.00	—	—	—	60,492,100.00
The Gambia	—	16,875,930.00	—	7,771,500.00	8,635,000.00	12,560,000.00	2,198,000.00	48,040,430.00
Guinea	34,147,500.00	38,386,908.20	—	—	35,701,800.00	5,495,000.00	—	113,731,208.20
Sao Tome & Principe	—					—	—	—
Somalia	—					—	—	—
Sudan	—	—	—	—	—	544,574.91	15,103,400.00	15,647,974.91
Zimbabwe	—	—	—	—	551,605.37	—	—	551,605.37
Sub total	**119,729,770.00**	**107,182,738.20**	**21,445,193.63**	**48,638,600.00**	**130,767,689.54**	**67,314,059.29**	**27,506,400.00**	**522,584,450.66**
	—					—	—	
Grand Total	**154,018,570.00**	**187,001,230.48**	**137,821,536.26**	**172,715,700.00**	**334,553,689.54**	**122,461,976.63**	**391,511,826.30**	**1,500,084,529.21**

Table 5.2: Approvals by sector (US dollars): 2001–2007

Country	Agriculture	Social Sector	Transport	Public Utilities	Industry	Multi-Sector	Total
Burundi	14,130,000.00	15,401,700.00	—	30,332,400.00	—	27,710,500.00	87,574,600.00
CAR	—						
Comoros	—						
DRC	97,104,500.00	71,011,100.00	82,346,500.00	165,949,000.00	97,482,226.30	122,036,100.00	635,929,426.30
Cote d'Ivoire	1,812,866.44	31,400,000.00	—	—	—	5,956,234.60	39,169,101.04
Guinea Bissau	18,510,300.00	20,425,700.00	—	—	—	2,119,500.00	41,055,500.00
Liberia	—	23,926,800.00	—	—	—	4,710,000.00	28,636,800.00
Sierra Leone	34,540,000.00	70,650,000.00	5,096,220.00	1,334,500.00	—	4,380,300.00	116,001,020.00
Togo	545,408.58	—	—	—	9,748,222.63	3,454,000.00	13,747,631.21
Sub-Total	**166,643,075.02**	**232,815,300.00**	**87,442,720.00**	**197,615,900.00**	**107,230,448.93**	**185,752,634.60**	**977,500,078.55**
	—						
Angola	39,328,971.00	31,791,567.42	—	—	—	—	71,120,538.42
Chad	64,664,208.58	23,755,670.00	—	20,410,000.00	—	36,440,916.75	145,270,795.33
Congo Republic	—						
Djibouti	2,874,575.80	15,260,400.00	9,748,222.63	10,205,000.00	—	1,617,100.00	39,705,298.43
Eritrea	31,243,000.00	29,249,100.00	—	—	—	—	60,492,100.00
The Gambia	16,406,500.00	28,260,000.00	—	1,175,930.00	—	2,198,000.00	48,040,430.00
Guinea	37,036,300.00	56,127,500.00	12,952,500.00	3,689,908.20	—	3,925,000.00	113,731,208.20
Sao Tome & Principe	—						
Somalia	—						
Sudan	544,574.91	—	—	—	—	15,103,400.00	15,647,974.91
Zimbabwe	551,605.37	—	—	—	—	—	551,605.37
Sub total	**192,649,735.66**	**207,680,237.42**	**22,700,722.63**	**35,480,838.20**	**—**	**64,072,916.75**	**522,584,450.66**
	—						
Grand Total	**359,292,810.68**	**440,495,537.42**	**110,143,442.63**	**233,096,738.20**	**107,230,448.93**	**249,825,551.35**	**1,500,084,529.21**

reconstruct basic social services, such as health and education facilities, and the priority needs to resettle displaced populations. Multi-sector operations, mainly for capacity building and public utilities, account for 16.7 percent and 15.5 percent, respectively, of the total portfolio. Support for rehabilitation and reconstruction of the transport sector is modest, representing only 7.3 percent of the 2007 portfolio.

The Bank's support program after 2008

Transition to the new Bank strategy

The Bank reviewed its support program for fragile and conflict-affected countries in 2007. The review was driven by the need to refocus and deepen the program by taking into account emerging operational practices and procedures, to increase efficiency. The move to improve the Bank Group's engagement was necessary and timely given the marked progress made in recent years in resolving many long-running and debilitating conflicts in Africa and in ending prolonged political crises.

The review of the Bank's program also coincided with the significant increase in international interest in developing more robust approaches to supporting fragile states, given their slow progress, and, in some cases, reversal, in achieving internationally agreed development objectives, including the Millennium Development Goals (MDGs). The key findings of the review were as follows: (i) Bank Group support in the early phases of post-conflict reconstruction and development is small relative to needs and legitimate demands; (ii) the application of the Bank Group's current programming and financing instruments is limited in addressing the diverse development challenges and issues; (iii) standard operational systems and methods can result in substantial delays in delivering assistance; and (iv) field presence is vital in ensuring effective delivery of development assistance.

The findings of the review, as well as the experiences gained by partner institutions, and the operational implications of the OECD-DAC "Principles of Good International Engagement in Fragile States and Situations" (2006) (Box 5.3) informed the preparation of the African Development Bank's "Strategy for Enhanced Engagement in Fragile States" (February 2008). The strategy differentiates between the Bank's support to post-crisis/transitional countries andits support to other categories of fragile states or its standard development assistance to all its Regional Member Countries (RMCs). This differentiation is necessary given the unique development circumstances in different groups of fragile states.

The broad objective of the Bank's strategy in fragile states is to strengthen its operational response and enhance its resource mobilization in order to better address development challenges and needs in a diverse range of fragile states. Accordingly, its guiding principles are to (a) enable the Bank to remain engaged in all fragile states; (b) enhance Bank support to fragile states, most of which are going through difficult recovery phases; and (c) make resources available for a multi-year period to eligible fragile states with a high degree of certainty.

Box 5.3: Summary of the principles for good international engagement in fragile states

1. Take context as the starting point: sound political analysis is needed, above and beyond quantitative indicators of governance, institutional strength, or conflict.
2. Move from reaction to prevention, sharing and responding to risk analysis, addressing the root causes of state fragility and strengthening the capacity of regional organizations.
3. Focus on state-building as the long-term vision, strengthening the capacity of state structures to perform core functions; their legitimacy and accountability; and ability to provide an enabling environment for strong economic performance.
4. Align with local priorities where governments demonstrate political will to foster their countries' development; where donor/government consensus is lacking, seek wider consultations and partial or shadow alignment.
5. Recognize the political-security-development nexus, moving to support national reformers in developing unified planning frameworks for political, security, humanitarian, economic and development activities at the country level.
6. Promote coherence among donor agencies responsible for security, for political and economic affairs, as well as for development aid and humanitarian assistance.
7. Agree on practical coordination mechanisms between international actors, including upstream analysis; joint assessments; shared strategies; coordination of political engagement; joint offices, multi-donor trust funds; and common reporting frameworks.
8. Do no harm, avoiding activities that undermine national institution-building, such as by-passing budget processes or setting high salaries for local staff.
9. Mix and sequence instruments, including use of both state recurrent financing and non-government delivery to fit different contexts.
10. Act fast and with flexibility at short notice when opportunities occur.
11. . . .but stay engaged long enough to give success a chance: capacity development in core institutions will take at least 10 years.
12. Avoid pockets of exclusion, addressing "aid orphans" and coordinating to prevent excessive donor-driven aid volatility.

Operational focus

The strategy scales up Bank support by topping up its PBA-determined operational allocation with additional allocations from the FSF (for eligible countries). The resources are expected to be invested in the rehabilitation or reconstruction of basic infrastructure. They should also strengthen governance by building capacity and accountability in national institutions, support regional operations, with a view to minimizing spill-over effects, and address cross-cutting issues, particularly gender and the environment. The Bank will also support targeted secondment of seasoned professionals to strengthen human capacity by filling human resource gaps in carefully selected domains in the public sector. This support will vary across fragile states, although priority will be given to macroeconomic management, the preparation and implementation of fiscal budgets, revenue

Box 5.4: The Fragile States Facility

The performance-based allocation (PBA) system is the Bank's instrument for allocating resources to low-income countries. A country's allocation increases with its Country Performance Assessment (CPA), which is a weighted average of the Country Policy and Institutional Assessment (CPIA), the Country Portfolio Performance Rating (CPPR) and the governance rating. The country's allocation increases with a country's population but decreases with its per capita income. The system has the major drawback of placing higher premiums on performance than on needs. The CPIA is biased against poor-performing fragile states with chronically weak policies, institutions and governance. The CPPR also penalizes fragile states because of weak public sector capacity to implement projects.

These drawbacks have led to the setting up of the Fragile State Facility (FSF), as an operationally autonomous special-purpose entity. The Objective of the FSF is to provide a broader and integrated framework through which the Bank can more effectively assist eligible fragile states, especially those emerging from conflict or crisis, to consolidate peace, stabilize their economies and lay the foundation for sustainable poverty-reduction and long-term economic growth.

The FSF has three grant support windows for financing the recovery process of eligible fragile and conflict-affected countries:

a) **The Supplemental Support Window** to enhance support, over-and above the PBA-determined country allocation to eligible post-crisis/transitional fragile states. This support will replace the Post-Conflict Enhancement Factor (PCEF) support provided over the past by the Bank. This window is open to post-conflict transitional countries that meet a two-stage criteria aimed at assessing progress made in (a) consolidating peace (b) implementation of sound programs aimed at improving macroeconomic stability, and improving transparency and accountability of debt and financial management practices;

b) **The Arrears Clearance Window** will be a once-off support for the clearance of arrears of eligible countries and will have the same objectives as the PCCF. However, the practicalities of arrears clearance differ from those of the PCCF in two ways. First, a beneficiary's contribution to its arrears clearance program will be determined through a quantitative and qualitative assessment of the country's ability to pay, while a two-tier burden sharing arrangement (beneficiary country and the FSF) will apply, unlike the PCCF that had a three-way burden sharing arrangement. Countries accessing this window should meet these two stage criteria and also be eligible for HIPC debt relief.

c) **The Targeted Support Window** that will provide supplemental funding for technical assistance and knowledge management that cannot otherwise be provided through the Bank Group's existing instruments and programs to fragile states. The support includes the financing of i) a secondment program of capacity building to needy countries; ii) service delivery through non-sovereign entities, including the contracting of private sector firms to undertake critical public sector functions, such as public accounting, auditing and procurement or the use of UN agencies and NGOs in the implementation of Bank Group operations in countries with exceptionally weak capacity. This window is open to the full range of fragile states as assessed using the MDB Working Group definition.

mobilization departments, the judiciary, anti-corruption commissions, central banking, or economic and policy formulation departments/ministries. Unlike in the past, the strategy allows the Bank to participate in Multi-Donor Trust Funds in support of common operations in fragile states. The MDTFs have emerged as key instruments in providing assistance to fragile states where speed, flexibility, and closer donor coordination are essential for the delivery of effective development assistance. The Bank will also enhance economic and sector work and build knowledge on various dimensions of fragility and post-conflict reconstruction and development. The key recommendations of the strategy include the creation of an operationally autonomous special purpose financing vehicle within the Bank, the Fragile States Facility (FSF) (Box 5.4).

The Bank considers the three-window Fragile State Facility as a superior and well-integrated financing vehicle that will allow the Bank to achieve its development objectives in fragile and conflict-affected countries. The key benefits of the FSF, over and above the disjointed support that the Bank was providing to fragile states, includes greater ease of administration, more effective oversight and coordination, and more seamless sourcing of services and support.

As spill-over effects from fragile states are substantial in Africa, the Bank takes a regional approach in providing support for post-conflict and transition countries. There is no better environment for addressing spill-over effects and investing in cross border- infrastructure than in the context of regional integration. For example, regional or sub-regional programmes can create valuable synergies and bring neighboring states together to address concrete development issues, despite a history of conflict (see Box 5.5). A common forum, such as a regional or sub-regional grouping, would be a good platform for such an exercise. The

Box 5.5: Mano River Union and Côte d'Ivoire Sub-Regional HIV/AIDS Project for refugees, internally displaced populations and host communities

The sub-regional Mano River Union and Côte d'Ivoire HIV/AIDS project is the outcome of dialogue between the African Development Bank, UNAIDS, beneficiary countries, and development partners to control the spread of HIV/AIDS among refugees, internally displaced populations and their host communities in the Mano River Union Basin Countries and Cote d'Ivoire to meet Objective 6 of the Millennium Development Goals (MDGs), which seeks to stop and begin to reverse the spread of HIV/AIDS among refugees, internally displaced populations, and their host communities and to provide psychosocial support to those living with HIV/AIDS. The four beneficiary countries are Sierra Leone, Liberia, Guinea and Côte d'Ivoire.

After two-and-a-half years of implementation, project activities have been impressive, despite the many challenges of a post-conflict environment. Five voluntary counseling and testing centers have been fully renovated, equipped, and made functional. More than 3,200 individuals, 1,200 pregnant women, have received voluntary counseling and testing services. The project also ensures that the identified 418 people living with HIV/AIDS are supported with income-generating activities and the 238 orphans and vulnerable children reintegrated into schools and livelihood activities. It has further strengthened collaboration between implementing partners, government health agencies, local NGOs, communities and people living with HIV/AIDs and has also strengthened the UN country team for coordinated multi-sector responses to HIV/AIDS.

Bank will therefore work closely with other partners, including regional organizations, in supporting regional operations.

Improving delivery

The strategy recommends the adoption of a series of rapid-response procedures to speed up the Bank's response in fragile states. The adopted procedures take into account the very weak institutional capacity for operational activities in fragile states, while concomitantly safeguarding the fiduciary standards of the Bank.

The effectiveness of the rapid response procedures will be complemented by the on-going organizational changes and institutional reforms in the Bank, which are aimed at enhancing Bank delivery in fragile states. These include:

- Creating a dedicated Fragile States Unit with the Bank Group's Operations Complex to assist with Bank-wide coordination of Bank work in fragile states;
- Increasing and strengthening the Bank's field presence in fragile states. Until recently, the Bank had no field presence in any fragile states. Under the Bank's decentralization strategy, field offices were opened in Chad, the Democratic Republic of the Congo, Sierra Leone, and Sudan;
- Streamlining business processes, particularly project development and review processes, to reduce internal processing delays and improve focus, quality at entry, and performance monitorability;
- Introducing more flexile waivers on a case-by-case basis, allowing for up to 100 percent Bank financing of operations in fragile states;
- Strengthening the focus on results and allowing for more flexible treatment of different country contexts and circumstances in country programming documents; and
- Restructuring the Bank's Procurement and Financial Management Unit and revising internal procedures to substantially improve oversight and quality control, and to streamline the procurement process and minimize delays.

These and other Bank-wide steps already underway are expected to improve substantially the Bank's capacity to deliver and effectively monitor an intensified operational program in fragile states.

Enhanced coordination

The Common Principles and Themes of International Engagement in Fragile States have stressed donor coordination, partnership and policy coherence and harmonization as vital to the achievement of high-quality results in fragile states. The Bank will therefore implement its strategy in close collaboration and coordination with other regional and non-regional partners, including the BWIs, the United Nations Agencies (including the UN Peace Building Commission), the African Union, the *Economic Commission for Africa* the New Partnership for Africa's Development (NEPAD), the bilateral agencies of the OECD-Fragile States Group, and Conflict Prevention and Development Cooperation and other relevant regional and sub-regional organizations. The overriding objective of this enhanced collaboration is to ensure that the Bank Group's support at country level is well coordinated and tightly integrated with that of other partners.

The Bank continues to make substantial progress in enhancing donor coordination at the international level. For instance, the Bank is a member of the Multilateral Development Banks' Working Group on Fragile States. Other members include the World Bank, the Asian Development Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, and the International Monetary Fund. The WG serves as a forum for identifying common operating principles for engagement in fragile states, enhancing partnerships, and coordinating the division of labour within multilateral development banks and among other partners.

The Bank is also a member the Fragile States Group within the OECD-DAC. This group includes the World Bank, the IMF, the Asian Development Bank, and the UNDP. Its broad objective is to advance the development agenda of fragile and conflict-affected countries and continue to be instrumental in reinforcing the implementation of the principles of good international engagement. Furthermore, the Bank will co-chair the Round Table 7 (RT-7) of the Accra Third High Level Forum on Aid Effectiveness (HLF-3) in September 2008. The objective of RT-7 is to provide for the in-depth consultation process and support decision making and policy endorsement by ministers on issues central to fragile and conflict-affected countries.

Link with the Governance Strategy

The Bank's strategy for fragile states will be complemented by its medium-term *Governance Strategic Directions and Action Plan* for 2008–2012. The strategy builds on the *Bank Policy on Good Governance* (2000) and the lessons captured in the *Bank Review of Governance Activities* (2006). It takes into account recent developments in aid policies and practices and guidance by the Bank's member countries on the future directions of the Bank's work in governance, most notably through the Eleventh Replenishment of the African Development Fund (ADF-XI). It also reflects the recommendations of the Independent High Level Panel report, "*Investing in Africa's Future: The ADB in the 21st Century*. Finally, it is informed by the strategies of other donors and global debates on development results, aid effectiveness and donor harmonization. The Bank's central objective in the area of governance is to help African countries build capable and responsive states by strengthening transparency and accountability in the management of public resources. By enhancing its emphasis on and support for good governance, the Bank will help alleviate one of the critical development challenges in fragile and conflict-affected countries, namely, weak institutional environment as a legacy of conflict.

The Bank's *Strategy for Enhanced Engagement in Fragile States* is in line with its medium-term *Governance Strategic Directions and Action Plan for 2008–2012,* approved by the Boards of Directors in May 2008. One of the two thematic pillars of the strategy for enhanced engagement is good economic and financial governance. Where macro-economic imbalances have been successfully tackled, the Bank's enhanced engagement will focus on building institutions and strengthening capacity in financial governance. Good financial governance is particularly important for resource-rich fragile states where often the conflict that led to fragility was largely attributable to the mismanagement of revenues derived from natural resources. Consequently, in resource-rich fragile states, special attention shall be paid to the efficient management of natural resources, particularly in the extractive industries. Accordingly, the Bank shall continue to encourage concerned fragile states to adhere to the Extractive Industries Transparency Initiative (EITI) and its companion program EITI++[1] through advocacy and by providing pertinent advisory services and resources to facilitate the process. The prudent management of extractive industries is particularly timely given the prolonged commodity boom and provides a unique opportunity for resource-rich fragile states to tackle poverty. By enhancing its support for good governance in both resource-rich and other fragile and conflict-affected countries, the Bank is emphasizing its commitment to alleviating the development challenges of all its regional member countries.

[1] EITI is an attempt to increase transparency and accountability in the management of natural resources. It requires extractive companies to publish information about payments they make to the government. The government, for its part, is required to publish information about revenues it receives from the exploitation of natural resources.

Conclusion: moving forward

Despite the increased support from the Bank and other international partners, there are still numerous gaps requiring urgent assistance and scaling up of financial resources in fragile and conflict-affected regional member countries. The gaps vary across countries and are usually clearly brought out through relevant national planning documents, such as Joint Needs Assessment Reports, Transitional Support Frameworks for post-conflict countries, or Interim or full Poverty Reduction Strategy Papers for other categories of countries. Funding gaps are evident in the following areas: (i) absence of funds for recurrent costs and capacity to run key government ministries in the earliest phases in post-conflict countries; (ii) lack of assistance to build or rebuild state institutions; (iii) absence of harmonization of support to stabilize the macroeconomic environment, improve governance, and fight corruption; (iv) inappropriate assistance in restoring and building the delivery of basic public services; (v) late and slow procedures related to the security system through DDR-programs and security sector reform; and (vi) late and slow procedures in reconstruction of supportive infrastructure (roads, water and sanitation, and energy). Rather than duplicate the efforts of others, the Proposal for Enhancing Bank Group Assistance Strategy to Fragile States in Africa needs to focus on addressing the gaps that fall within the Bank's mandate and areas of competence. The Bank Group also needs to enhance its collaboration with other partners in order to address development assistance outside its core areas of competence.

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Statistical Appendix

The main purpose of this part of the Report is to present basic data that enable the monitoring of economic and social progress in regional member countries of the African Development Bank (ADB), and provide benchmark data for analysts of African development. The data cover the Bank's 53 Regional Member Countries, with statistics on basic indicators, national accounts, external sector, government finance, and external debt.

The tables contain historical data from 1980 to 2007. Period averages are provided for 1980–1990, and 1991–2007.

The data are obtained from various international sources and supplemented, to the extent possible, with data directly obtained from ADB regional member countries, and estimates by the ADB Statistics Department. Statistical practices vary from one regional member country to another with regard to data coverage, concepts, definitions, and classifications used. Although considerable efforts have been made to standardize the data, full comparability cannot be assured. Care should be exercised in their interpretation. They provide only indications on trend or structure that allow for the identification of significant differences between countries.

Technical information on these data is provided in the explanatory notes to facilitate appropriate interpretation. However, users are advised to refer to the technical notes of the specialized publications of the main sources for more details.

The designations employed and the presentation of data therein do not imply any opinions whatsoever on the part of the African Development Bank concerning the legal status of any country or of its authorities. They were adopted solely for convenience of statistical presentation.

Symbols used

... not available
0 zero or insignificant value
| break in data comparability

TABLE 1.1
Basic Indicators

COUNTRY	AREA ('000 sq. Km)	POPULATION ('000) 2007	GNI PER CAPITA (US $) 2006	CONSUMER PRICE INFLATION (%) 2007	LIFE EXPECTANCY AT BIRTH (Years) 2007	INFANT MORTALITY RATE (per 1000) 2007	ADULT ILLITERACY RATE (%) 2007
ALGERIA	2,382	33,858	3,030	3.8	72	31	26
ANGOLA	1,247	17,024	1,980	11.8	43	132	...
BENIN	115	9,033	540	1.5	57	98	55
BOTSWANA	582	1,882	5,900	7.1	51	46	17
BURKINA FASO	274	14,784	460	2.0	52	104	70
BURUNDI	28	8,508	100	7.1	50	99	44
CAMEROON	476	18,549	1,080	1.7	50	88	21
CAPE VERDE	4	530	2,130	4.5	72	25	21
CENT. AFR. REP.	623	4,343	360	3.1	45	97	43
CHAD	1,284	10,781	480	–4.2	51	119	46
COMOROS	2	839	660	3.0	65	48	43
CONGO	342	3,768	950a	4.0	55	70	13
CONGO DEM. REP.	2,345	62,636	130	9.6	46	114	29
COTE D'IVOIRE	322	19,262	870	2.3	48	117	45
DJIBOUTI	23	833	1,060	3.5	55	85	28
EGYPT	1,001	75,498	1,350	10.9	71	29	39
EQUAT. GUINEA	28	507	8,250	4.9	52	92	11
ERITREA	118	4,851	200	22.7	58	55	38
ETHIOPIA	1,104	83,099	180.0	17.1	53	87	53
GABON	268	1,331	5,000	4.8	57	54	...
GAMBIA	11	1,709	310	5.0	59	74	55
GHANA	239	23,478	520	9.4	60	57	21
GUINEA	246	9,370	410	23.4	56	103	...
GUINEA BISSAU	36	1,695	190	3.0	46	113	53
KENYA	593	37,538	580	9.8	54	64	12
LESOTHO	30	2,008	1,030	6.6	43	65	13
LIBERIA	111	3,750	140	8.0	46	133	39
LIBYA	1,760	6,160	7,380	7.0	74	18	15
MADAGASCAR	587	19,683	280	9.8	59	66	28
MALAWI	118	13,925	170	8.5	48	89	34
MALI	1,240	12,337	440	2.1	54	129	69
MAURITANIA	1,026	3,124	740.0	7.6	64	63	56
MAURITIUS	2	1,262	5,450	8.8	73	14	13
MOROCCO	711	31,224	1,900	2.5	71	31	45
MOZAMBIQUE	802	21,397	340	7.9	42	96	47
NAMIBIA	824	2,074	3,230	6.7	53	42	13
NIGER	1,267	14,226	260	0.7	57	111	80
NIGERIA	924	148,093	640	6.7	47	109	27
RWANDA	26	9,725	250	8.9	46	112	25
SAO T. & PRINC.	1	158	780	16.6	66	72	...
SENEGAL	197	12,379	750	5.9	63	66	56
SEYCHELLES	0.5	87	8,650	4.4	72	...	...
SIERRA LEONE	72	5,866	240	9.5	43	160	...
SOMALIA	638	8,699	...	...	48	116	...
SOUTH AFRICA	1,221	48,577	5,390	6.5	49	45	12
SUDAN	2,506	38,560	810	8.0	59	65	35
SWAZILAND	17	1,141	2,430	6.9	40	71	16
TANZANIA	945	40,454	350.0	7.1	53	73	18
TOGO	57	6,585	350	3.2	58	89	34
TUNISIA	164	10,327	2,970	3.1	74	20	22
UGANDA	241	30,884	300.0	6.4	52	77	27
ZAMBIA	753	11,922	630	10.8	42	93	17
ZIMBABWE	391	13,349	340a	6,723.7	43	58	7
AFRICA	**30,323**	**963,680**	**1,071**	**8.2**	**54**	**85**	**33**

a : 2005

TABLE 2.1
Gross domestic product, nominal
(million dollars at current market prices)

COUNTRY	1980	1990	2000	2006	2007	Av. Ann. Nominal Change (%) 1980–1990	1991–2007
ALGERIA	42,348	61,891	54,796	116,461	134,517	4.1	5.5
ANGOLA	5,381	10,295	9,123	45,163	60,852	7.1	14.9
BENIN	1,405	1,960	2,359	4,721	5,538	4.4	7.2
BOTSWANA	1,070	3,381	5,808	10,439	10,706	13.2	7.3
BURKINA FASO	1,929	3,120	2,617	6,015	7,135	5.7	6.1
BURUNDI	951	1,132	709	912	946	2.0	–0.5
CAMEROON	7,649	13,973	9,287	18,549	21,509	6.8	3.9
CAPE VERDE	142	308	557	1,130	1,397	8.8	9.7
CENT. AFR. REP.	797	1,488	959	1,494	1,732	7.5	1.9
CHAD	1,033	1,612	1,385	6,300	6,509	5.3	10.3
COMOROS	135	250	202	403	466	7.4	4.6
CONGO	1,706	2,799	3,220	7,670	8,243	5.7	8.4
CONGO DEM. REP.	14,395	9,350	4,303	8,543	10,589	–3.2	2.9
COTE D'IVOIRE	10,040	10,799	10,417	17,551	19,810	1.6	4.5
DJIBOUTI	301	452	556	769	833	4.2	3.7
EGYPT	22,912	43,114	99,155	107,314	128,512	6.8	7.1
EQUAT. GUINEA	32	132	1,254	8,563	9,731	17.5	32.6
ERITREA	...	...	637	1,084	1,084	...	...
ETHIOPIA	5,048	8,128	7,970	14,022	15,069	6.3	5.1
GABON	4,586	5,426	5,068	9,547	10,652	2.2	4.8
GAMBIA	241	300	421	508	640	3.3	4.8
GHANA	4,445	6,226	4,977	12,906	14,830	4.0	6.4
GUINEA	1,725	2,667	3,112	3,275	4,743	4.6	4.2
GUINEA BISSAU	139	262	215	308	357	8.8	2.5
KENYA	7,086	8,533	12,604	22,779	29,860	2.1	8.8
LESOTHO	432	612	853	1,527	1,634	4.6	6.9
LIBERIA	818	384	529	614	716	–5.0	6.8
LIBYA	35,721	28,288	36,125	49,994	64,134	–1.8	6.7
MADAGASCAR	808	3,081	3,878	5,515	7,314	47.5	6.2
MALAWI	1,238	1,729	1,744	2,303	2,580	3.7	5.0
MALI	1,787	2,681	2,655	6,123	7,113	5.2	6.8
MAURITANIA	709	1,186	1,081	2,713	2,798	5.7	6.1
MAURITIUS	1,132	2,653	4,583	6,495	7,400	9.7	6.4
MOROCCO	18,821	25,784	37,060	65,405	73,374	4.2	6.7
MOZAMBIQUE	3,526	2,503	4,183	6,833	7,663	–0.1	7.6
NAMIBIA	2,169	2,350	3,414	6,936	7,312	1.7	7.5
NIGER	2,509	2,487	1,666	3,538	4,280	1.0	4.6
NIGERIA	64,702	32,019	45,984	115,329	124,000	–5.2	9.4
RWANDA	1,310	2,592	1,794	2,490	2,822	7.2	2.0
SAO T. & PRINC.	47	58	46	79	90	3.2	3.1
SENEGAL	3,503	5,717	4,680	9,184	10,946	6.0	4.9
SEYCHELLES	147	369	618	775	706	10.0	4.1
SIERRA LEONE	1,166	650	636	1,420	1,668	–2.0	6.5
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	80,543	112,014	132,878	257,117	272,726	4.5	6.2
SUDAN	7,617	13,167	12,365	37,564	45,725	7.5	9.7
SWAZILAND	542	882	1,388	2,648	2,725	6.4	7.8
TANZANIA	5,581	4,259	10,186	14,178	14,504	0.2	7.9
TOGO	1,136	1,628	1,294	2,216	2,537	4.9	3.7
TUNISIA	8,743	12,314	19,443	30,673	34,458	3.7	6.5
UGANDA	1,245	4,304	5,776	9,607	10,968	17.0	6.7
ZAMBIA	3,885	3,742	3,238	10,864	11,417	2.6	7.9
ZIMBABWE	5,339	8,767	8,136	4,943	4,732	5.7	0.1
AFRICA	**391,265**	**474,814**	**589,995**	**1,085,609**	**1,234,785**	**2.1**	**6.1**

TABLE 2.2
Gross domestic product, real
(million US dollars, constant 2000 prices)

COUNTRY	1980	1990	2000	2006	2007	Av. Ann. Real Growth rate (%) 1980–1990	1991–2007
ALGERIA	35,293	46,369	54,796	70,638	72,923	2.8	2.7
ANGOLA	5,785	7,364	9,123	17,702	21,214	2.5	7.0
BENIN	1,164	1,516	2,359	2,993	3,118	2.8	4.3
BOTSWANA	1,074	3,199	5,808	7,876	8,353	11.6	5.9
BURKINA FASO	1,095	1,517	2,617	3,795	3,959	3.4	5.8
BURUNDI	544	842	709	830	860	4.5	0.2
CAMEROON	5,504	7,634	9,287	11,501	11,911	3.6	2.7
CAPE VERDE	174	289	557	797	850	5.3	6.6
CENT. AFR. REP.	762	844	959	952	990	1.2	1.1
CHAD	625	1,085	1,385	2,768	2,761	5.7	5.9
COMOROS	140	181	202	234	237	2.6	1.6
CONGO	1,746	2,795	3,220	4,174	4,146	5.2	2.4
CONGO DEM. REP.	7,011	7,654	4,303	5,501	5,842	0.9	–1.4
COTE D'IVOIRE	7,468	8,234	10,417	10,498	10,662	1.0	1.6
DJIBOUTI	558	660	556	669	701	1.7	0.4
EGYPT	38,116	64,915	99,155	126,981	135,984	5.5	4.5
EQUAT. GUINEA	142	197	1,254	4,409	4,843	3.4	22.7
ERITREA	...	...	637	793	803	...	4.5
ETHIOPIA	5,134	6,072	7,970	10,792	11,681	1.9	4.1
GABON	2,900	4,299	5,068	5,590	5,896	5.1	1.9
GAMBIA	191	278	421	541	579	3.9	4.4
GHANA	2,638	3,265	4,977	6,776	7,182	2.3	4.7
GUINEA	1,539	2,088	3,112	3,690	3,747	3.1	3.5
GUINEA BISSAU	156	198	215	216	221	2.4	1.0
KENYA	6,911	10,517	12,604	16,064	17,122	4.3	2.9
LESOTHO	392	602	853	1,053	1,104	4.5	3.7
LIBERIA	1,285	418	529	452	488	–8.7	5.0
LIBYA	46,373	39,571	36,125	48,227	51,512	–1.3	1.7
MADAGASCAR	3,099	3,266	3,878	4,557	4,845	0.6	2.5
MALAWI	1,005	1,250	1,744	2,058	2,197	2.3	3.6
MALI	1,744	1,851	2,655	3,809	3,968	0.8	4.7
MAURITANIA	688	811	1,081	1,471	1,501	1.7	3.8
MAURITIUS	1,509	2,739	4,583	5,557	5,866	6.2	4.6
MOROCCO	20,069	29,377	37,060	50,848	51,947	4.0	3.5
MOZAMBIQUE	2,372	2,799	4,183	6,951	7,450	2.1	6.2
NAMIBIA	2,110	2,385	3,414	4,488	4,659	1.2	4.0
NIGER	1,282	1,268	1,666	2,262	2,374	0.1	3.8
NIGERIA	29,491	38,002	45,984	63,958	66,014	2.8	3.4
RWANDA	1,430	1,785	1,794	2,452	2,572	2.4	3.8
SAO T. & PRINC.	45	39	46	62	66	–1.4	3.2
SENEGAL	2,676	3,454	4,680	5,981	6,147	2.7	3.5
SEYCHELLES	282	400	618	596	632	3.7	2.8
SIERRA LEONE	1,297	1,400	636	1,296	1,392	0.8	0.8
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	95,502	110,944	132,878	169,344	177,659	1.5	2.8
SUDAN	5,872	7,505	12,365	18,911	21,029	2.7	6.3
SWAZILAND	484	1,020	1,388	1,592	1,626	7.9	2.8
TANZANIA	5,763	7,975	10,186	15,282	16,284	3.3	4.3
TOGO	1,035	1,149	1,294	1,401	1,433	1.1	1.5
TUNISIA	8,609	12,237	19,443	25,510	27,118	3.6	4.8
UGANDA	2,140	3,028	5,776	7,965	8,441	3.6	6.2
ZAMBIA	2,730	3,028	3,238	4,342	4,594	1.1	2.6
ZIMBABWE	5,002	7,697	8,136	5,887	5,524	4.5	–1.8
AFRICA	**370,954**	**468,011**	**587,943**	**773,093**	**815,028**	**2.9**	**3.6**

TABLE 2.3
Gross national savings
(percentage of GDP)

COUNTRY	1980	1990	2000	2006	2007	Annual Average 1980–1990	Annual Average 1991–2007
ALGERIA	30.4	26.3	41.7	54.4	55.6	26.4	36.7
ANGOLA	21.7	6.8	23.7	34.6	23.0	13.3	16.0
BENIN	29.3	12.0	11.9	11.9	16.4	9.9	12.6
BOTSWANA	30.7	43.3	50.5	56.1	57.5	35.2	45.9
BURKINA FASO	10.2	14.0	4.5	6.7	8.8	13.0	11.4
BURUNDI	4.7	–4.7	–2.5	1.9	5.0	6.1	3.7
CAMEROON	18.0	14.3	13.0	18.9	17.1	17.6	13.7
CAPE VERDE	–108.0	20.4	19.8	32.9	33.2	7.5	24.9
CENT. AFR. REP.	–2.8	8.5	8.2	6.6	3.8	3.2	5.5
CHAD	11.3	0.4	5.1	10.8	14.4	2.6	4.7
COMOROS	14.7	18.3	15.0	4.7	11.6	17.1	9.8
CONGO	30.5	38.2	30.6	24.5	6.7	28.2	20.1
CONGO DEM. REP.	6.4	5.2	–0.6	10.9	14.3	6.2	8.2
COTE D'IVOIRE	22.1	–4.2	8.0	12.4	10.1	9.1	9.0
DJIBOUTI	25.3	0.0	–0.2	15.1	13.0	7.0	11.4
EGYPT	16.5	20.3	17.8	19.5	23.6	15.2	21.3
EQUAT. GUINEA	–29.4	40.1	45.7	46.2	46.8	7.2	31.1
ERITREA	...	...	21.4	10.5	7.1		21.3
ETHIOPIA	5.2	12.0	17.3	17.2	20.6	11.9	14.9
GABON	54.5	24.2	41.5	41.9	38.2	37.4	33.2
GAMBIA	0.0	17.8	14.4	16.4	12.9	16.4	16.8
GHANA	5.8	23.4	15.5	19.6	25.4	8.4	19.0
GUINEA	9.0	14.6	13.3	7.8	5.5	8.2	11.7
GUINEA BISSAU	9.5	14.3	6.0	0.9	12.4	9.3	6.4
KENYA	5.3	15.1	15.7	16.9	16.1	14.5	14.7
LESOTHO	44.5	35.9	19.0	28.7	32.6	38.4	24.2
LIBERIA	...	...	...	...	...	...	...
LIBYA	...	...	...	...	...	...	...
MADAGASCAR	1.2	4.1	9.4	14.3	16.0	3.2	8.7
MALAWI	8.0	16.9	8.3	15.9	24.9	12.7	9.7
MALI	8.0	13.4	12.8	17.7	16.6	17.4	16.3
MAURITANIA	12.4	9.2	7.5	23.6	15.8	10.3	17.4
MAURITIUS	14.6	25.5	26.0	17.2	18.5	20.2	24.9
MOROCCO	19.4	26.9	24.2	34.5	34.0	22.7	27.0
MOZAMBIQUE	1.3	6.8	13.7	19.5	22.2	1.9	25.1
NAMIBIA	21.2	28.8	28.6	43.4	46.6	20.8	28.4
NIGER	17.1	7.4	5.7	13.0	14.0	10.0	7.1
NIGERIA	24.8	29.8	31.7	33.3	25.2	16.7	22.6
RWANDA	8.8	3.6	12.5	13.8	17.6	8.8	9.5
SAO T. & PRINC.	–23.4	–20.8	5.4	1.6	2.7	–22.4	1.5
SENEGAL	4.3	1.4	15.0	19.5	23.6	6.4	13.5
SEYCHELLES	11.5	25.9	17.9	25.3	22.8	11.7	17.6
SIERRA LEONE	3.6	–2.1	–7.2	11.9	9.6	3.1	0.7
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	33.9	19.1	15.8	14.0	14.1	23.9	15.7
SUDAN	–68.7	9.1	n.a.	n.a.	n.a.	14.2	
SWAZILAND	9.3	19.7	12.1	13.2	20.7	14.3	16.8
TANZANIA	18.4	22.9	10.8	19.7	19.1	15.2	14.2
TOGO	12.5	6.2	2.4	10.8	4.6	7.4	5.4
TUNISIA	24.6	21.6	23.1	21.8	22.3	22.6	22.8
UGANDA	42.4	5.9	12.5	19.4	22.5	16.6	13.6
ZAMBIA	11.8	14.8	0.7	26.4	20.6	8.9	11.0
ZIMBABWE	14.5	14.7	11.1	7.7	22.6	13.0	10.7
AFRICA	**20.8**	**19.6**	**21.0**	**24.6**	**24.3**	**18.8**	**20.1**

TABLE 2.4
Gross capital formation
(percentage of GDP)

COUNTRY	1980	1990	2000	2006	2007	Annual Average 1980–1990	Annual Average 1991–2007
ALGERIA	39.1	28.9	23.5	29.7	33.1	33.7	28.9
ANGOLA	8.7	11.7	15.1	11.3	11.0	12.5	20.4
BENIN	15.2	14.1	18.7	20.5	20.7	15.1	18.3
BOTSWANA	35.0	38.8	30.8	26.2	27.9	29.2	32.5
BURKINA FASO	15.1	18.8	17.9	17.1	18.3	17.6	20.1
BURUNDI	13.9	9.9	6.1	16.3	18.1	15.6	8.8
CAMEROON	21.3	18.1	16.7	18.8	19.7	23.6	16.3
CAPE VERDE	41.9	43.6	30.7	40.1	44.6	44.2	36.6
CENT. AFR. REP.	7.0	12.3	9.5	8.8	9.6	11.0	9.7
CHAD	12.1	14.1	17.5	24.8	27.0	11.2	22.5
COMOROS	29.2	19.7	10.1	9.5	9.5	26.0	14.8
CONGO	35.8	15.9	22.6	22.8	24.3	31.0	27.3
CONGO DEM. REP.	10.0	9.1	3.5	13.4	14.7	11.5	12.3
COTE D'IVOIRE	22.8	6.7	10.8	9.7	9.7	15.0	10.7
DJIBOUTI	14.4	22.1	8.8	29.3	37.1	18.3	14.7
EGYPT	27.5	29.4	19.6	18.7	21.2	28.7	19.1
EQUAT. GUINEA	35.7	54.8	58.1	40.1	47.4	41.5	60.2
ERITREA	...	...	20.0	19.6	26.2	...	24.1
ETHIOPIA	19.4	12.5	19.2	18.7	21.1	15.8	17.8
GABON	28.2	23.8	22.6	22.6	24.9	33.9	26.0
GAMBIA	26.7	20.4	17.3	26.1	26.1	19.8	21.7
GHANA	5.6	12.3	24.0	30.2	31.6	8.2	22.8
GUINEA	13.4	24.5	19.7	13.7	15.0	15.3	17.9
GUINEA BISSAU	30.0	15.6	8.2	9.2	11.8	20.4	12.9
KENYA	30.0	24.3	17.6	19.4	19.4	24.3	17.5
LESOTHO	37.0	52.9	42.5	31.1	33.5	41.1	48.8
LIBERIA	26.8	10.8	11.0	22.2	20.9	15.6	12.6
LIBYA	24.3	20.8	12.4	13.1	13.8	24.8	14.9
MADAGASCAR	15.0	14.8	16.2	25.3	30.3	11.0	15.2
MALAWI	24.7	20.6	14.5	11.2	13.6	18.8	15.0
MALI	15.5	20.0	19.8	20.4	21.0	17.5	21.2
MAURITANIA	26.3	16.0	19.4	23.0	21.4	26.4	25.9
MAURITIUS	20.7	30.2	26.1	26.4	23.3	24.3	26.1
MOROCCO	31.7	33.2	25.5	31.6	33.4	32.1	27.7
MOZAMBIQUE	7.6	22.1	33.5	19.4	22.4	13.1	24.5
NAMIBIA	30.5	33.7	19.5	26.7	29.2	19.7	22.7
NIGER	28.1	15.4	13.9	21.8	22.2	15.3	15.9
NIGERIA	18.5	21.6	20.3	21.8	23.6	18.9	21.7
RWANDA	12.4	11.7	17.5	21.4	23.3	15.1	16.4
SAO T. & PRINC.	31.4	36.2	41.3	74.1	74.5	32.6	42.6
SENEGAL	16.6	9.1	20.5	25.2	28.1	15.8	16.7
SEYCHELLES	38.3	24.6	25.1	32.7	44.3	26.3	27.6
SIERRA LEONE	17.7	10.0	8.0	15.5	17.2	11.7	9.1
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	27.0	17.2	15.9	20.4	20.9	21.1	16.8
SUDAN	14.7	6.4	18.3	21.9	21.9	13.1	17.4
SWAZILAND	40.7	19.1	19.9	17.2	17.2	27.1	20.5
TANZANIA	37.8	26.1	16.8	27.9	33.1	27.8	21.1
TOGO	28.4	26.6	11.4	13.0	13.1	20.1	12.7
TUNISIA	29.4	27.1	27.3	23.1	23.1	27.9	25.9
UGANDA	6.2	12.7	19.5	23.3	25.1	8.9	18.2
ZAMBIA	23.3	17.3	17.4	25.4	23.1	16.2	18.0
ZIMBABWE	18.8	17.4	12.7	13.8	17.5	18.2	13.2
AFRICA	**24.7**	**21.1**	**19.1**	**21.8**	**23.1**	**23.0**	**20.2**

TABLE 2.5
Terms of trade
(2000 = 100)

COUNTRY	1980	1990	2001	2006	2007	Annual Average Growth Rate (%) 1981–1990	1991–2007
ALGERIA	100.6	81.1	92.9	141.5	139.8	–0.3	4.8
ANGOLA	192.2	78.5	82.6	152.2	147.9	–5.6	6.2
BENIN	123.2	218.8	107.2	80.8	82.4	9.7	–4.3
BOTSWANA	124.9	143.5	96.3	103.5	109.8	5.6	–1.3
BURKINA FASO	225.8	179.8	113.0	109.7	113.7	–1.4	–1.8
BURUNDI	182.8	102.4	78.7	101.6	98.5	–3.1	1.7
CAMEROON	137.0	90.4	104.5	132.9	125.0	–2.4	2.7
CAPE VERDE	338.3	234.5	99.3	123.4	122.7	6.0	–2.4
CENT. AFR. REP.	123.8	120.6	89.1	75.3	79.8	1.2	–2.0
CHAD	61.0	73.8	112.8	203.0	187.0	3.1	6.7
COMOROS	158.7	124.1	162.7	107.4	107.2	–2.1	5.5
CONGO	128.8	63.1	96.5	146.5	115.3	–6.7	5.5
CONGO DEM. REP.	102.4	102.5	103.9	152.3	149.6	1.3	2.4
COTE D'IVOIRE	62.6	66.9	105.4	106.7	113.6	1.6	4.4
DJIBOUTI	232.5	155.9	99.5	104.2	288.9	–3.4	10.1
EGYPT	111.0	96.4	101.1	116.3	110.1	–0.4	1.0
EQUAT. GUINEA	42.4	37.6	88.3	164.1	152.0	–0.2	23.3
ERITREA	...	...	104.8	63.8	60.8	...	–3.2
ETHIOPIA	229.3	191.8	97.0	81.7	83.1	1.8	–3.2
GABON	46.1	80.9	82.5	143.1	138.1	6.0	4.7
GAMBIA	56.7	140.5	68.8	62.3	57.5	12.7	–3.2
GHANA	171.7	111.7	101.2	106.4	112.6	–1.7	0.6
GUINEA	80.7	122.5	108.1	83.9	77.4	5.3	–2.2
GUINEA BISSAU	130.3	100.6	77.4	57.7	57.6	–1.4	–2.6
KENYA	99.4	77.4	97.3	70.4	65.3	–1.3	–0.7
LESOTHO	128.8	85.9	107.4	106.6	105.5	–3.5	1.3
LIBERIA	...	...	...	...	...	...	...
LIBYA	192.1	69.7	91.0	145.1	136.3	72.3	5.4
MADAGASCAR	201.6	155.9	116.6	57.1	57.9	1.4	–3.6
MALAWI	95.8	88.9	104.9	335.0	321.3	0.1	13.1
MALI	123.0	152.9	111.4	117.0	115.8	3.5	–1.3
MAURITANIA	62.2	91.1	98.0	150.6	151.8	5.1	5.8
MAURITIUS	67.9	101.5	101.0	90.9	90.9	4.3	–0.6
MOROCCO	133.3	90.7	106.5	100.8	100.0	–3.4	0.8
MOZAMBIQUE	66.5	100.8	92.6	206.6	210.4	5.2	5.7
NAMIBIA	159.6	95.7	92.0	112.1	114.9	–2.8	1.5
NIGER	252.8	142.7	108.8	116.9	122.4	–4.2	–0.4
NIGERIA	99.4	81.3	89.5	179.4	192.4	1.4	7.2
RWANDA	245.4	92.4	62.4	63.6	64.6	–6.7	0.0
SAO T. & PRINC.	150.3	53.0	50.6	32.1	34.7	–2.9	0.7
SENEGAL	108.4	127.3	106.2	99.7	105.0	1.9	–1.0
SEYCHELLES	1084.6	260.7	120.2	124.2	111.0	0.7	–2.3
SIERRA LEONE	110.4	109.0	102.4	81.3	82.0	–0.1	–1.3
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	137.2	113.7	100.3	109.6	109.2	–1.6	–0.2
SUDAN	47.3	49.7	91.4	154.7	134.3	1.3	7.1
SWAZILAND	112.7	102.6	99.0	123.8	127.5	–0.9	1.3
TANZANIA	201.4	93.3	77.0	47.2	48.6	–7.2	–3.1
TOGO	228.8	121.6	106.6	95.2	100.6	–5.9	–0.6
TUNISIA	133.1	108.6	98.2	87.9	90.5	–1.9	–1.0
UGANDA	208.9	189.6	85.0	60.5	84.4	4.3	–1.9
ZAMBIA	251.6	169.5	100.2	216.7	209.6	–1.6	2.4
ZIMBABWE	65.6	91.8	96.0	73.4	77.9	4.0	–0.8
AFRICA	**126.1**	**91.3**	**96.0**	**131.4**	**129.2**	**–2.8**	**2.3**

TABLE 2.6
Current account balance
(As percentage of GDP)

COUNTRY	1980	1990	2000	2006	2007	Annual Average 1980–1990	Annual Average 1991–2007
ALGERIA	0.6	3.0	16.7	25.4	21.6	–0.5	8.2
ANGOLA	1.3	0.0	8.7	23.3	17.7	–3.8	–3.5
BENIN	–6.8	–2.2	–2.1	–6.2	–5.5	–10.3	–4.9
BOTSWANA	–28.8	–0.5	11.5	20.3	21.0	–7.8	8.5
BURKINA FASO	–1.1	–4.2	–12.2	–8.5	–13.9	–2.7	–8.1
BURUNDI	–8.8	–14.6	–8.6	–12.0	–14.2	–10.0	–5.6
CAMEROON	–4.4	–3.9	–2.0	–0.8	0.2	–1.4	–2.8
CAPE VERDE	–49.9	–5.9	–10.9	–5.3	–11.5	–9.5	–9.2
CENT. AFR. REP.	–15.1	–6.0	–1.3	–3.8	–3.4	–7.6	–3.2
CHAD	–0.5	–11.1	–15.3	–7.5	–9.9	–7.7	–16.6
COMOROS	–1.8	–13.0	1.7	–5.6	–3.7	–13.2	–7.5
CONGO	18.0	22.3	20.1	15.2	16.8	10.8	–1.5
CONGO DEM. REP.	–1.6	–7.7	–1.5	–7.5	–6.9	–5.1	–4.6
COTE D'IVOIRE	–29.4	–16.6	–2.3	3.4	4.1	–5.3	–2.6
DJIBOUTI	10.0	–2.3	–9.6	–8.9	–14.5	–9.4	–3.9
EGYPT	–0.9	–2.8	–1.1	1.6	2.1	–3.8	1.6
EQUAT. GUINEA	–65.2	–14.3	–15.5	–2.1	–2.4	–35.4	–31.6
ERITREA	...	...	0.5	–2.1	–3.7	...	1.2
ETHIOPIA	–2.4	–1.1	–4.2	–11.6	–10.2	–2.4	–3.7
GABON	29.1	2.5	17.6	19.4	19.8	5.2	8.9
GAMBIA	–46.5	–2.7	–4.2	–19.8	–21.8	–6.6	–7.6
GHANA	0.2	–3.3	–7.8	–7.0	–6.9	–1.5	–5.6
GUINEA	3.1	–10.0	–6.4	–5.9	–8.7	–5.0	–6.0
GUINEA BISSAU	–45.9	–14.8	–5.6	–12.2	–12.7	–28.3	–14.4
KENYA	–10.7	–3.9	–1.9	–2.3	–1.7	–3.8	–1.5
LESOTHO	–9.0	–14.7	–18.0	4.4	1.6	–13.2	–18.8
LIBERIA	...	...	–20.6	–17.6	–20.1	...	–14.7
LIBYA	22.4	7.5	21.8	48.4	28.3	–0.8	13.3
MADAGASCAR	–13.8	–10.7	–4.7	–8.8	–12.5	–7.8	–7.4
MALAWI	–16.7	–3.7	–5.9	–5.1	–4.0	–6.0	–8.5
MALI	–8.8	–0.1	–9.5	–4.1	–5.5	–3.3	–4.9
MAURITANIA	–19.1	–10.7	–9.0	–1.3	–6.8	–14.5	–8.7
MAURITIUS	–9.8	–5.2	0.5	–4.5	–5.5	–3.8	–1.0
MOROCCO	–4.2	–2.5	–1.3	3.4	3.1	–5.2	0.5
MOZAMBIQUE	–11.5	–16.7	–18.2	18.7	–10.2	–13.8	–15.2
NAMIBIA	0.3	0.9	10.9	18.3	15.5	1.9	6.1
NIGER	–11.1	–4.4	–5.1	–8.6	–7.1	–5.0	–5.9
NIGERIA	8.5	7.7	10.3	12.3	4.1	–4.8	–0.9
RWANDA	–3.7	–8.1	–2.5	–7.7	–5.8	–6.4	–6.9
SAO T. & PRINC.	–34.8	–52.0	–29.0	–71.7	–64.9	–38.1	–42.5
SENEGAL	–12.3	–7.8	–7.1	–9.5	–8.3	–9.4	–6.4
SEYCHELLES	–11.0	1.3	–7.3	–23.2	–30.4	–12.2	–11.9
SIERRA LEONE	–14.1	–16.7	–8.8	–5.7	–6.7	–9.0	–4.8
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	4.1	1.4	–0.1	–6.5	–6.8	0.9	–1.3
SUDAN	–9.4	–9.0	...	...	...	–13.6	...
SWAZILAND	–23.9	5.9	–5.4	1.6	0.2	–5.9	–0.7
TANZANIA	–8.6	–5.5	–5.1	–10.6	–11.8	–4.7	–6.6
TOGO	–10.3	–9.5	–9.0	–6.1	–6.4	–12.3	–6.4
TUNISIA	–4.1	–5.5	–4.2	–2.1	–0.5	–6.4	–3.5
UGANDA	–3.1	–5.9	–6.5	–2.8	–3.8	–1.8	–4.7
ZAMBIA	–15.2	–2.5	–18.4	1.6	–4.2	–10.7	–8.1
ZIMBABWE	–4.5	–1.7	0.4	–4.0	–0.9	–3.0	–3.5
AFRICA	**1.6**	**–1.1**	**2.6**	**5.4**	**3.0**	**–2.7**	**0.0**

TABLE 2.7
International reserves
(millions US dollars)

COUNTRY	1980	1990	2000	2006	2007	Annual Average Growth (%) 1980–1990	Annual Average Growth (%) 1991–2007
ALGERIA	4,022.0	981.0	12,278.0	78,208.0	110,627.0	–4.3	39.7
ANGOLA	...	...	1,198.0	8,599.0	11,330.0	...	66.6
BENIN	9.0	69.0	458.0	912.0	1,247.0	110.7	24.0
BOTSWANA	334.0	3,331.0	6,318.0	7,992.0	10,023.0	29.2	7.1
BURKINA FASO	69.0	305.0	244.0	555.0	1,055.0	17.8	14.1
BURUNDI	105.0	112.0	38.0	131.0	177.0	8.5	13.8
CAMEROON	207.0	37.0	220.0	1,735.0	2,240.0	12.7	108.2
CAPE VERDE	42.0	77.0	28.0	254.0	385.0	6.9	32.5
CENT. AFR. REP.	62.0	123.0	136.0	132.0	129.0	10.4	2.2
CHAD	12.0	132.0	114.0	632.0	957.0	33.6	22.6
COMOROS	6.0	30.0	43.0	94.0	109.0	33.3	9.3
CONGO	92.0	10.0	225.0	1,848.0	2,038.0	–1.0	168.9
CONGO DEM. REP.	357.0	261.0	...	...	...	1.2	–11.0
COTE D'IVOIRE	22.0	21.0	668.0	1,798.0	2,216.0	1.5	82.9
DJIBOUTI	...	94.0	68.0	120.0	...	14.9	2.4
EGYPT	1,149.0	3,325.0	13,629.0	25,581.0	31,374.0	19.5	17.0
EQUAT. GUINEA	...	1.0	23.0	3,067.0	3,264.0	60.4	200.3
ERITREA	...	...	36.0	25.0	...	...	6.0
ETHIOPIA	105.0	30.0	307.0	833.0	1,348.0	6.5	39.7
GABON	115.0	278.0	194.0	1,122.0	1,188.0	108.3	277.5
GAMBIA	6.0	55.0	109.0	121.0	143.0	91.1	7.8
GHANA	199.0	282.0	311.0	2,268.0	...	6.1	22.7
GUINEA	...	48.0	158.0	...	...	...	12.2
GUINEA BISSAU	...	18.0	67.0	82.0	102.0	–255.8	23.6
KENYA	501.0	219.0	898.0	2,416.0	3,355.0	–4.9	43.1
LESOTHO	50.0	72.0	418.0	658.0	827.0	6.7	17.6
LIBERIA	5.0	...	...	72.0	119.0	–6.4	...
LIBYA	13,220.0	5,991.0	12,655.0	59,483.0	79,599.0	5.9	18.5
MADAGASCAR	9.0	92.0	285.0	583.0	847.0	50.2	18.4
MALAWI	69.0	138.0	244.0	134.0	217.0	33.8	15.6
MALI	15.0	198.0	381.0	970.0	1,057.0	46.6	13.8
MAURITANIA	147.0	59.0	283.0	...	...	–2.2	20.4
MAURITIUS	95.0	743.0	910.0	1,301.0	1,822.0	62.5	7.3
MOROCCO	427.0	2,082.0	5,007.0	20,791.0	24,038.0	39.5	17.3
MOZAMBIQUE	...	...	723.0	1,156.0	1,445.0	...	13.8
NAMIBIA	...	...	260.0	450.0	896.0	...	28.0
NIGER	126.0	226.0	80.0	371.0	476.0	13.9	10.8
NIGERIA	10,270.0	3,866.0	9,911.0	42,299.0	51,334.0	18.4	32.5
RWANDA	196.0	44.0	191.0	440.0	...	–8.2	22.3
SAO T. & PRINC.	...	...	12.0	34.0	33.0	...	22.2
SENEGAL	9.0	22.0	384.0	1,334.0	1,488.0	10.7	86.6
SEYCHELLES	18.0	17.0	44.0	113.0	41.0	11.9	14.8
SIERRA LEONE	31.0	5.0	49.0	184.0	217.0	–6.9	30.3
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	7,238.0	2,423.0	7,534.0	25,587.0	32,943.0	–1.2	23.4
SUDAN	49.0	11.0	138.0	1,660.0	1,378.0	17.7	1287.1
SWAZILAND	159.0	216.0	352.0	373.0	719.0	8.9	11.5
TANZANIA	20.0	193.0	974.0	2,259.0	2,886.0	66.9	20.8
TOGO	78.0	358.0	152.0	375.0	479.0	20.5	9.1
TUNISIA	598.0	800.0	1,814.0	6,777.0	7,854.0	8.2	16.1
UGANDA	3.0	44.0	808.0	1,811.0	2,361.0	103.8	29.0
ZAMBIA	89.0	193.0	245.0	720.0	1,090.0	31.9	44.0
ZIMBABWE	326.0	219.0	239.0	...	...	–0.9	...
AFRICA	**40,663.0**	**27,851.0**	**81,861.0**	**308,458.0**	**397,471.0**	**4.4**	**17.5**

TABLE 2.8
International reserves to GDP
(As percentage of GDP)

COUNTRY	1980	1990	2000	2006	2007	Annual Average 1980–1990	Annual Average 1991–2007
ALGERIA	9.5	1.6	22.4	67.2	82.2	4.4	28.0
ANGOLA	...	...	13.1	19.0	18.6	...	8.6
BENIN	0.6	3.5	19.4	19.3	22.5	1.3	15.5
BOTSWANA	31.2	98.5	108.8	76.6	93.6	61.5	95.1
BURKINA FASO	3.6	9.8	9.3	9.2	14.8	8.2	11.8
BURUNDI	11.0	9.9	5.3	14.4	18.7	6.2	12.9
CAMEROON	2.7	0.3	2.4	9.4	10.4	1.1	2.9
CAPE VERDE	29.8	25.0	5.1	22.5	27.5	30.8	12.5
CENT. AFR. REP.	7.7	8.2	14.2	8.9	7.5	8.1	13.3
CHAD	1.1	8.2	8.2	10.0	14.7	4.2	7.8
COMOROS	4.7	12.0	21.5	23.3	23.3	10.1	21.4
CONGO	5.4	0.4	7.0	24.1	24.7	1.6	5.3
CONGO DEM. REP.	2.5	2.8	...	...	...	3.4	1.6
COTE D'IVOIRE	0.2	0.2	6.4	10.2	11.2	0.3	6.7
DJIBOUTI	..	20.7	12.2	15.7	...	15.6	14.7
EGYPT	5.0	7.7	13.7	23.8	24.4	5.4	21.8
EQUAT. GUINEA	...	0.5	1.8	35.8	33.5	3.6	9.0
ERITREA	...	...	5.7	2.3	...	...	8.8
ETHIOPIA	2.1	0.4	3.9	5.9	9.0	1.7	7.9
GABON	2.5	5.1	3.8	11.8	11.2	3.8	4.3
GAMBIA	2.4	18.5	26.0	23.8	22.3	5.8	24.6
GHANA	4.5	4.5	6.3	17.6	...	6.8	11.2
GUINEA	...	1.8	5.1	...	...	1.8	5.3
GUINEA BISSAU	...	7.0	31.0	26.7	28.6	6.1	19.0
KENYA	7.1	2.6	7.1	10.6	11.2	4.8	7.1
LESOTHO	11.7	11.8	49.0	43.1	50.7	13.1	44.6
LIBERIA	0.7	...	0.1	11.7	16.7	0.6	4.0
LIBYA	37.0	21.2	35.0	119.0	124.1	23.4	50.4
MADAGASCAR	1.1	3.0	7.4	10.6	11.6	16.5	6.7
MALAWI	5.6	8.0	14.0	5.8	8.4	4.9	8.0
MALI	0.9	7.4	14.4	15.8	14.9	2.6	14.4
MAURITANIA	20.7	4.9	26.2	...	...	12.0	15.6
MAURITIUS	8.4	28.0	19.9	20.0	24.6	11.3	22.1
MOROCCO	2.3	8.1	13.5	31.8	32.8	2.2	19.2
MOZAMBIQUE	...	0.02	17.3	16.9	18.9	0.01	14.3
NAMIBIA	...	...	7.6	6.5	12.3	...	6.9
NIGER	5.0	9.1	4.8	10.5	11.1	7.5	6.9
NIGERIA	15.9	12.1	21.6	36.7	41.4	6.3	18.0
RWANDA	15.0	1.7	10.6	17.7	...	6.8	10.1
SAO T. & PRINC.	...	...	25.1	43.2	36.5	...	29.1
SENEGAL	0.3	0.4	8.2	14.5	13.6	0.5	8.6
SEYCHELLES	12.5	4.5	7.1	14.6	5.8	6.1	6.9
SIERRA LEONE	2.6	0.8	7.7	13.0	13.0	1.0	6.9
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	9.0	2.2	5.7	10.0	12.1	3.8	5.2
SUDAN	0.6	0.1	1.1	4.4	3.0	0.2	1.7
SWAZILAND	29.3	24.5	25.4	14.1	26.4	21.3	21.4
TANZANIA	0.4	4.5	9.6	15.9	19.9	1.0	10.5
TOGO	6.9	22.0	11.8	16.9	18.9	23.5	12.5
TUNISIA	6.8	6.5	9.3	22.1	22.8	6.3	11.3
UGANDA	0.2	1.0	14.0	18.9	21.5	1.6	12.2
ZAMBIA	2.3	5.2	7.6	6.6	9.6	3.9	6.6
ZIMBABWE	6.1	2.5	2.9	...	...	3.5	4.8
AFRICA	**10.4**	**5.9**	**13.9**	**28.5**	**32.3**	**6.7**	**15.5**

TABLE 2.9
Consumer price inflation index

COUNTRY	1980	1990	2000	2005	2006	2007	Average Annual change (%) 1980–1990	1991–2007
ALGERIA	17.1	20.2	–0.6	1.6	2.5	3.8	10.7	11.2
ANGOLA	...	...	268.4	18.5	12.2	11.8	...	80.0
BENIN	...	–1.5	4.2	5.4	3.8	1.5	1.1	6.0
BOTSWANA	13.5	11.0	8.5	8.6	11.6	7.1	10.8	9.7
BURKINA FASO	29.8	–1.0	–0.3	6.5	2.4	2.0	4.7	3.8
BURUNDI	–0.9	7.0	24.3	13.0	2.8	7.1	6.8	12.1
CAMEROON	25.5	2.2	0.9	2.0	5.1	1.7	8.9	4.0
CAPE VERDE	...	21.1	–2.4	0.4	6.0	4.5	12.2	3.9
CENT. AFR. REP.	...	–0.2	3.2	2.9	6.7	3.1	4.7	3.7
CHAD	...	–8.2	3.8	7.9	8.0	–4.2	3.4	5.0
COMOROS	...	–7.4	5.9	3.2	3.4	3.0	3.5	4.8
CONGO	130.5	–0.9	0.4	2.5	4.0	4.0	11.5	5.9
CONGO DEM. REP.	...	...	550.0	21.4	13.2	9.6	...	123.9
COTE D'IVOIRE	18.3	–0.7	2.5	3.9	1.6	2.3	6.1	4.9
DJIBOUTI	...	7.8	1.6	3.1	3.6	3.5	4.7	3.3
EGYPT	20.7	15.1	2.8	8.8	4.2	10.9	17.1	8.3
EQUAT. GUINEA	...	0.7	4.6	5.0	5.0	4.9	21.8	7.0
ERITREA	...	...	20.0	12.4	17.3	22.7	...	14.7
ETHIOPIA	5.6	2.0	6.2	6.8	12.3	17.1	4.3	7.3
GABON	0.2	5.7	0.5	–0.2	4.0	4.8	5.2	3.7
GAMBIA	6.3	10.2	0.2	5.0	2.1	5.0	16.7	6.2
GHANA	50.1	31.9	25.2	15.1	10.9	9.4	46.8	23.0
GUINEA	...	19.4	6.9	31.4	34.7	23.4	31.7	11.8
GUINEA BISSAU	...	33.0	8.6	3.3	2.0	3.0	58.0	21.3
KENYA	22.0	16.5	10.0	10.3	14.5	9.8	12.7	13.2
LESOTHO	16.0	11.5	6.2	3.4	5.9	6.6	13.6	9.0
LIBERIA	14.7	12.0	5.3	6.9	7.2	8.0	7.9	9.3
LIBYA	...	7.1	–2.9	2.0	3.5	7.0	4.5	5.7
MADAGASCAR	18.2	11.8	11.6	18.4	10.6	9.8	17.9	14.7
MALAWI	...	11.9	29.6	12.3	9.0	8.5	16.3	24.5
MALI	...	1.6	–0.7	6.4	1.5	2.1	2.3	3.3
MAURITANIA	...	4.9	3.3	12.1	6.2	7.6	8.3	6.5
MAURITIUS	24.5	16.6	4.2	4.9	8.9	8.8	11.3	6.4
MOROCCO	9.3	6.8	1.9	1.0	3.3	2.5	7.5	3.1
MOZAMBIQUE	...	43.7	12.7	6.4	13.2	7.9	46.0	22.6
NAMIBIA	...	11.9	9.3	2.2	5.1	6.7	12.9	8.6
NIGER	–5.8	–2.0	2.9	7.8	0.1	0.7	2.3	4.1
NIGERIA	18.5	7.4	6.9	17.9	8.2	6.7	20.3	24.2
RWANDA	–4.4	4.2	3.9	9.0	8.9	8.9	3.6	13.2
SAO T. & PRINC.	...	30.9	11.0	17.2	23.6	16.6	22.6	25.9
SENEGAL	8.8	–1.9	0.7	1.7	1.9	5.9	6.1	3.5
SEYCHELLES	13.7	3.9	6.3	0.9	–0.3	4.4	4.0	2.4
SIERRA LEONE	13.6	111.0	–0.8	12.1	9.5	9.5	67.3	23.5
SOMALIA	...	...	...	...	...	...	...	...
SOUTH AFRICA	13.5	9.7	7.7	3.9	4.6	6.5	14.2	8.0
SUDAN	–5.7	65.2	6.9	8.5	7.2	8.0	39.5	47.1
SWAZILAND	18.7	13.1	12.2	4.8	5.3	6.9	14.9	8.1
TANZANIA	30.2	34.0	6.0	5.0	7.3	7.1	30.4	14.1
TOGO	12.3	1.0	1.9	6.8	2.2	3.2	4.7	4.9
TUNISIA	10.2	6.7	3.0	2.0	4.5	3.1	8.3	3.9
UGANDA	...	35.0	5.9	8.5	7.3	6.4	103.0	9.6
ZAMBIA	10.8	107.1	26.1	18.3	9.1	10.8	46.9	47.3
ZIMBABWE	5.4	18.2	55.9	313.3	1,016.7	6,723.7	13.3	546.9
AFRICA	**...**	**12.8**	**10.0**	**7.6**	**6.5**	**8.2**	**13.4**	**11.9**

TABLE 2.10
Overall government deficit (–) / surplus (+) as a percentage of GDP at current prices
(percentage)

COUNTRY	1980	1990	2000	2006	2007	Annual Average 1980–1990	Annual Average 1991–2007
ALGERIA	9.9	3.6	9.7	12.9	11.4	1.3	3.5
ANGOLA	–9.9	–23.7	–7.8	10.9	10.0	–10.2	–10.0
BENIN	–4.2	–4.1	–1.8	–0.4	–2.0	–4.7	–1.5
BOTSWANA	32.3	10.4	5.4	8.1	7.1	16.2	3.4
BURKINA FASO	–7.0	–4.1	–4.3	–5.2	–6.0	–4.5	–3.2
BURUNDI	–6.0	–2.7	–1.8	–1.4	1.5	–7.4	–3.9
CAMEROON	0.2	–6.7	4.4	5.0	4.5	–2.4	–1.0
CAPE VERDE	–8.0	–3.3	–7.8	–4.6	–2.3	–8.7	–7.6
CENT. AFR. REP.	–8.5	–6.8	–1.8	9.0	1.6	–2.8	–2.4
CHAD	–3.1	–5.9	–6.8	2.0	0.8	–2.7	–4.2
COMOROS	–16.0	–1.7	–1.9	–2.6	–3.6	–8.4	–3.3
CONGO	–0.9	–6.6	1.1	17.2	15.1	1.3	–3.7
CONGO DEM. REP.	–0.4	–10.9	–6.0	–0.7	2.2	–6.3	–7.2
COTE D'IVOIRE	–12.8	–13.0	–1.3	–1.4	0.3	–9.5	–3.4
DJIBOUTI	6.3	–7.3	–1.8	–2.4	–3.5	–4.4	–4.3
EGYPT	–9.6	–12.6	–3.9	–9.2	–5.7	–16.6	–5.7
EQUAT. GUINEA	–16.3	–5.2	8.6	26.2	22.8	–10.9	5.1
ERITREA	...	...	–38.5	–11.7	–10.0	...	–16.2
ETHIOPIA	–2.6	–6.9	–9.3	–5.0	–3.1	–4.3	–5.0
GABON	7.4	–4.1	11.7	9.2	9.6	–2.7	2.3
GAMBIA	–23.0	1.5	–1.4	–6.3	2.9	–6.8	–4.3
GHANA	–11.6	–2.1	–7.9	–7.0	–8.2	–4.0	–7.0
GUINEA	–0.5	–5.5	–3.2	–2.9	0.3	–2.8	–3.2
GUINEA BISSAU	12.2	–5.9	–6.9	–9.7	–9.7	–5.3	–11.3
KENYA	–5.5	–4.8	0.8	–3.3	–1.7	–4.0	–3.0
LESOTHO	–10.4	–2.2	–5.3	13.4	7.7	–10.4	1.8
LIBERIA	...	...	0.3	4.2	1.5	...	0.4
LIBYA	...	...	13.8	39.2	40.2	...	9.9
MADAGASCAR	–14.2	–0.6	–2.8	37.7	–3.5	–6.1	–2.6
MALAWI	–11.6	–2.8	–7.2	–0.2	–1.5	–7.1	–6.0
MALI	–4.8	–2.4	–3.0	31.3	–1.0	–5.4	–1.3
MAURITANIA	–12.0	–4.4	–6.0	35.7	–2.8	–6.3	–2.2
MAURITIUS	–10.4	–2.1	–3.3	–5.3	–4.3	–6.2	–4.2
MOROCCO	–10.0	–0.5	–5.5	–2.2	–3.4	–7.0	–4.0
MOZAMBIQUE	–2.1	–6.1	–6.0	–1.4	–5.1	–8.0	–3.8
NAMIBIA	...	0.6	–3.5	–0.2	1.9	0.2	–3.2
NIGER	–1.0	–7.0	–3.8	41.6	–0.8	–3.7	–0.7
NIGERIA	–3.4	2.9	6.0	8.4	5.6	–5.2	1.0
RWANDA	–3.3	–7.2	0.7	–0.5	–0.4	–4.2	–3.7
SAO T. & PRINC.	–15.8	–20.2	–27.3	–14.0	125.8	–14.8	–4.1
SENEGAL	–7.0	–0.5	0.5	–6.1	–5.5	–3.6	–1.7
SEYCHELLES	–6.6	5.6	–13.9	–7.7	–7.2	–7.0	–6.2
SIERRA LEONE	–12.1	–12.1	–9.3	9.3	26.1	–9.4	–3.8
SOMALIA	–10.0	–1.1	–4.1	–2.8	–2.6	–7.1	–4.0
SOUTH AFRICA	–1.4	–2.3	–2.0	0.3	0.8	–3.5	–2.8
SUDAN	–8.9	–14.9	–0.7	–4.2	–3.8	–11.1	–0.4
SWAZILAND	3.6	5.7	–1.4	10.4	–0.4	0.3	–0.8
TANZANIA	–5.7	–3.2	–1.4	–5.2	–4.5	–5.8	–2.0
TOGO	–5.9	–2.7	–5.0	–3.8	–1.9	–4.3	–3.6
TUNISIA	–3.3	–5.7	–2.4	–2.8	–3.1	–5.2	–3.6
UGANDA	–4.7	–4.1	–7.1	–2.4	–2.8	–5.7	–2.8
ZAMBIA	–18.5	–8.3	–0.5	18.6	–1.8	–13.2	–2.0
ZIMBABWE	–9.6	–6.2	–18.6	–7.2	–0.5	–7.8	–6.5
AFRICA	**–3.4**	**–4.3**	**–0.1**	**4.2**	**2.9**	**–5.9**	**–1.3**

TABLE 2.11
Total external debt
(As Percentage of GDP)

COUNTRY	1980	1990	2000	2006	2007	Annual Average 1980–1990	Annual Average 1991–2007
ALGERIA	44.1	62.5	46.1	4.9	4.4	40.4	45.9
ANGOLA	168.9	115.2	99.8	20.7	15.6	153.9	121.5
BENIN	2.9	47.5	71.1	22.1	21.7	39.0	57.8
BOTSWANA	21.3	18.8	40.1	12.1	12.1	29.4	23.0
BURKINA FASO	10.4	19.7	63.1	9.0	34.5	23.1	40.5
BURUNDI	15.2	73.7	155.1	162.2	149.9	42.7	143.7
CAMEROON	16.8	40.3	74.3	5.0	5.0	21.8	61.5
CAPE VERDE	0.0	42.5	64.7	63.0	56.1	42.1	57.8
CENT. AFR. REP.	21.5	43.6	80.1	74.0	68.9	38.4	80.7
CHAD	0.0	30.0	72.6	27.2	32.0	17.3	49.5
COMOROS	22.2	78.8	110.9	69.9	55.9	86.0	85.8
CONGO	0.0	138.9	164.9	78.8	82.4	12.7	185.3
CONGO DEM. REP.	28.4	108.6	293.0	61.5	53.0	70.7	184.7
COTE D'IVOIRE	57.8	141.8	183.8	109.8	98.8	99.5	149.9
DJIBOUTI	10.7	46.5	52.0	55.6	56.4	31.7	55.7
EGYPT	132.5	50.5	28.0	28.8	23.7	76.8	43.2
EQUAT. GUINEA	139.6	159.3	34.1	1.8	1.3	191.1	69.5
ERITREA	...	...	51.6	54.5	46.8	...	39.4
ETHIOPIA	10.6	69.6	69.0	42.4	10.6	26.4	75.4
GABON	32.5	52.4	56.8	34.1	28.0	41.1	60.1
GAMBIA	84.3	89.1	162.4	187.6	81.6	104.7	137.4
GHANA	6.6	43.5	150.2	37.1	37.8	25.5	93.7
GUINEA	58.3	119.8	104.8	99.7	63.4	83.1	88.9
GUINEA BISSAU	320.5	281.8	352.8	322.5	286.3	291.9	358.9
KENYA	42.0	52.5	42.8	21.9	18.2	51.5	43.5
LESOTHO	16.5	54.3	73.3	41.9	43.2	43.6	60.9
LIBERIA	...	...	96.3	98.6	76.2	...	119.4
LIBYA	8.4	18.4	14.6	11.1	8.4	16.7	17.1
MADAGASCAR	25.8	112.4	116.8	32.3	28.5	80.4	102.3
MALAWI	64.6	96.8	153.4	143.2	94.7	85.5	198.9
MALI	42.0	71.9	99.2	26.5	27.3	74.0	81.5
MAURITANIA	103.5	185.3	249.8	94.9	97.2	156.0	183.5
MAURITIUS	27.9	33.9	25.2	14.8	14.0	41.4	24.7
MOROCCO	45.4	71.9	48.6	24.0	22.2	78.3	47.2
MOZAMBIQUE	26.9	173.4	134.0	30.9	34.9	93.8	132.5
NAMIBIA	0.0	0.0	23.3	21.9	21.1	0.0	12.2
NIGER	17.0	54.4	94.2	14.4	17.7	45.1	67.9
NIGERIA	10.0	106.5	66.1	3.0	2.6	75.2	70.0
RWANDA	14.1	25.4	72.5	14.6	14.7	18.1	63.4
SAO T. & PRINC.	57.1	302.1	663.7	413.0	166.5	168.7	529.6
SENEGAL	32.7	55.3	76.0	44.5	43.7	60.1	68.9
SEYCHELLES	15.1	54.3	54.3	74.5	90.1	52.0	65.9
SIERRA LEONE	41.4	177.6	197.3	98.9	54.0	70.0	147.2
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	19.2	17.5	27.8	22.4	21.5	27.0	23.8
SUDAN	51.0	55.8	...	...	...	98.9	...
SWAZILAND	0.0	29.7	25.8	16.5	16.8	21.4	21.5
TANZANIA	48.0	142.3	78.7	66.8	31.1	77.2	97.8
TOGO	85.5	65.7	97.9	82.4	73.0	88.5	86.7
TUNISIA	41.0	61.5	58.4	60.8	59.5	55.0	60.7
UGANDA	0.0	34.2	58.3	41.5	14.0	18.2	64.9
ZAMBIA	86.3	198.1	225.9	4.9	6.2	170.6	161.3
ZIMBABWE	14.7	36.9	49.3	95.5	34.4	31.8	59.7
AFRICA	**32.6**	**55.4**	**51.7**	**24.5**	**21.1**	**48.0**	**50.2**

TABLE 2.12
Debt service
(As Percentage of GDP)

COUNTRY	1980	1990	2000	2006	2007	Annual Average (%) 1980–1990	Annual Average (%) 1991–2007
ALGERIA	28.6	66.8	20.3	23.8	3.0	48.7	44.2
ANGOLA	9.3	21.1	36.5	8.7	8.3	14.2	31.8
BENIN	...	...	12.0	5.5	5.0	...	10.2
BOTSWANA	2.3	5.3	17.9	16.4	15.5	3.9	14.5
BURKINA FASO	1.4	5.3	20.3	5.7	5.3	7.3	10.1
BURUNDI	13.8	43.3	70.1	49.0	51.3	16.3	66.0
CAMEROON	...	6.7	12.5	11.4	11.8	1.5	16.1
CAPE VERDE	...	29.3	16.0	11.7	10.7	7.3	14.3
CENT. AFR. REP.	...	4.9	4.2	...	...	2.3	2.8
CHAD	...	...	12.7	2.1	2.1	...	6.4
COMOROS	7.1	...	6.5	7.5	20.8	0.6	7.8
CONGO	...	...	7.8	12.9	10.9	...	10.9
CONGO DEM. REP.	36.4	12.8	83.6	9.3	11.9	28.0	13.8
COTE D'IVOIRE	15.4	32.0	18.4	10.1	16.1	21.0	24.8
DJIBOUTI	1.7	7.3	7.6	8.1	6.0	5.8	5.7
EGYPT	33.4	74.4	11.4	10.0	6.6	59.2	16.9
EQUAT. GUINEA	25.8	19.9	0.8	1.2	0.4	43.9	8.3
ERITREA	...	...	9.3	42.3	41.4	...	17.0
ETHIOPIA	4.9	30.7	50.8	12.0	6.5	24.0	61.7
GABON	33.8	20.9	15.6	10.2	11.0	34.1	19.7
GAMBIA	9.2	13.3	27.6	34.7	31.4	29.7	22.2
GHANA	...	38.1	22.1	11.4	3.8	41.0	19.9
GUINEA	19.6	21.9	23.4	13.3	13.3	23.1	15.5
GUINEA BISSAU	1.3	11.2	41.0	9.5	11.6	11.0	19.2
KENYA	12.8	36.0	27.3	7.7	6.8	23.4	17.7
LESOTHO	...	21.9	19.0	6.1	4.9	5.4	13.8
LIBERIA	...	...	...	...	...	...	...
LIBYA	...	...	...	...	...	...	...
MADAGASCAR	32.0	75.3	13.4	5.3	1.9	59.4	46.4
MALAWI	8.8	13.0	19.9	11.3	5.9	16.8	11.2
MALI	6.2	39.6	12.2	4.1	3.7	24.8	17.7
MAURITANIA	34.7	0.2	13.5	57.9	2.5	3.5	16.2
MAURITIUS	7.6	9.9	7.9	8.4	5.6	16.3	7.9
MOROCCO	33.0	30.4	32.4	10.4	11.9	34.4	27.9
MOZAMBIQUE	36.4	30.5	45.3	17.2	16.5	40.7	46.1
NAMIBIA	3.0	4.2	2.9	2.6	2.6	3.3	1.9
NIGER	...	...	7.2	5.8	1.4	...	9.4
NIGERIA	3.1	4.3	6.9	4.5	3.1	21.8	12.5
RWANDA	...	...	24.9	3.4	1.4	...	18.8
SAO T. & PRINC.	...	2.2	21.8	47.9	12.4	6.9	31.9
SENEGAL	19.0	30.6	14.0	16.2	8.0	25.2	18.9
SEYCHELLES	0.2	13.7	9.6	13.4	7.5	14.8	13.3
SIERRA LEONE	28.8	52.8	45.9	5.7	3.6	48.8	21.4
SOMALIA	...	...	...	...	...	...	...
SOUTH AFRICA	13.6	12.7	13.8	8.4	9.0	15.6	13.0
SUDAN	33.8	14.0	4.5	5.1	5.1	26.3	9.7
SWAZILAND	...	...	...	...	...	...	...
TANZANIA	25.0	19.0	23.0	4.9	6.8	24.3	24.5
TOGO	9.5	16.1	3.0	0.3	...	30.2	7.4
TUNISIA	14.5	26.5	22.6	19.1	13.1	24.6	19.2
UGANDA	...	...	27.5	27.8	4.0	...	32.9
ZAMBIA	56.1	71.6	15.7	1.6	1.0	46.8	26.4
ZIMBABWE	12.8	11.4	13.8	10.5	9.0	15.9	14.2
AFRICA	**13.2**	**24.3**	**15.4**	**9.9**	**6.4**	**23.2**	**18.1**

Table 3.1: World: number of armed conflicts by type

Year	Extrasystemic armed conflict	Interstate armed conflict	Intrastate armed conflict	Total
1960	1	1	15	17
1961	2	1	18	21
1962	3	2	17	22
1963	2	2	17	21
1964	4	3	16	23
1965	4	3	20	27
1966	4	3	23	30
1967	4	5	24	33
1968	3	1	22	26
1969	3	5	20	28
1970	3	2	21	26
1971	3	2	23	28
1972	3	2	22	27
1973	3	4	20	27
1974	2	3	23	28
1975	0	2	27	29
1976	0	1	28	29
1977	0	2	29	31
1978	0	3	33	36
1979	0	2	37	39
1980	0	2	36	38
1981	0	2	41	43
1982	0	2	40	42
1983	0	5	39	44
1984	0	3	39	42
1985	0	2	37	39
1986	0	3	41	44
1987	0	6	42	48
1988	0	3	39	42
1989	0	2	42	44
1990	0	2	48	50
1991	0	2	50	52
1992	0	1	51	52
1993	0	0	46	46
1994	0	0	46	46
1995	0	1	38	39
1996	0	2	40	42
1997	0	1	39	40
1998	0	2	37	39
1999	0	2	39	41
2000	0	2	35	37
2001	0	1	35	36
2002	0	1	31	32
2003	0	2	27	29
2004	0	0	32	32
2005	0	0	32	32
2006	0	0	32	32
Total	44	98	1509	1651

Table 3.2: Number of countries with conflict, globally and in Africa, 1960–2006

Year	Countries with conflict, all countries	African countries with conflict	
		Number	% of all countries
1960	10	3	30
1961	12	2	17
1962	11	2	18
1963	11	1	9
1964	12	3	25
1965	16	4	25
1966	18	5	28
1967	18	5	28
1968	16	4	25
1969	16	4	25
1970	16	5	31
1971	18	6	33
1972	18	5	28
1973	16	4	25
1974	20	5	25
1975	22	6	27
1976	20	6	30
1977	21	8	38
1978	25	10	40
1979	28	9	32
1980	27	8	30
1981	32	10	31
1982	29	9	31
1983	28	9	32
1984	29	9	31
1985	28	8	29
1986	31	9	29
1987	31	9	29
1988	29	8	28
1989	34	9	26
1990	34	10	29
1991	36	13	36
1992	37	12	32
1993	32	11	34
1994	34	14	41
1995	29	9	31
1996	29	10	34
1997	29	15	52
1998	30	14	47
1999	29	14	48
2000	26	12	46
2001	28	13	46
2002	23	12	52
2003	21	8	38
2004	24	7	29
2005	23	5	22
2006	23	7	30
Total	1129	371	33

Table 3.3: Battle deaths in armed conflict by year, globally and in Africa, 1960–2005

Year	Battle deaths globally	Battle deaths in Africa	
		Number	% of all Battle deaths
1960	59868	40450	68
1961	89402	45859	51
1962	68408	6412	9
1963	73191	7431	10
1964	84329	25143	30
1965	129145	24901	19
1966	146183	12691	9
1967	210207	27934	13
1968	381562	41705	11
1969	318124	39705	12
1970	265319	13393	5
1971	305960	11163	4
1972	341248	11251	3
1973	196581	10076	5
1974	257925	20156	8
1975	135653	22067	16
1976	101273	25301	25
1977	64422	42071	65
1978	123859	49991	40
1979	162174	36071	22
1980	113522	27060	24
1981	207106	45250	22
1982	249937	42345	17
1983	232249	47174	20
1984	242836	63974	26
1985	229185	63975	28
1986	232693	64256	28
1987	192528	57993	30
1988	161039	48592	30
1989	96964	50325	52
1990	95619	59499	62
1991	126071	37455	30
1992	100856	13648	14
1993	103311	29529	29
1994	93463	54593	58
1995	63101	16499	26
1996	57871	17019	29
1997	46091	31086	67
1998	97370	80144	82
1999	133356	102800	77
2000	99122	68573	69
2001	41602	9554	23
2002	20319	8545	42
2003	36318	10266	28
2004	28963	7026	24
2005	21765	2840	13
Total	6638090	1573791	24

Table 3.4: Incidence, number of onsets and number of terminations of conflits in Africa

Year	Number of conflicts	Number of onsets	Number of terminations	Number of recurrences	Number of new conflicts
1960	7	5	2	0	5
1961	7	2	2	0	2
1962	6	1	3	0	1
1963	6	3	1	0	3
1964	9	4	2	1	3
1965	9	2	2	0	2
1966	10	3	2	0	3
1967	10	2	1	1	1
1968	9	0	0	0	0
1969	9	0	0	0	0
1970	10	1	2	0	1
1971	12	4	3	0	4
1972	10	1	2	0	1
1973	9	1	2	1	0
1974	8	1	3	1	0
1975	8	3	0	0	3
1976	10	2	1	2	0
1977	11	2	0	1	1
1978	13	2	2	1	1
1979	12	1	3	0	1
1980	11	2	2	0	2
1981	14	5	2	3	2
1982	13	1	1	0	1
1983	16	4	4	3	1
1984	13	1	1	1	0
1985	13	1	1	0	1
1986	13	1	1	0	1
1987	15	3	3	1	2
1988	12	0	2	0	0
1989	14	4	2	1	3
1990	15	3	2	0	3
1991	19	6	7	1	4
1992	14	2	3	1	1
1993	12	1	1	0	1
1994	16	5	7	5	0
1995	10	1	3	1	0
1996	14	7	4	4	3
1997	17	7	5	5	2
1998	17	5	2	2	3
1999	19	4	5	4	0
2000	16	2	2	1	0
2001	16	2	3	1	1
2002	16	3	8	2	1
2003	10	2	3	2	0
2004	11	4	4	2	2
2005	8	1	0	1	0
2006	10	2	0	2	0
Total	559	119	111	51	66

Explanatory Notes

The main objective of the notes below is to facilitate interpretation of the statistical data presented in Part III of the Report. Data shown for all African countries are annual totals or five year averages. Period average growth rates are calculated as the arithmetic average of annual growth rates over the period. These statistics are not shown in the tables when they are not significant or not comparable over years.

Section 1: Basic indicators

This section contains one table (Table 1.1) which presents some basic indicators as background to the tables in this part of the Report. The table provides cross-country comparisons for area, population, GNI per capita, Consumer Price Inflation, life expectancy, infant mortality and adult literacy rates. The main sources of data in this table are the United Nations Organizations, the World Bank, Country reports and ADB Statistics Division's estimates.

Area refers to the total surface area of a country, comprising land area and inland waters. The data is obtained from the Food and Agriculture Organization (FAO). The population figures are mid-year estimates obtained from the United Nations Population Division.

GNI per capita figures are obtained by dividing GNI in current US dollars by the corresponding mid-year population. GNI measures the total domestic and foreign value added claimed by residents. It comprises GDP plus net factor income from abroad, which is the income residents receive from abroad for factor services less similar payments made to nonresidents who contribute to the domestic economy. The data are obtained from the World Bank Atlas.

Life expectancy at birth is the number of years a new born infant would live, if patterns of mortality prevailing at the time of birth in the countries were to remain unchanged throughout his/her life. The infant mortality rate is the annual number of deaths of infants under one year of age per thousand live births. Adult literacy rate is the percentage of people aged 15 and above who can, with understanding, both read and write a short simple statement on their everyday life. The data are obtained from UNESCO.

Section 2: Macroeconomic indicators

Table 2.1. Gross domestic product, nominal

Data shown in this table are given at current market prices and are obtained by converting national currency series in current prices to US dollars at official exchange rates. Annual changes in GDP are presented in nominal terms.

Table 2.2. Gross domestic product, real

National accounts estimates are obtained from regional member countries data, the

World Bank, the IMF and the United Nations Statistical Division. In several instances, data are adjusted or supplemented with estimates made by the ADB Statistics Division. The concepts and definitions used for national accounts data are those of the United Nations 1993 System of National Accounts (SNA). Many countries continue to compile their national accounts in accordance with the 1968 SNA, but more and more are adopting the 1993 SNA.

Gross domestic product (GDP) measures the total final output of goods and services produced by a national economy, excluding provisions for depreciation. GDP figures are shown at constant 2000 market prices, and have been converted to US dollars using constant 2000 exchange rates. For a few countries where the official exchange rate does not reflect effectively the rate applied to actual foreign exchange transactions, an alternative currency conversion factor has been used.

Aggregate growth rates for Africa are calculated as weighted averages of individual country growth rates using the share of the country's GDP in aggregate GDP based on the purchasing power parties (PPP) valuation of country GDPs.

Table 2.3. Gross national savings

Gross national savings (GNS) is calculated by deducting total consumption from GNI at current prices and adding net private transfers from abroad.

Table 2.4. Gross capital formation

Gross capital formation consists of gross domestic fixed capital formation plus net changes in the level of inventories.

Table 2.5. Terms of trade

Terms of trade estimates are obtained from the IMF and supplemented by ADB Statistics Division estimates. These are obtained by dividing unit value indices of exports by unit value indices of imports. The terms of trade indices for the entire set of regional member countries are also ratios of the unit value of exports and the unit value of imports.

Table 2.6. Current account balance

Data in this table are obtained from the IMF, and based on the methodology of the fifth edition of the Balance of Payments Manual. The current account includes the trade balance valued f.o.b., net services and net factor income, and current transfer payments. The data is given as percentage of GDP.

Table 2.7. International reserves

International reserves consist of country's holdings of monetary gold, Special Drawing Rights (SDRs) and foreign exchange, as well as its reserve position in the International Monetary Fund (IMF).

Table 2.8. International reserves to GDP

International reserves to GDP is the ratio of international reserves to GDP expressed as a percentage.

Table 2.9. Consumer price index

Consumer price index shows changes in the cost of acquisition of a basket of goods and services purchased by the average consumer. Weights for the computation of the index numbers are obtained from household budget surveys.

Table 2.10. Overall fiscal deficit or surplus

The overall surplus/deficit is defined as current and capital revenue and official grants received, less total expenditure and lending minus repayments. The data is given as a percentage of GDP.

Tables 2.11–2.12 Total external debt; debt service.

The main source of external debt data is the IMF. Total external debt covers outstanding and disbursed long-term debt, use of IMF credit, and short-term debt. Debt service is the sum of actual repayments of principal and actual payments of interest made in foreign exchange, goods, or services, on external public and publicly guaranteed debt.

Data Sources

1.	**Basic Indicators**	Regional Member Countries, ADB Statistics Division. Food and Agriculture Organization: FAOSTAT Database, 2008. United Nations Population Division: The 2006 revision. World Bank: World Development Indicators, 2008.
2.	**Macroeconomic Indicators**	
2.1–2.4	National accounts	ADB Statistics Department. Regional Member Countries. United Nations: National Accounts Yearbook, various years. IMF: World Economic Outlook data files, September 2007.
2.5–2.6	External sector	IMF: World Economic Outlook, Data files, September 2007.
2.7–2.10	Money supply, Exchange rates and prices	IMF: International Financial Statistics, February 2008, and International Financial Statistics, Yearbook, February 2008. ILO: Yearbook of Labor Statistics, various years. ADB Statistics Department, Regional Member Countries.
2.11	Government finance	IMF: World Economic Outlook Data files, September 2007.
2.12–2.13	External debt	ADB Statistics Department. IMF: World Economic Outlook, April 2008.
3.	Conflict indicators	UCDP/PRIO armed conflict dataset.

This publication was prepared by the Bank's Development Research Department (EDRE) in the Chief Economist Complex (ECON). Other publications of the Complex are:

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