Aid, growth and peace: a comparative analysis
Astri Suhrke and Julia Buckmaster

This article disaggregates aid data to enrich our understanding of the patterns of post-conflict aid. We find that the front-loading of aid after a peace agreement, detected by previous research, has not been the general pattern. To begin with, relief and aid need separating out, commitments and disbursement distinguished, and four-year averages replaced by annual figures. Detailed analysis of seven post-conflict cases confirms that the political contexts of donation and implementation, including political assessments of peace agreements, have considerable influence on aid patterns. Finally, high levels of aid and rapid economic growth are not essential preconditions for sustaining peace. More significant are the short-term stabilisation strategies adopted and the distributive effects of structural adjustment.

Increasingly, the proper sequencing of aid in terms of timing and magnitude is seen as an important aspect of peacebuilding strategies in the aftermath of civil wars. Donors have pursued different strategies, sometimes seeking to ‘jump-start’ the economy through massive infusions of aid in the immediate post-conflict phase (as in Bosnia); at other times favouring a slow pace of phasing, even of modest aid flows, citing weak absorption capacity (as in Cambodia). Recipient governments typically argue for immediate and large-scale inflows to cement the peace settlement, or, as in post-Taliban Afghanistan, to

Astri Suhrke is a senior researcher at the Chr. Michelsen Institute (CMI) in Norway. Currently she is working on strategies of post-war reconstruction and, more widely, peacebuilding, with particular reference to Afghanistan and East Timor. She has published widely on the politics of humanitarian policies in international organizations and the UN system, the concepts of human security and humanitarian intervention, and refugee movements. Her most recent book, ‘Roads to Reconciliation’ (Lexington), was published in 2005. She can be contacted on astri.suhrke@cmi.no

Julia Buckmaster was a Fulbright Scholar at the Chr. Michelsen Institute in 2004–05, when she worked on the project, ‘The Effect of Post-war Aid’. She has a B.A. from the American University in Washington DC.
prevent structures embedded in the wartime political economy from creating a ‘narco-mafia state’. The literature provides few guidelines. While there have been numerous case studies of post-war aid, most have been project oriented and yield little understanding of what constitutes appropriate strategies to sustain the post-conflict peace.¹ Research supported by the World Bank claims to have identified optimal timing and magnitude of aid required to sustain post-war peace, and which diverge markedly from actual practice.² Their general nature (based on statistical analysis of highly aggregated data) and a small number of observations limit the relevance of the findings, however.

This article takes the World Bank research in this area as a starting point, but disaggregates the data and supplements it with a small-N qualitative analysis. We first examine overall trends in types of post-conflict aid over time, then identify patterns in seven country cases, and conclude by analysing the relationship between aid, economic growth and peace in light of the case studies. As other studies have shown³ disaggregated data and comparative case studies can significantly enrich the analysis. This article identifies several patterns of post-conflict aid, each of which reflects a specific historical context and related policy rationales. While several aid patterns diverge from the optimal sequencing recommended by the World Bank research, the aid nevertheless helped to stabilise peace in the short run, and all were compatible with a sustained peace in the longer-run.

**Patterns of aid**

The World Bank-supported research on the sequencing of aid in post-conflict situations is part of a larger argument on the relationship between aid, growth and peace.⁴ To maximise the positive impact on peace, the World Bank team argues, aid to countries emerging from civil war should be massive (twice the level of aid to countries that are not post-conflict), and should be phased in slowly to peak in the middle of the first post-conflict decade before tapering back to ‘normal’ levels. In fact, the team claims, donors do precisely the opposite. They rush in with aid when peace is declared, but rapidly scale back instead of staying for the long haul. The reason is a generalised ‘CNN effect’—‘politicians like to respond to the newsworthy event of peace . . . [while] aid bureaucracies try to get aid allocations back to normal’.⁵

The conclusion has affirmed conventional wisdom in aid circles to the effect that donors frontload aid in a dysfunctional manner. However, to what extent is frontloading typical of post-conflict donor behaviour across the wide variety of post-conflict cases? To assess
donor behaviour in more detail, we use the same kind of Official Development Assistance (ODA) data as in the World Bank research led by Paul Collier and Anke Hoeffler, but use annual figures rather than four-year averages, and distinguished between type of aid and historical periods.6

First, we separate relief aid from the aggregate ODA figures.7 As we wanted to test the ‘frontloading’ hypothesis as precisely as possible, we used the civil war sample of Collier and Hoeffler, which contains 14 countries and 17 post-conflict situations.8 Altogether, the post-conflict years of the countries in the sample span almost three decades from 1971, when the first civil war ended, to 1997, when the Collier and Hoeffler dataset stops. When allowing for type of aid disbursed to post-conflict countries in these years, we see that only relief aid is ‘frontloaded’ (Figure 1). Other types of aid, which we have lumped under the general heading of development aid, are gradually phased in to peak in the third year after the conflict ended. Admittedly, this aid then tapers off, and our findings are not necessarily inconsistent with a frontloading pattern if we aggregated the aid and used four-year averages. However, from a policy-analysis perspective the disaggregated result is more useful than the gross pattern in that it recognises the separate role of—and rationale for—humanitarian aid in the immediate post-conflict period. The primary purpose of such aid is not to promote economic growth or indeed development generally. Rather it is to save

Figure 1. Development and relief aid.
lives in the short run. In this perspective, frontloading humanitarian aid is eminently rational and appropriate donor behaviour.

The rapid decline of development assistance from the fourth post-war year seems to violate the declared policy intent of many donors to the effect that aid agents must situate post-war reconstruction in a long-term development perspective and demonstrate staying power. The explanation may in part be technical: transfers recorded by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD/DAC) as Official Development Assistance (ODA) is above all concessional assistance; loans with less than a 25% grant element are not included. Non-grant assistance may well increase in proportion of total aid as the post-war decade progresses and donors turn from the immediate tasks of reconstruction and peace implementation to ‘normal’ development programmes.

Second, we take account of the fact that the international aid regime has changed dramatically in recent years. The end of the Cold War signified a systemic change in the aid regime. Initially ad hoc and programmatically incoherent, donor responses soon developed into a comprehensive, multilateral aid regime for humanitarian and reconstruction assistance designed to consolidate peace in the aftermath of civil wars and similar violent conflict. The change entailed a progressive standardisation of aid interventions with increasingly agreed-upon formulas for the nature and sequencing of aid, improved coordination and clearer division of labour among aid agencies. As a measure of growing institutionalization, by the mid-1990s the term 'post-conflict' had become a standard policy term used in the aid community as well as among scholars. When analysing aid patterns, it, therefore, makes sense to distinguish between post-conflict situations before and after 1990. This leaves us with a rather small sample in each group, but the results (Figures 2 and 3) are nevertheless suggestive. In the 'old conflicts' (which ended before 1990), both relief and development aid were phased in gradually. The frontloading characteristic does not appear until after the new aid regime took shape in the 1990s. The change reflects the greater international involvement in forging the series of peace agreements that ended the (internationally assisted) civil wars of the Cold War, as well as those following the break-up of the Soviet Union. All of these settlements had a comprehensive peace implementation agenda, and most came with a highly public donors’ conference, a sizable price tag and two to four year implementation periods that were presented to pledging conferences. As a result, peace implementation tended to became a frontloaded aid activity.
Although not addressed by the Collier and Hoeffler study, the distinction between disbursements and commitments is central to the post-war aid debate. The failure of donors to match promises with disbursement has been a serious source of tension in some recipient-donor relations, as in post-Taliban Afghanistan. Pledging conferences have been an important resource mobilization tool for the post-conflict aid regime, probably with the quite intended effect of driving up the level of funds committed. Whether or not a systematic gap between commitments and disbursements exists, is less clear. Case study materials show a varied picture, with major gaps in some cases and virtually none in others. Using aid data from post-civil war aid in 12 ’new’ cases, (i.e. where the conflict ended after 1990), we find a marked gap between commitments and disbursements in

Figure 2. Old conflicts—development and relief aid.

Figure 3. New conflicts—development and relief aid.
the early years after peace, but a subsequent narrowing. By the middle of the post-war decade, commitments and disbursement levels converged, possibly reflecting increased awareness of recipient absorption capacity over time, fewer pledging conferences for the country in question, and donor fatigue more generally. Figure 4 also helps explain why it is widely assumed that aid is rushed in soon after peace is declared but then rapidly falls off. The commitment curve follows the dynamic of frontloading—big promises are made in the early post-war years but then decline markedly—and big promises attract attention. Actual disbursements, by contrast, although steadier are less politically visible.

**Country cases**

What kind of interests and objectives shape the sequencing of post-war aid? Such aid is typically inserted in a deeply politicised context. The principal domestic actors are often recent enemies and remain protagonists in shaping the peace. International actors have frequently been involved in both waging the war and mediating the peace and have significant interests in securing a particular kind of post-conflict order. Peacebuilding strategies, in other words, are fundamentally political in nature, as several analysts have observed. In this context, it seems unlikely that a ‘CNN effect’ by itself will significantly determine the aid policies of donors. More likely, aid patterns will reflect strategic
rationales of various kinds. Donor strategic considerations—political as well as economic—would seem to be particularly pronounced in the ‘new’ post-conflict situations of the 1990s where the UN and the major donors were heavily involved in forging the peace settlements.

To examine variations in aid patterns over time as well as among countries, we selected seven post-conflict cases for more detailed analysis. This small-N qualitative approach enabled us to identify and explain the shape of the individual aid curves. As an expression of total assistance, each country aid curve typically masks a variety of donor interests and institutional concerns as well as different degrees of aid coordination. Nevertheless, each of the patterns that appeared seemed to suggest an overarching, coherent rationale. Of the seven cases—Bosnia, Cambodia, the three Central American post-conflict countries, and Mozambique and Rwanda—the first two immediately stand out as contrasting cases in terms of both magnitude and timing of aid. We shall, therefore, first consider these two, and then turn to the remaining countries.

**Bosnia and Cambodia**

The Bosnian post-war phase opened with the Dayton peace agreement, signed in December 1995. As Figure 5 shows, except for one year, there is little difference between aid commitments and disbursements. The remarkable aspect of the aid picture is the very high aid volume in the first four years, followed by a dramatic decline. While the curve does not suggest a sharp frontloading of aid—the build-up during the first three years after Dayton is rather steady—the mild frontloading is accentuated by the subsequent sharp reduction. The pattern can readily be explained with reference to deliberate aid strategies and political events. The World Bank, which along with the EU had the primary institutional responsibility for organising post-war aid, designed a strategy where early and massive infusions of aid for infrastructure reconstruction would ‘jump-start’ the economy. This resulted in a four-year Priority Reconstruction and Recovery Programme (PRP), formally launched at what turned out to be the first of several pledging conferences in December 1995. Over US$4 billion of the initial price tag of $5.1 billion was disbursed. While this was only part of the overall aid picture, and did not cover a range of separately funded multilateral and bilateral projects, the PRP set the stage for the overall aid effort. The mammoth aid programme came to an end at the same time that the 1999 crisis in Kosovo
and subsequent NATO intervention occurred, which presented donors with competing priorities (year four on the chart). At the same time, disagreements among donors (particularly on conditionality), and delays (related donor requirements and institutional procedures as well as lagging cooperation on the recipient side), created a cumulative frustration in the donor community over the difficulties and dysfunctionalities of an aid programme involving massive transfers in the kind of environment that prevailed in post-war Bosnia. Major media reports in mid-1999, although quite possibly exaggerated, concluded that aid had generated systematic, new corruption and helped sustain the power of wartime and pre-war elites in ways that did not further the Dayton agenda of democratic development, multiethnic reintegration and economic recovery. The recognition that institutional developments had to precede liberalisation and effective utilisation of aid was gaining ground. So was awareness that Bosnia would be saddled with major new debt unless the grant element was increased. The various elements of the aid picture came together in a formal reassessment over priorities announced in the Brussels Declaration of the Peace Implementation Council in May 2000. The declaration outlined a change of aid strategy that entailed a lesser volume of monies and greater emphasis on institution building and economic reform.19

The high level of aid during the first four years was remarkable. It was about three times the aid disbursed in the equivalent post-conflict phase to Cambodia—a country with more
than twice the population of Bosnia and arguably much more destruction, and where the international community a few years previously had been equally instrumental in bringing the conflict to an end. The aid engagement reflected the significance of Bosnia to the major donors and the huge political and social impact that the war had in Europe and the United States. More specifically, NATO’s military intervention in the war and the US orchestration of the peace agreement had given the major donors a strong sense of ownership in the peace process. The Dayton Agreement was largely ‘their’ peace. The agreement and the government it left in place in Sarajevo represented a victory for US and European declared policies in Bosnia, and the donors had strong political incentives to secure their investment and demonstrate their commitment. Massive aid transfers, moreover, could seem to atone for past failures to prevent massacres of civilians and ethnic cleansing during the war. Important clauses of the peace agreement presumed external financial assistance, above all elections, demilitarisation, and its opposite programme of military assistance to the joint Federation army. The return of refugees and internally displaced persons (IDPs) was an integral part of the Dayton Accords and expressed its underlying principle of restoring a multicultural Bosnia; this process also required financing, especially after 1998. Finally, donors also cited strong economic reasons for immediate and large aid transfers, referring to the World Bank’s economic rationale of jump-starting the economy. The result was virtually a competitive rush to provide aid as soon as the peace agreement was signed.

In Cambodia, by contrast, aid levels were low and the aid was phased in slowly over the post-war decade. The Paris peace agreement (October 1991) spelled out the desired sequencing in the appended Declaration on the Rehabilitation and Reconstruction of Cambodia: ‘The implementation of an international aid effort would have to be phased in over a period that realistically acknowledges both political and technical imperatives.’ (para 5). Why this cautious approach? The Vietnamese-supported incumbent regime of Hun Sen was weary of the intentions of the major donors. Hun Sen did not solicit major aid flows, evidently wanting to exercise maximum control over the post-war reconstruction programme. The donors, for their part, concluded that after the destructive regime of Khmer Rouge and the (nominally) socialist regime of Hun Sen, Cambodia had few structures to support a market-based reconstruction programme of the kind promoted by themselves and the international financial institutions (IFIs). Making haste slowly consequently made sense. As the aid programme got under way, donors consistently—although not always correctly—cited lack of absorptive capacity and effective administrative structures as reasons for delaying aid or providing only modest
amounts.\textsuperscript{22} Corruption was another major concern. Yet, with respect to governance and absorptive capacity, it appeared that the donor community held the Cambodia post-war government to higher standards than it was to apply later in other cases. The fact that the international post-conflict aid regime at this time was just taking shape, and Cambodia was one of its first cases, might also account for the slow pace and modest level of assistance. On closer examination, this factor explains little as well. The novelty factor did not prevent the UN from mounting one of its largest and at the time unprecedented peace missions—the UN Transitional Authority in Cambodia (UNTAC).

The underlying but fundamental reason behind donor hesitancy seems political. The Paris peace agreement left in power the Vietnamese-installed and supported government of Hun Sen. None of the major donors supported the Hun Sen government, and the US vehemently opposed it for reasons related to its own defeat in Vietnam.\textsuperscript{23} The peace agreement was orchestrated by the large powers, but this was not ‘their peace’ in the same way that the Dayton agreement would be. All the major powers and donors (perhaps including Moscow), hoped that the elections scheduled for 1993 would bring to power a different government led by the erstwhile opposition to Hun Sen, and had little incentives to rush in aid in the meantime. In the event, the 1993 elections produced an uneasy compromise and a coalition that included a still-powerful Hun Sen. By the end of the decade, Hun Sen was still Prime Minister but had become more palatable to the donors (particularly in comparison with other Khmer political figures) and aid stabilised at a slightly higher level than in the first post-war phase.

**Nicaragua, El Salvador and Guatemala**

The first of the Central American civil wars to come to an end, the Nicaraguan case attracted much attention and vast amounts of donor aid. On a per capita basis, the aid level in the post-war decade was substantially above the assistance to El Salvador and ten times higher than in Guatemala. The particular circumstances of the Nicaraguan peace settlement help to explain why. First, the war was terminated with a series of separate negotiations and pacts in which the 1990 elections assumed particular importance. The Sandinistas had agreed to abide by the election outcome, as had the political opposition, although not the armed opposition (the Contras). The unexpected loss of the Sandinistas made it easier to demilitarise the Contras, although this was not a foregone conclusion, and the transition
from the Sandinistas to the ‘democratic conservatism’ of the new, Chamorro-led coalition was fragile and uncertain. As a result, donors—above all the United States—transferred large amounts of aid to secure a favourable transition. A successful transition had implications for the region as well. Peace in Nicaragua was widely expected to promote a peaceful settlement of the other two civil wars in the region, and failure to have the opposite effect. The result was a distinctly frontloaded pattern (Figure 6).

Having been deeply involved in the war, the United States had particular incentives to finance a transition that would entail the electoral defeat of the Sandinistas, ensconce a US-friendly anti-Sandinista regime in power and facilitate the reintegration of Washington’s previous Contra clients. Generous aid was also a reward for the new government’s compliance with gruelling IFI demands for structural adjustment. In the first three years after the February 1990 elections, the donor community disbursed US$1.89 billion in concessional aid, of which the US alone provided 40%. In 1991, the first year of the Chamorro government, US bilateral aid recorded as official development assistance under the OECD/DAC rules was over US$460 million. In the same year, donors gave priority to democratic consolidation by collectively providing $350 million in aid for ‘governance’ alone. As the transition seemed secure, and the Sandinistas settled into the role of a tamed political opposition, US aid dropped markedly. By 1996 when the Sandinistas registered

![Figure 6. Official development assistance—El Salvador and Nicaragua.](image-url)
their second electoral defeat, US aid levelled off to unremarkable Figures (around $30–40 million annually except for additional aid provided in the aftermath of hurricane Mitch in 1998). The Nicaraguan government in Managua, for its part, did not inspire sufficient confidence among other donors to attract massive aid. Apart from its cooperation on structural adjustment, the government was criticised by donors on many issues, including corruption, internal disagreement among the governing coalition partners, ‘raw confrontations over every issue’ and failure to make progress on social issues, particularly with anti-poverty measures.

Post-war assistance to El Salvador, by comparison, was quite modest, especially on a per capita basis (see Figure 6). Apart from a large one-year commitment early on, which was not matched by disbursements, aid levels appear relatively stable throughout the post-war decade. The pattern is particularly interesting in view of widespread criticism of the early peace implementation process. Central parts of the peace agreement were implemented tardily or only partly, particularly the provisions regarding land-for-arms to resettle ex-combatants on both sides, as well as police reforms and restructuring of other parts of the judicial system. The issues disrupted the implementation negotiations soon after the final agreement was signed, created social tension and contributed to high crime levels. To cope with crime waves but constrained by the slow pace of police reform, the government chose to deploy military units to maintain public order, thereby remilitarising the social conflict.

If money were the issue, this clearly would be a case for frontloading aid in order to secure a war-to-peace transition that was as fragile, as in Nicaragua, although for different reasons.

Why did donors not respond with large and early increases in funding for El Salvador? The national reconstruction plan presented by the government had an initial price tag of $1.5 billion (1992), and increased to $1.8 billion in 1993; by early 1994 there was a shortfall of $681 million. The funding gap reflected donor concern with a particular type of absorptive capacity, that is, lack of commitment and capacity by the government to implement central parts of the peace agenda. This affected both the land-for-arms exchange and police reform stipulated in the peace agreement. It was manifested in the government’s unwillingness to finance more than a fraction of its own national reconstruction plan (a modest $480 million dollars of an estimated $1.8 billion), and its resistance to increase taxes and reduce military expenditures as donors suggested. The government also failed to institute compensatory mechanisms mandated by the peace agreement to cushion the costs of post-war structural economic adjustment called for by the IFIs, and which the regime itself fully supported.
The consequences in terms of social tension and violence undoubtedly made the war-to-peace transition more difficult to the point of generating fears of renewed violence. Additional aid in this situation would have increased the government’s budgetary freedom but would not necessarily have eased the transition unless conditioned on reform. There was already some donor concern that external financing would ‘crowd in’ domestic resource mobilisation while leaving aside reform unless accompanied by effective conditionality. The striking gap between commitment and disbursement in 1992 (a year of increasing tension and implementation problems with the peace agreement) indicates donor recognition that money alone would not suffice and that a soft conditionality might have been applied by withholding promised funds.

In the UN system, one of the lessons from El Salvador was the need to coordinate the economic and political aspects of peace negotiations. In Guatemala, the World Bank and the IMF were brought into the UN-led negotiations at an early stage so they would not negotiate on a separate track for economic stabilisation and adjustment, as happened in El Salvador. The general profile of post-war aid to Guatemala is nevertheless quite similar to that of El Salvador. The annual level in both cases is around US$250 million, although Guatemala has almost twice the population of El Salvador. Aid disbursements are steady, in fact almost identical year by year for an entire six-year period monitored after the 1996 peace agreement. Aid is not frontloaded, even though the peace agreement for Guatemala had a more ambitious agenda for socio-economic change than its Salvadorean equivalent. As in the Salvadorean case, donors held back in face of reluctance by the Guatemalan government to institute reforms related to the peace process, particularly institutional reform of the military and intelligence services and the police. The Guatemalan government was equally if not more resistant than the post-war Salvadorean government to increase taxes, despite repeated calls from donors and IFIs to this effect. In the circumstances, it was feared that additional foreign assistance would either be wasted or also in this case ‘crowd in’ domestic resource mobilisation.

Mozambique and Rwanda

The front-loaded pattern in Rwanda’s case (Figure 7) expresses a specific and unambiguous aid dynamic. The massive aid in the second half of 1994 and 1995 expresses the deep sense of guilt in the international community over its failure to stop or stem the genocide, as well as the relief needs of the enormous refugee movements that
followed in its wake. The abrupt decline in 1996–97 marks the new Rwandan government’s fall from grace in the eyes of several donors as Rwandan troops invaded neighbouring Zaire (DRC) and they were credibly accused of committing massacres among the refugee populations linked to the *genocidaires*. At the same time, the government launched its programme of forced relocation of villagers, a programme that came to cause considerable concern and criticism among donors. The steady but lower aid levels in subsequent years reflect conflicting views among the donors. Some invoked a continued obligation to help the victims of the genocide, represented by the new government, while others claimed that the authoritarian tendencies of that regime undermined the effectiveness of aid. The Rwanda Patriotic Front government’s resistance to donor conditionality, and tendency to lay down a conditionality of its own for accepting aid, further cooled relations with donors.

The large inflow of aid to Mozambique (Figure 7) in the first two post-war years was a direct response to the two-year programme for implementing the 1992 peace agreement, and the particular significance that the transition in Mozambique had acquired after the failure of a similar peace process in Angola. The UN had been centrally involved in both cases, and Mozambique appeared as a critical test. As in Bosnia, an external power—in this case Italy—had played a key role in organising the peace negotiations and was prepared to

![Figure 7. Official development assistance—Mozambique and Rwanda.](image-url)
take the lead in financing its implementation. The peace agreement was comprehensive and costly. It included a tight schedule for demobilisation and return of refugees, both of which were to precede and make meaningful the elections scheduled for 1994. The elections were particularly costly, as the entire infrastructure for registration and voting had to be established in a country where close to 25 years of war had ravaged an already limited communications structure. Yet elections were essential to move the conflict between Frelimo and Renamo out of the military and into the political arena. In addition, donors wished to use aid to stabilise the peace agreement by cushioning the effects of the IFI requirements for structural adjustment and macroeconomic stability. Unlike in El Salvador, there was a core of donor-government consensus on the need for budgetary outlays to institute social reforms and use economic policy (e.g. increasing the minimum wage) to soften the effects of the structural adjustment demands that the IFIs laid down soon after the peace agreement was signed. Key donors in this respect were long-time supporters of the socialist Mozambican government, especially the ‘like-minded group’ led by the Scandinavians). Donors responded with political support as well; in 1995, for instance, donors collectively sought to modify IMF threats to end enhanced structural assistance funding support unless the government undertook further macroeconomic reforms. The result was a liberally funded peace agreement and initial measures to stabilise it. After the two-year programme for implementing the peace agreement had ended, aid subsequently reverted to general development assistance at the rate of US$800–1000 million annually. High in absolute terms (although less on a per capita basis, see Table 1), the stable infusion of aid reflects the existence of faithful donors—particularly the ‘like-minded’ countries—who consistently had supported the Mozambican government from the time of independence and throughout the war.

*Post-war aid as strategic behaviour*

As this analysis has shown, donors do not simply rush in with aid in the aftermath of war and then rapidly scale back. Although donors have been increasingly inclined to ‘frontload’ aid after 1990, especially in terms of commitments (as distinct from disbursements), on closer examination a variety of post-war aid patterns appear. The magnitude and sequencing of post-war aid can be explained in each case with reference to political and economic interests of donors as these relate to, and are shaped by, the particular post-war context of the case.
The country cases examined above suggest three main patterns. Sketched as ‘ideal types’, each expresses a dominant strategic rationale.

(a) Stabilizing a favourable peace

In this model, major donors have particularly strong interests in securing a peace settlement that is favourable but fragile. In Nicaragua, a favoured, friendly regime was contesting elections; in Mozambique, an internationally applauded war-to-peace transition was fragile but had acquired great international symbolic significance as a ‘test case’ in Bosnia, the major powers had been prominently involved in both the war and in negotiating the peace and had vested interests in seeing the peace agreement implemented. In such cases, aid acquires great political and symbolic value. Apart from the humanitarian and economic rationale for financing items required by the peace agreement or identified as essential to relief and reconstruction, the overall function of aid is to stabilise and consolidate the peace. In part, this is done by funding particular projects such as supporting friendly parties in an election, buying out previous militia clients, helping refugees return to vote and ex-combatants to disarm, or giving military actors economic incentives to move into the political arena, as did the famous UN ‘slush-fund’ established for Renamo in Mozambique. Importantly, the institutional and organisational activities that accompany a large aid portfolio—donors’ meetings and in-country coordination committees, pledging conferences, establishing aid agency offices and erecting project billboards in the countryside, and so on—serve as visible testimony to international support for the new order. It is the aid equivalent of the Powell doctrine of ‘overwhelming force’, designed to stabilise a favourable but fragile peace. The design entails heavy front-loading of aid, but the magnitudes of the first post-war years are rarely sustained precisely because the initial response is considered an extraordinary measure and, therefore, of limited duration, or the inevitable disappointment with slow results that take much longer to materialise sets in.

(b) Modifying an unfavourable peace

In other cases, major donors have reservations about a peace agreement but accept it as the best possible compromise obtainable at the time, or as a useful starting point for change.
The corresponding aid dynamic, as shown in the Cambodian case, is a slow phasing-in of modest levels of assistance, coupled with strict conditionality on economic and governance criteria. A slow phasing-in or over-all modest levels of post-war aid may also suggest some indifference to the peace agreement or concern about lack of absorptive capacity. Both factors shaped the post-war aid policy to El Salvador and Guatemala. Whether intended or not, the effects contributed to a modification of the peace in the sense that central parts of the reform agenda of both agreements were not implemented.

(c) Adjusting post-war policies

Once the initial peace (whether favourable or not) seems stabilised, other donor concerns about the developing post-war order move to the forefront. This can entail reductions in relation to human rights criteria, governance measures or aid effectiveness. When it became clear that the post-war regime in Rwanda was associated with massive human rights violations, regionalised conflict and internal political exclusion, several donors decided to reduce aid. The decline in aid gave the aid profile for the post-war decade as a whole a distinctly front-loaded profile. A similar non-sustained aid profile appears in Bosnia reflect both a deliberate strategy and growing concern with aid effectiveness.

What, then, is the effect of these aid patterns on the stability of peace in the short run and its consolidation in the longer run?

Post-war aid, growth and peace

The answer given by Collier and Hoeffler, reaffirmed in a principal World Bank publication on conflict and development is straightforward: economic growth is associated with peace, hence aid strategies that maximise growth in the post-conflict situation should be adopted. Aid is particularly growth-effective if provided in great magnitudes and properly phased in. To achieve this effect, aid should not be frontloaded but slowly phased to peak in the middle of the post-war decade.

Both the premises on which this recommendation rests are controversial. The conclusion regarding growth-effectiveness of aid in post-conflict countries is based on a small and quite heterogeneous sample. A re-testing with slight variations in the sample produced
a much smaller impact of aid on growth (120% less).\textsuperscript{37} The diverging results indicate fragile relationships. As for growth and peace, there is a strong connection between the wealth of a nation and the incidence of civil war,\textsuperscript{38} but it is less certain that the process of economic growth is a source of domestic peace. The claim by Collier and Hoeffler in this regard rests on a previous study that examined the causes of civil war.\textsuperscript{39} Another study subsequently found that growth collapse was associated with subsequent conflict onset.\textsuperscript{40} These findings may not be equally applicable to the risk of new violence in a post-conflict situation, however. Neither study makes allowance for the distinct nature of post-civil war situations, which include the legacy of previous violence such as a political economy of war and a culture of violence, physical destruction and issues of reconciling previous enemies. Even if the general statistical relation between growth and civil war found by Collier and Hoeffler applied, the numbers are discouraging. A one percent increase in economic growth reduces the risk of civil war by only one per cent as well. Thus, if other indicators suggest a high risk of civil war—say 70% risk, as Collier and Hoeffler found for pre-DRC/Zaire—a truly amazing growth rate of 20% would be required to bring the risk down to a fifty-fifty chance.\textsuperscript{41}

The qualitative literature places more emphasis on the kind of growth that is taking place, particularly its distributive characteristics. One classic case is Pakistan’s civil war that led to the establishment of Bangladesh. The war was preceded and partly provoked by rapid economic growth that was unevenly distributed between the contesting regions.\textsuperscript{42} Recent work by Frances Stewart points to the role of horizontal inequalities as a cause of civil war, and the importance of addressing such inequalities to prevent renewed new violence after the war.\textsuperscript{43} A systematic comparative study of post-conflict situations found that the typical growth strategies recommended by the IFIs and donors in post-conflict situations—reforms for macro-economic stability and market-oriented structural adjustment—tend to generate social conflict rather than social peace.\textsuperscript{44} Earlier work by Boyce and colleagues concluded that socio-economic equality was a significant condition of reduced social violence.\textsuperscript{45}

Our seven country cases show no obvious relationship between economic growth and peace. Ten years after the war, all seven remain at peace in the sense understood by many civil war studies, including the World Bank research, that is, as not being at war.\textsuperscript{46} Yet post-war economic growth rates have varied markedly during the first post-war decade. Measures as GDP per capita, growth rates fell into three distinct categories.\textsuperscript{47}
(a) **Boom and decline**

Bosnia's post-war growth rate started with a boom rate of 79% in the first year, declining to 32% in the second year, and the dropped radically in the third year after peace to hover around a 2% level for the remaining years of the decade. El Salvador followed a similar but much milder pattern. The reconstruction boom gave initially an annual growth rate of around 5%, but the growth rates dropped in the fifth year of peace for the rest of the decade and stayed in a range of zero to 2% annually.

(b) **Stagnation**

Some countries did not even experience a post-war boom, but settled straight into a dismally low rate. Guatemala's growth rates ranged from slightly negative to plus 2%. Nicaragua had a negative growth rate of 2–3% during the first four years of peace, rising to 1–2% level and only surpassed 4% in 1999.

(c) **Steady growth**

Only three countries have steady growth rates in the 3–7% range for most of the post-war decade and higher in some years. Data for Cambodia's first two post-war years (1992–93) are not available, but for most of the next nine years, the economy grew steadily at 3–5%, only once dipping to around 1%, but rebounding the next year with a remarkable 8.3%. Mozambique's steady growth rate averaged 6% annually for the first seven years of peace. Interrupted by the severe floods in 2000, the growth rate was back to over 10% the following year. Rwanda had a marked post-war economic boom but avoided the boom-and-decline pattern by maintaining growth rates in the 3–6% range for most of the subsequent years.

While it is hazardous to generalise from a small-N qualitative analysis, these cases show that a reasonably high and steady economic growth is neither a sufficient nor even a necessary condition for post-war peace. Nor does our sample show a straightforward relationship between economic growth and the quality of the post-war peace as indicated by the UNDP's human development index (HDI). Only one of the steady-growth cases (Cambodia) improved its HDI ranking during the first post-war decade, while the other two (Rwanda and Mozambique) fell further back (Table 1). The two stagnating growth cases (Guatemala and Nicaragua) likewise slipped in HDI ranking position. The mild boom-and-decline case (El Salvador) improved its ranking, however. No comparable data are available for the more extreme boom-and-decline
Table 1. Post-war aid, growth and the quality of peace

<table>
<thead>
<tr>
<th>Country</th>
<th>ODA per capita*</th>
<th>HDI rank at peace onset</th>
<th>HDI rank 2002</th>
<th>Growth profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>33 000</td>
<td>153</td>
<td>130</td>
<td>Steady growth</td>
</tr>
<tr>
<td>Mozambique</td>
<td>59 000</td>
<td>167</td>
<td>171</td>
<td>Steady growth</td>
</tr>
<tr>
<td>Rwanda</td>
<td>59 000</td>
<td>152</td>
<td>159</td>
<td>Steady growth</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>129 000</td>
<td>109</td>
<td>118</td>
<td>Stagnating</td>
</tr>
<tr>
<td>Guatemala</td>
<td>21 000</td>
<td>117</td>
<td>121</td>
<td>Stagnating</td>
</tr>
<tr>
<td>El Salvador</td>
<td>46 000</td>
<td>115</td>
<td>103</td>
<td>Mild boom—decline</td>
</tr>
<tr>
<td>Bosnia</td>
<td>195 000</td>
<td>n.a.</td>
<td>68</td>
<td>Sharp boom—decline</td>
</tr>
<tr>
<td>(1996–2005)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
*Annual average per capita in the post-war period, as shown in top row. Values in US 2002 dollars, rounded to nearest,000. Population figure used is from a mid-point in the post-war period.
†Data for first year of peace not available.
‡The final peace agreement was signed in 1996, but peace negotiations in 1993 marked a significant decline in violence.
case of Bosnia, but ample evidence of post-war stagnation—including large-scale unemployment, illegal emigration and corruption—has made the area appear in other parts of the region as ‘the black hole of Europe’. The effect of aid on the quality of peace likewise seems to be equivocal. As Table 1 shows, the highest recipients of ODA per capita in the post-war decade all slipped in their HDI ranking. The third largest recipient of aid, Mozambique, not only fell slightly, but also remained almost at the bottom of the scale. Of course, the slippage might have been even worse without aid. Nevertheless, it is remarkable that the country that received least aid (Cambodia) was the only one that made significant upward gains on the HDI ranking.

Since economic growth and large-scale aid are not necessary preconditions for post-war peace, aid strategies that prioritise economic growth in the post-war decade may well be inappropriate if the primary objective is to stabilise and sustain the peace. However, does our small-N qualitative analysis indicate which strategies are more effective in this respect?

It is useful at the outset to make a distinction similar to that made by IFIs in economic policy between short-term stabilisation and medium-to-long term adjustment. The equivalent of macro-economic stabilisation would be peace stabilisation, i.e., to secure elements of the peace agreement relating to the immediate transition from a military to a political mode of conflict. This would include the increasingly standardised aid programmes established in post-conflict situations, such as demobilisation, return of refugees, reintegration schemes, and mechanisms for dealing with the conflict in political terms (elections, power-sharing), relief (especially for IDPs and refugees), and immediate reconstruction to provide evidence of a peace dividend and offer alternatives to the war economy. These stabilisation schemes come with a price tag, which tend to produce a front-loaded aid profile. Rather than a problem, this strategy can be a solution. Targeted programmes were critically important in stabilising a fragile peace in several of our country cases. In Mozambique, well-placed aid helped secure demobilisation prior to the elections, and early elections, with special funding assistance to the rebels, were essential to move the conflict into the political arena. In Cambodia, a massive operation for early return of refugees ensured that the opponents of Hun Sen could not easily recruit workers among the displaced masses on the Thai-Cambodian border to resume the military struggle. In Nicaragua, huge aid inflows to secure and sustain electoral victory for the non-Sandinistas served, if ironically, to maintain the peace since the United States
probably would have continued its armed support for the Contras if the Sandinistas had retained governmental power. By contrast, but to affirm the point, limited support for the lands-for-arms exchange in El Salvador, as well as related measures to provide employment and social security, seemed in 1992 sufficiently serious to jeopardise the newly concluded peace agreement.

The importance of early, targeted aid programmes to stabilise the peace has been emphasised in the general post-conflict literature as well. Their precise nature is likely to vary across cases, e.g. with employment creation being less important in Cambodia than in El Salvador, not to mention Bosnia. Whether massive frontloading of aid also has a general stabilising effect on the peace, as the strategic rationale outlined above assumes, is more difficult to determine. As we have seen, aid patterns varied significantly among our seven cases, but peace was eventually sustained in all. Some cases nevertheless suggest that frontloading aid does have a general peace stabilising effect, and vice versa. Of the seven, the most fragile post-war peace was probably in Cambodia, where the peace agreement was challenged militarily (by the Khmer Rouge) and politically (by the royalist faction). Cambodia also stood out for its cautious and slowly phased-in aid programme. Although the UN mounted a large peacekeeping mission, donor decisions not to underwrite a generous aid program immediately probably had an encouraging effect on the regime’s opponents. By contrast, in Nicaragua, another fragile peace situation, massive US aid signalled Washington’s desire to stabilise a particular peace and the costs of alternative outcomes. In Bosnia, early and massive aid commitment likewise underscored the importance the major donors attached to the implementation of the Dayton Agreement.

Although peace in the sense of no war has been sustained in all the seven cases, underlying structures of inequality or political exclusion associated with past violence remain in most cases. In some cases this has produced widespread, low-level forms of violence, as in Guatemala become transposed into regional conflicts pursued across borders, as seen in Rwanda’s role in neighbouring DRC or the political economy of war has left a legacy of violence associated with the illegal economy whose effects are typically magnified by massive post-war unemployment, as in Bosnia. If such structural sources of violence remain, what would be the equivalent of structural adjustment for peace? The diagnosis in part gives the answer. In all our seven cases, *distributional issues* were central, underlying causes of war, whether relating to classes (Central America), regions (Mozambique), ethnic groups (Rwanda) or ethno-political entities (the former Yugoslavia). Distributional issues concerned socio-economic goods
as well as access to political power. Although the post-war situation obviously is not identical to the pre-war situation, both in terms of local power relations and grievances and, perhaps above all, the international context, the proven violence-generating potential of structures of inequality and exclusion cannot be ignored. The consequent policy implication for post-war aid strategies is that structural adjustment for peace should focus on three broad areas: (i) modify systemic inequalities among groups (horizontal inequalities); (ii) promote institutional structures for inclusive political representation; and (iii) transform the structures of violence created by the war itself, whether associated with agents of the state or non-state actors.

These policy implications may not be equally relevant for all post-war cases. Our sample does not include recent African conflicts (notably Sierra Leone and Liberia). If, or when, the post-war period is prolonged in these cases, the effect of aid interventions over time could be similarly assessed.

**Conclusion**

This article has mapped the patterns of post-war aid with a view to identifying patterns of sequencing and magnitude. It found that contrary to other studies and conventional wisdom in aid circles, post-war aid is not always front-loaded immediately after peace is declared and then rapidly phased out. Disaggregating the data reveals several patterns of phasing in and phasing out aid, which in turn reflected complex strategic rationales and interests. Using a small-N qualitative analysis, we found that high levels of post-war aid and rapid economic growth are not necessary preconditions for sustained post-war peace. Nor are aid levels and economic growth rates clearly related to the quality of peace, as measured by the HDI. More important is the nature of aid strategies, which fall in two categories (i) strategies to stabilise peace in the short run through targeted programmes; and arguably, (ii) structural adjustment to sustain peace in the longer run that focuses on distributional issues and modifying the structural legacies of war.

**Acknowledgements**

The authors wish to acknowledge financial support from the Research Council of Norway and comments on an earlier version of the paper by Susan L. Woodward.
Endnotes

2. World Bank, Breaking the Conflict Trap; Collier and Hoefﬂer, ‘Aid, policy and growth in post-conﬂict societies’.
4. The argument was initially presented in a World Bank research paper (Working Paper 2902, October 2002), when Collier was head of the research department in the Bank. The paper was posted on the website (http://users.ox.ac.uk/\ball0144/research.htm) in 2003 as Paul Collier and Anke Hoefﬂer, ‘Aid, policy and growth in post-conﬂict societies’, and was published in the European Economic Review.
6. The Collier and Hoefﬂer study does not distinguish between relief assistance and other types of aid in the post-conﬂict decade, uses four-year averages even though the entire post-conﬂict period covered for each country is no more than a decade (and in several cases less), and includes cases that span almost three decades. Aid ﬁgures are from the OECD/DAC database International Development Statistics (available at www.oecd.org/dataoecd/50/17/5037721.htm). All values are in constant US$ (2002). Note that ODA includes only assistance in the form of grants and loans with at least a 25% grant element. Our work and that of Collier and Hoefﬂer, therefore, capture only part of the external assistance ﬂow.
7. The OECD data are disaggregated by sector. For ‘Relief Aid’, we used emergency assistance + relief food aid + non-food emergency and distress relief. The last item also includes certain aid to refugees in donor countries, as there is no separate speciﬁcation for this item. For ‘Development Aid’ we used total ODA (all sectors), minus those we included in ‘Relief Aid’. In the ﬁgures, the respective post-war years for each country are coded as Year 1, 2, 3, etc.
8. Their sample lists two civil wars for Nicaragua, although less than a decade intervenes between the end of the ﬁrst (1979) and the beginning date of the second (1982). The same applies to Guatemala, where they list two wars with only ﬁve years of intervening peace. The result is a larger N than if a rule of one post-war decade had been rigidly applied. For the analysis shown in Figure 1, we used the 2004 version of their post-conﬂict sample, which includes El Salvador, Ethiopia, Guatemala (2), India, Indonesia, Morocco, Nicaragua (2), Pakistan, Peru, Philippines, Sri Lanka, Sudan, Zimbabwe.
9. See note 6 above. In some cases, donors came over time to prefer bilateral over multilateral channels. This was the case in Bosnia, where several donors preferred bilateral transfers in order to impose more stringent political conditionality than the World Bank recommended, Hurtić, Šapčnin and Woodward, ‘Bosnia and Herzegovina’, 347–350.
10. The World Bank’s Post-Conﬂict Unit was established in 1994, the IMF followed with a post-conﬂict emergency assistance programme in 1995.
11. To get a minimally meaningful sample size, we collected data for all 26 countries on the long Collier and Hoefﬂer list (2003 version), and added Cambodia, Mozambique and Bosnia. To get a longer post-conﬂict period in which to observe trends, we counted only one civil war each in Guatemala and Nicaragua. This gave us 12 new and 10 old conﬂicts.
14. The cases are Bosnia, Cambodia, Congo, El Salvador, Guatemala, India, Morocco, Mozambique, Nicaragua, Peru, Rwanda and Somalia.
15. Figures used include both relief and development aid, i.e. ODA totals. If loans from the international ﬁnancial institutions were included, the gap between commitments and disbursements might be greater. One careful study of post-war Cambodia found that the bilateral donors had a better disbursement rate than the international development banks, mainly because the latter were withholding funds when conditions such as local counterpart funding were not met. Overall, disbursement rates improved over time, from under 60% during the ﬁrst three years of peace, to over 90% in later years. Peou, ‘Cambodia’, 85.
16. Cousens et al., Peacebuilding as Politics; Boyce, ‘Aid Conditionality as a Tool of Peacebuilding: Opportunities and Constraints’.
17. The Collier and Hoefﬂer sample again served as a starting point. Of their 17 civil wars, we excluded ‘the old’ cases (which ended before 1990), as well as those that ended without a distinct, internationally supported post-war settlement. We added Rwanda, which was not classiﬁed as a civil war by Collier and Hoefﬂer because the 1990–94 war ended with genocide. We also added Bosnia, Cambodia and Mozambique—all major ‘new’ post-war settlements with international involvement.
Collier and Hoeffler lacked data for these countries on other dimensions of their analysis, and hence excluded them.

18. Hurtic et al., ‘Bosnia and Herzegovina’.
22. Peou, ‘Cambodia’.
23. Song, ‘The Political Dynamics of the peacemaking process in Cambodia’.
29. Influential critics have blamed inflexible IFIs, which demanded macroeconomic stability, and stingy donors who did not give government additional funds and thereby budgetary freedom to finance social programmes. The result, it was claimed in a much-cited conclusion, was to set the World Bank and the IMF on a collision course with the UN-promoted peace process (de Soto and del Castillo, ‘Obstacles to Peacebuilding’).
32. Wageningen Disaster Studies, Villagisation in Rwanda.
33. Uvin, ‘Difficult Choices in the new Post-Conflict Agenda: the International Community in Rwanda after the Genocide’.
34. Hume, Ending Mozambique’s War.
35. Ball and Barnes, ‘Mozambique’, 95.
36. World Bank, Breaking the Conflict Trap.
37. Suhrie et al., ‘Economic Aid to Post-conflict Countries’.
40. Miguel, cited in Humphreys and Varshney, Violent Conflict.
42. Muscat, Investing in Peace. How Development Aid Can Prevent or Promote Conflict.
43. Stewart, ‘Policies towards Horizontal Inequalities in Post-conflict Reconstruction’.
44. Paris, At War’s End.
46. Following the Singer and Small pioneering work on Correlates of War, Collier and Hoeffler define war as sustaining 1,000 combat deaths per year, with casualties incurred on both sides.
47. Based on the World Bank’s World Development Indicators.
49. CMI, Evaluation of Norwegian Assistance to Peace, Reconciliation and Rehabilitation in Mozambique.
50. Williams, ‘Returning home: the repatriation of Cambodian refugees’.
52. Wood, Insurgent Collective Action and the Civil War in El Salvador.
54. Prophette et al., Violence in the Guatemalan Post Conflict Society: Manifestations and Ways of Resolution.
56. Pugh et al., War Economics in a Regional Context.

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