

# GOOD INTENTIONS

## PLEDGES of AID for POSTCONFLICT RECOVERY

edited by

Shepard Forman and Stewart Patrick

CENTER ON INTERNATIONAL COOPERATION  
STUDIES IN MULTILATERALISM

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BOULDER  
LONDON

Published in the United States of America in 2000 by  
Lynne Rienner Publishers, Inc.  
1800 30th Street, Boulder, Colorado 80301  
www.rienner.com

and in the United Kingdom by  
Lynne Rienner Publishers, Inc.  
3 Henrietta Street, Covent Garden, London WC2E 8LU

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**Library of Congress Cataloging-in-Publication Data**

Good intentions : pledges of aid for postconflict recovery /  
edited by Shepard Forman and Stewart Patrick.

p. cm. — (Center on International Cooperation studies in  
multilateralism)

Includes bibliographical references and index.

ISBN 1-55587-854-7 (alk. paper)

ISBN 1-55587-879-2 (pbk. : alk. paper)

1. Economic assistance. 2. Economic assistance—International  
cooperation. 3. Technical assistance—International cooperation.

I. Forman, Shepard, 1938– . II. Patrick, Stewart. III. Series.

HC60.G598 1999

338.91—dc21

99-38718

CIP

**British Cataloguing in Publication Data**

A Cataloguing in Publication record for this book  
is available from the British Library.

Printed and bound in the United States of America



The paper used in this publication meets the requirements  
of the American National Standard for Permanence of  
Paper for Printed Library Materials Z39.48-1984.

5 4 3 2 1

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COOPERATION

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# Acknowledgments

THE EDITORS OF THIS VOLUME ARE GRATEFUL TO THE SOCIAL Science Research Council (SSRC), their partner in the Pledges of Aid project from its inception, and particularly to Ronald Kassimir, who coordinated SSRC's role in the initiative. Kenneth Prewitt and Eric Hershberg, also of SSRC, provided valuable advice and assistance in the conceptual stages.

We would also like to thank several individuals who served as advisers to the project, including Nicole Ball, Thomas Biersteker, James Boyce, Hugh Cholmondeley, Michael Doyle, Marianne Heiberg, Shijuro Ogata, and Volker Rittberger. In addition, we deeply appreciate the contributions of our colleagues at the Center on International Cooperation, especially Linda Long, Joyce Nduku, and David O'Brien.

Finally, this ambitious multinational study would have been impossible without generous grants from The Ford Foundation, the John D. and Catherine T. MacArthur Foundation, the United States Institute of Peace, and the Bellagio Conference Center of the Rockefeller Foundation. We are indebted to these institutions for their contribution to the success of our undertaking.

—*Shepard Forman*  
*Stewart Patrick*

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# Introduction

*Shepard Forman & Stewart Patrick*

DURING THE 1990s, THE INTERNATIONAL DONOR COMMUNITY pledged more than \$100 billion in aid to three dozen countries recovering from violent conflict.<sup>1</sup> From Cambodia to Bosnia, El Salvador to Rwanda, and Tajikistan to Lebanon, multilateral and bilateral donors have supported postconflict peace building with generous packages of grants, concessional loans, debt forgiveness, and technical assistance. Providing a bridge between emergency humanitarian relief and long-term development, these financial and material resources are designed to persuade formerly warring parties to resolve conflicts peacefully and are intended to lay the foundations for a sustainable transition to economic growth and participatory governance. The outcome of these efforts will shape the fates of long-suffering peoples and the future of international peace and security.

It is thus disturbing to discover that in many situations a significant proportion of the pledged resources has either never materialized or done so very slowly.<sup>2</sup> Despite ostensible good intentions, too often aid promised has not been committed, aid committed has not been delivered, and aid delivered has arrived too late. Moreover, the planning and implementation of reconstruction aid has frequently suffered from inadequate preparation, poor coordination, and lack of perseverance. In some instances the precise amounts, sources, and contents of pledged aid have remained vague, as have the specific conditions attached to it. At a minimum, these deficits can be expected to produce skepticism among donors, recipients, and publics alike about the ultimate value of the vast amounts purportedly committed to reconstruct societies torn by conflict.

Despite the prominence of “postconflict peace building” on the international agenda, few independent empirical studies have analyzed the composition, management, and delivery of multilateral aid packages to countries emerging from violence. Nor have there been systematic efforts to compare and generalize across diverse cases.

Responding to these gaps in current knowledge, the Center on International Cooperation at New York University and the Social Science Research Council in September 1997 convened an international group of scholars and practitioners to conduct a comparative study of aid delivery to postconflict societies. Employing a common methodology, teams of researchers from donor and recipient states spent eighteen months investigating the experiences of six cases: El Salvador, Mozambique, Cambodia, the West Bank and Gaza, Bosnia and Herzegovina, and South Africa. This volume contains their findings.

The book is organized into six case studies, bracketed by an overview chapter and a conclusion. This introductory chapter describes the nature of postconflict recovery and the problems of aid delivery that motivated our study. It then explains the selection of country cases and outlines the concepts and methods that framed and organized the collaborative research project. It ends by outlining the findings of the case study chapters and pointing to the value (and limitations) of the project's financial lens.

### **The Dimensions of the Challenge**

The end of the Cold War raised hopes that the international community might employ an anticipated "peace dividend" to repair the ravages of the superpower competition in many war-torn and conflict-prone societies.<sup>3</sup> In fact, by the mid-1990s the world was wracked by some fifty armed conflicts, largely intrastate in nature.<sup>4</sup> The reinvigorated United Nations system quickly found its capacities taxed by complex humanitarian emergencies characterized by chronic violence, the breakdown of governance, the destruction of physical infrastructure, the displacement of populations, and massive human suffering. The initial international response was primarily humanitarian, so that by 1996, 10 percent of global official development assistance (ODA) and one-half of the UN aid budget were devoted to relief.

As the humanitarian tide crested and the chance for peace reemerged in many areas, the focus of international aid turned to laying the foundation for durable peace and recovery. There were many candidates for such assistance. By 1999, some forty countries were struggling to emerge from protracted civil violence (see Table 1.1).<sup>5</sup> Most of these ranked among the poorest in the world—and the furthest from international development goals. Just as grinding poverty helped to ignite conflict, so it promised to complicate subsequent recovery.

In addressing the international community's potential for aiding postconflict reconstruction, policymakers and members of the wider aid community have repeatedly invoked the most celebrated postwar recovery effort—the Marshall Plan.<sup>6</sup> Certain broad elements of the European Recovery

**Table 1.1 Countries Experiencing Large-Scale Violence or Emerging from It, 1989–1999**

Africa	Europe	The Americas	The Middle East	Asia
Angola	Armenia	Colombia	Algeria	Afghanistan
Burundi	Azerbaijan	El Salvador	Iraq	Burma
Central African Republic	Bosnia and Herzegovina	Guatemala	Lebanon	Cambodia
Chad	Croatia	Haiti	West Bank and Gaza Strip	Indonesia (East Timor)
Congo	Georgia	Nicaragua	Yemen	Sri Lanka
Democratic Republic of Congo	Yugoslavia (Kosovo)	Peru		Tajikistan
Djibouti				
Eritrea				
Ethiopia				
Guinea-Bissau				
Liberia				
Mali				
Mozambique				
Namibia				
Niger				
Rwanda				
Sierra Leone				
Somalia				
South Africa				
Sudan				
Uganda				

*Sources:* Carter Center, 1997–1998 *State of World Conflict Report*; Brown, *International Dimensions of Internal Conflict*; Carnegie Commission, *Preventing Deadly Conflict*; and websites of World Bank, UNDP.

Program (1948–1952) might be worth incorporating in today's postconflict assistance: its emphasis on local initiative and ownership; its mixture of economic and political conditionality; its focus on modernization as well as reconstruction; its finite duration; and (where appropriate) its regional approach.

Nevertheless, fundamental differences between the present international context and that of half a century ago make unrealistic any hope of repeating the Marshall Plan model, especially the magnitude of its resources.<sup>7</sup> These dissimilarities include the current distribution of global power; the locus and nature of contemporary violence; the nature and absorptive capacities of today's postconflict states; and the resources and will of the donor community (see Table 1.2<sup>8</sup>).

In today's world, no single donor state or international organization can, by itself, address the multiple needs or bear the tremendous costs associated with reconstructing war-torn states as scattered and diverse as Bosnia and Herzegovina, Liberia, Cambodia, and Guatemala. Successful

**Table 1.2 The Marshall Plan Era and the Contemporary World: Different Contexts for Reconstruction**

Marshall Plan Era	Reconstruction Today
Reconstruction followed conventional world war fought by modern armies and resulting in a clear victory for one side. War ended with unitary nation-states, separated combatants. Most borders were quickly recognized as legitimate.	Reconstruction follows localized conflict, often civil war between irregular forces of same state, with civilians as targets. The outcome of the conflict is often ambiguous and contested. Reconciliation is complicated by internal divisions and continuing, low-level violence.
Strategic concerns dominated, provided rationale for aid and "glue" for cooperation. Ideological and cultural affinity existed between donor, recipients.	No overarching threat unites donors and recipients into a common security community. Less similarity exists between donors and recipients (and more competition among donors). Humanitarian considerations are more prominent in aid decisions.
Most aid recipients were relatively wealthy democracies with advanced capitalist economies, and were economic partners and allies of donor. Recipients possessed impressive physical and human capital and high absorptive capacities. Reconstruction took place in a regional framework among contiguous countries.	Aid recipients are non- (or fragile) democracies, often failed states of marginal interest to donors. Most possess limited absorptive capacity, physical infrastructure, and social capital. War-to-peace transition is often concurrent with a transition from an authoritarian to a free polity and from a controlled to a market economy. Most recovery efforts focus on single country rather than region.
A single donor state with hegemonic power addressed the needs of sixteen recipient countries. Recipients engaged in "free-riding." International organizations were embryonic, NGOs marginal.	Multiple donor states and organizations address the needs of a single state. "Free-riding" may arise among donors. International organizations and NGOs play a prominent role and raise coordination problems.
Globalist impulses were ascendant in the United States (main donor), which possessed confidence, capabilities, and political will. Faith in state intervention, nation building was widespread.	Domestic considerations are ascendant in the donor community. Donors are skeptical about the role of the state in economic activity, the value of foreign assistance, and the prospects of nation building.

postconflict recovery thus requires multilateral cooperation among bilateral donors, UN agencies, international financial institutions (IFIs), and nongovernmental organizations (NGOs). Simultaneously, the heterogeneity of war-torn countries makes it difficult for donors to formulate consistent, harmonized policies to assist recovery efforts.

International efforts to reconstruct societies emerging from protracted violence fall under the rubric of "postconflict peace building." This concept was introduced in *An Agenda for Peace* (1991), Boutros Boutros-Ghali's vision for post-Cold War security. The UN secretary-general defined the phrase as collective "action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse

into conflict.”<sup>9</sup> Postconflict peace building is clearly consistent with the UN Charter’s primary objective—“to save succeeding generations from the scourge of war”—and with member state commitments to “create conditions of stability and well-being” and to “promote higher standards of living.” Despite painful setbacks in Somalia, Angola, and Rwanda, the concept was reaffirmed in Boutros-Ghali’s *Supplement to An Agenda for Peace* (1995) and in Secretary-General Kofi Annan’s UN reform package of July 1997.<sup>10</sup>

### *Multiple Transitions*

Postconflict recovery commences with the signing of peace accords and lasts until some degree of political stability and self-sustaining economic growth is restored, a process likely to take several years. The end of most internal conflicts in the 1990s was accompanied by comprehensive peace accords addressing not only military settlements but also multiple political, social, and economic objectives. Although each postconflict situation (like each conflict) has unique attributes, successful recovery often involves a “triple transition”: a *security* transition from war to peace; a *democratic* transition from authoritarianism (or totalitarianism) to a participatory form of government; and a *socioeconomic* transition, including both the rebuilding of economic capacities and (frequently) the movement from a controlled to a market economy.<sup>11</sup> The sequence and duration of these transitions can vary significantly. As a postconflict society recovers, its aid profile changes from emergency to reconstruction aid, and ultimately to development assistance.

Sustainable recovery from conflict requires laying new foundations for social peace, political stability, and economic growth in beleaguered countries. To advance these war-to-peace, political, and socioeconomic transitions, donors have supported an awesome array of essential activities. They have helped to draft and implement peace accords, plan and monitor disarmament, demobilize and reintegrate combatants, train local police, and restore human security. They have promoted efforts to reestablish the rule of law, conduct democratic elections, draft new constitutions, reform judicial systems, rebuild state structures, improve local governance, and monitor human rights.<sup>12</sup> And they have provided assistance to reintegrate refugees and displaced persons, provide essential services, restore transportation and communication links, rebuild social capital, replace obsolete infrastructure, jump-start industrial and agricultural production, reconstitute financial institutions, and revive commercial activity.<sup>13</sup> At its most ambitious, postconflict peace building resembles nation-building, as external actors seek to transform a country’s “political institutions, security forces, and economic arrangements.”<sup>14</sup> These undertakings are complex, costly, and risky. Their

scope and complexity have forced donors to adapt their institutional, financial, and operational procedures and to explore new mechanisms to coordinate their separate initiatives.

As Nicole Ball observes, the phase immediately following a negotiated settlement “places the heaviest demands on donor resources.”<sup>15</sup> Unfortunately, donors are still struggling to adjust their ample humanitarian and development capacities to meet the transitional needs of postconflict countries. Moreover, the resources available to support postconflict recovery have been restricted by budgetary retrenchment and growing disillusionment about foreign aid in wealthy donor countries.

### *Delayed Disbursement of Pledged Funds*

Peace accords, and the aid commitments that accompany them, generate tremendous expectations within societies torn by conflict. By promising to launch economic recovery, pledges of aid can help to consolidate fragile peace agreements. The effectiveness of such incentives, however, depends on their credibility, and particularly on donors’ “reputation for fulfilling pledges and a demonstrated ability to deliver the promised reward.”<sup>16</sup> Generous promises mean little unless they can be translated promptly into accessible, flexible resources that make tangible improvements in the daily lives of long-suffering populations.<sup>17</sup>

It is thus of concern that much of the aid pledged by the international community arrives only after considerable delays. In the words of the World Bank, “Pledges are made, but commitment takes longer, and there is a considerable lag before actual disbursement takes place. Sustainable transitions out of conflict take several years, yet there is a tendency for donors to disengage once the conflict has receded from public attention.”<sup>18</sup> As the case studies in this book demonstrate, unsustainable and unpredictable disbursements can wreak havoc on reconstruction and peace-building efforts. And by encouraging unrealistic local expectations, the donor community risks shattering these hopes entirely. A few examples will illustrate a broader pattern of problems.

Consider the case of the West Bank and Gaza Strip. In October 1993, donors responded to the Israeli-Palestinian Declaration of Principles by pledging some \$2.4 billion over five years to lay the economic foundation for self-rule in the West Bank and Gaza Strip. By the end of 1994, less than 10 percent of this had been provided. By June 1997, donors to the Palestinian Authority (PA) had pledged more than \$3.4 billion and committed nearly \$2.8 billion, but less than half of the total pledges had been disbursed (see Table 1.3).<sup>19</sup> The United States, ostensibly the largest donor, had delivered on only two-fifths of its initial pledge. In justifying their performance, donors blamed rigid Palestinian centralization, local corruption,

**Table 1.3 Aid Flows to the West Bank and Gaza Strip, June 1997 (U.S.\$ millions)**

Donor	Pledged	Committed	Disbursed
United States	500	296	207
European Union	357	357	230
European Investment Bank	300	89	n.a.
Japan	256	231	232
World Bank	230	185	66
Saudi Arabia	200	185	83
Netherlands	151	150	90
Germany	150	149	89
Arab Fund	150	149	0
Spain	123	122	31
Total for all donors	3,439	2,799	1,514

*Source:* Dempsey, "Palestinian Aid Faces Obstacle Course."

legal uncertainties, and Israeli intransigence (particularly periodic border closures). Meanwhile, the Palestinian Economic Council for Development and Reconstruction (PECDAR) complained of competing donor agendas, inappropriate aid conditions, and insufficient donor pressure on Israel.

Cambodia experienced similar difficulties with the uneven disbursement of approximately \$3 billion promised to support its postwar recovery. The donor community pledged \$880 million at the June 1992 Conference on Rehabilitation and Reconstruction of Cambodia. Only \$200 million had been disbursed by September 1993 (when the new government was formed) and only \$460 million by the end of 1995. According to one analyst, the "exceedingly slow" pace of aid disbursement was partly a result of donor interest in high-profile, large-scale projects requiring extensive planning. Many donor-driven projects were inappropriate for Cambodia's priority needs and development situation and barely touched rural areas outside Phnom Penh; indeed, "whole regions of Cambodia" failed to see "any tangible evidence of reconstruction." Embarrassed by their performance in disbursing aid, some donors asked the Cambodian government not to release data on aid flows after 1995.<sup>20</sup>

Slow delivery of pledged reconstruction assistance was also one of the major criticisms made by the Joint Evaluation of Emergency Assistance to Rwanda, an unprecedented multidonor effort to assess the aid response of the international community to a humanitarian emergency and its aftermath. Whereas emergency relief to Rwanda flowed smoothly, "financial support for national recovery [was] surprisingly slow," especially "in light of the potential social, political and economic costs of delays." Donors pledged some \$700 million in response to the January 1995 Roundtable Conference for Rwandan Reconstruction (see Table 1.4), but by midyear they had disbursed only \$68.1 million (less than 10 percent). Worse, only one-quarter

of this aid had been received in Rwanda, and the government faced restrictions on using it to meet balance of payments difficulties or to purchase essential equipment. Moreover, much of the assistance pledged either consisted of repackaged "old money" or was needed to clear arrears to the World Bank and the African Development Bank. By the end of 1997, two United Nations Development Programme (UNDP)-organized roundtable conferences had mobilized \$2.86 billion, but only \$1.18 billion had been delivered to Rwanda.<sup>21</sup>

To some extent, these delays reflected Rwanda's limited absorptive capacity, particularly a shortage of skilled personnel in the aftermath of genocide, and reasonable donor doubts about the accountability and legitimacy of the new government. But delays were also generated by donor disagreements over the channels through which to coordinate and disburse aid; cumbersome procedures for designing and approving development projects; Rwanda's difficulties in accommodating the requirements and procedures of multiple donors; and disagreements among donors about placing explicit or implicit political conditions on the transfer of aid to the postwar government. Partly because humanitarian relief flowed more swiftly than recovery assistance, some two-thirds of the \$2 billion spent during the first year of the crisis went to refugees in asylum countries rather than to tangible projects that benefited victims of violence in Rwanda. Chastising the donor community, the UNDP resident representative noted the "immense frustration . . . of recipient governments who receive large pledges of assistance but do not see all of the money arrive in the country."<sup>22</sup>

Similar aid complications, lags, and shortfalls have plagued other post-conflict transitions, such as those in Lebanon, Mozambique, and Tajikistan.<sup>23</sup> The consequences are potentially grave. Insufficient external financial and other resources may exacerbate political instability and prolong economic stagnation; the two may then feed off each other to make recovery a more

**Table 1.4 January 1995 Roundtable for Rwanda: Financial Tracking**  
(U.S.\$ millions)

	Requested, January	Pledged, May	Committed, September	Disbursed, September
Financial support	189.9	186.2	111.2	50.1
Repatriation and reintegration	273.7	65.6	42.7	25.5
Rehabilitation and reconstruction	300.9	314.2	284.5	94.1
Outside Roundtable/unallocated	0.0	141.3	84.6	75.3
Total	764.5	707.3	523.1	245.1

*Source:* Joint Evaluation of Emergency Assistance to Rwanda.



distant prospect. Noting that any “delay in releasing pledged assistance means that much-needed resources are not available for meeting urgent reconstruction needs,” the multidonor assessment of aid to Rwanda counseled donors to “suspend their normal administrative procedures in order to disburse funds.” As the Swedish Ministry of Foreign Affairs notes, *“Pledges which are not honored frustrate the credibility of aid as well as of key players on the ground whose activities and mandate depend on timely access to aid resources.”*<sup>24</sup>

Conventional explanations for unfulfilled pledges or delayed aid delivery have tended to be onesided, reflecting disproportionately either donor or recipient perspectives. In fact, both sides share responsibility for shortcomings in the design, delivery, and implementation of aid. On the “demand” side, states recovering from war often lack the capacity to absorb considerable sums of money and in-kind aid that emanate from diverse foreign sources and are intended for multiple purposes. In many cases, they do not possess the administrative structures required to design and implement comprehensive recovery plans. Insufficient human resources, immature political institutions, underdeveloped legal frameworks, limited transparency, and persistent (or resurgent) internal disputes may undermine good governance and facilitate corruption. Whether through venality, incompetence, or misfortune, some recipients fail to meet conditions established by donors such as the World Bank, the International Monetary Fund (IMF), UN agencies, or the member governments of the Organization for Economic Cooperation and Development (OECD).<sup>25</sup>

On the “supply” side, the generous pledges announced at multilateral conferences may in reality consist of little more than previously committed funds repackaged for political purposes. Rather than responding to urgent recovery needs, donor governments at times design aid packages to reflect their own political interests or the interests of their national service providers. Even when funds are mobilized, poor coordination among donors—and with recipient governments and NGOs—may result in duplicated or contradictory efforts, poorly allocated resources, and inappropriate projects. Delays may be exacerbated by lengthy bureaucratic formalities, protracted legislative reviews, and cumbersome procurement procedures. In some instances, multilateral peace-building initiatives have collided with structural adjustment programs set up by international financial institutions.

### Case Selection and Research Methods

The apparent defects of postconflict assistance prompted us to launch a multinational, comparative study of the reconstruction experiences of six