The *Nexus* Between Economic Management and Civil Society in Countries Emerging from War in Southern Africa
The **Nexus** Between Economic Management and Civil Society in Countries Emerging from War in Southern Africa

October 11–13, 1998
Cape Town, South Africa

Post-Conflict Unit,
The World Bank &
Center for Conflict Resolution
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As part of a global series of workshops on war-to-peace transitions, The World Bank's Post-Conflict Unit (PCU), in collaboration with the Centre for Conflict Resolution (CCR), South Africa, hosted a consultation on the interrelationships between economic management and civil society in countries emerging from war in Southern Africa. This event took place in Cape Town, South Africa between October 11-13, 1998.

The consultation was organized by Nat Colletta, Manager, PCU; Michelle Cullen, Operations Analyst, PCU; Laurie Nathan, Executive Director, CCR; and Joao Honwana, Senior Researcher, CCR. Organizational assistance was also provided by the following CCR staff: Fiona Grant, General Manager; Lindy Mudenda, Office Manager; Marian Matshikiza, Africa Project Administrator; Letitia Manter, Administrative Assistant; and Alfiazo Zunguza.

This report was prepared by Michelle Cullen under the guidance of Nat J. Colletta, with much appreciated contributions from rapporteurs Peter Batchelor, Senior Researcher, CCR; Lea Esterhuizen, Social Researcher; and Markus Kostner, Economist/Social Scientist, PCU.

The views expressed in this report are those of the authors and participants, and do not necessarily reflect the opinions of The World Bank or any of The World Bank's affiliated organizations. In some instances, attributions are paraphrased commentaries and not direct quotes of participants. Most of this report's background information was derived from the six main papers disseminated during the conference:

- "New Approaches to Development," Mark Malloch Brown, Vice President, External and UN Affairs, The World Bank, October 1998
- "Crisis Resolution and Conflict Management in Africa," by Laurie Nathan, Executive Director, Centre for Conflict Resolution, October 1998
- "Rebuilding Post-Conflict Africa: Reconstruction and Reform," Tony Addison, Research Fellow UNU/WIDER, October 1998

January 1999
Introduction

Conflict has plagued southern Africa for decades. With the end of the Cold War, ramifications for the Southern African Development Community (SADC) region have been mixed. War has ended in Mozambique and Namibia, but the fragile peace in Angola has disintegrated and the country has returned to war. The system of apartheid in South Africa has faced its demise; yet regionalized civil war rages on in the Democratic Republic of Congo (DRC) (ex-Zaire), and unrest among civil society in Zimbabwe continues due to this country’s involvement in the war in DRC and a concurrent economic downturn. Amidst these changes and the resulting uncertainty, the need to effectively manage conflict in the SADC region remains a key priority.

To continue progress toward achieving enduring peace and security in the SADC region, there are various steps that can be taken by SADC governments, civil society, and international actors to further help recover from the devastation of war, and to safeguard against its reoccurrence. This transition from war to peace is a complex process marked by the need to stabilize the economy; demilitarize the country; reintegrate dislocated populations; protect the most vulnerable war victims; ensure human rights and justice for all; restore human and social capital; manage scarce natural resources to mitigate the environmental impact of war; and rehabilitate the productive assets and basic infrastructure. All of these processes depend upon the presence of a willing and capable government, a supportive and active civil society, and cooperative and receptive regional and international communities.

In an effort to better understand war to peace transitions and the potential role of governments, civil society, and the international community in these processes, the World Bank’s Post-Conflict Unit (PCU) and the Centre for Conflict Resolution (CCR) co-hosted a consultation on “The Nexus between Economic Management and Civil Society in Countries Emerging from War in Southern Africa.” This event, held from October 11-13, 1998, was the third of a World Bank series on war to peace transitions. Held in Cape Town, South Africa, the consultation brought together participants from various SADC countries — Angola, Democratic Republic of the Congo, Mozambique, Namibia, South Africa, and Zimbabwe — and observing countries, Rwanda and Uganda, to voice concerns and ideas for future security and development of the region. Organizers made a conscious effort to arrange the consultation away from the traditional workshop format into a more interactive and participatory environment. In this vein, participants included representatives from civil society, government, regional organizations, and bilateral and multilateral agencies with the view to promoting dialogue, strengthening partnerships, and exchanging experiences and lessons learned. Consultation discussions centered on improving understanding of the relations between economic management and civil society in post-conflict environments, and bridging the gap between macro and micro operations and perspectives in this context.

The following report, prepared by The World Bank’s Post-Conflict Unit, attempts to capture the main themes and issues that stemmed from the two and a half days of deliberations. The intent is not to be totally inclusive of all points made, nor to reflect a consensus, but rather to summarize the main points made by keynote speakers and participants. The meeting’s agenda is included as Appendix A, and the list of participants as Appendix B.
Peace, stability, and security in the SADC region

In his welcoming address, The Honorable Jeff Radebe, South African Minister of Public Works, outlined the consultation’s agenda by emphasizing the importance of the human dimension to economic development, and with it the need for a collaborative approach to development by both civil society and government. Radebe stated that by focusing on building these dimensions of development, governments could help ensure peace, stability, and security in the SADC region.

For the last decade, SADC countries have struggled to overcome the legacy of protracted conflict — crippling poverty, weakened economic systems, political turmoil, mass migration, destroyed infrastructures, environmental damage, widespread disease and malnutrition, and most tragically, the vast loss of human life. Despite the waning number of wars and recent development in the area, regional rehabilitation is still plagued by the legacies of conflict — such as unexploded landmines, weakened civil society, corruption, and economic and government instability. To combat these ravages of war and avoid relapsing back into a spiral of conflict, war to peace transition efforts must be inclusive, well coordinated, and quickly implemented. Part of this transition requires prudent economic management and its manipulation to help bolster civil society. For this to occur successfully there should be a strong focus on establishing good governance; in other words, a transparent political structure built on constructive interaction and dialogue between government and civil society. Cooperation and communication between these actors must be the cornerstones of post-conflict reconstruction, for they will ensure increased role definition and better direction of joint endeavors, which are essential for rebuilding society. This collaboration also should include international actors, for most conflict-ridden societies can only reverse their situation if buttressed by international support.

Over the past few years however, humanitarian relief and development efforts in post-conflict countries have seemingly waned. According to Radebe, there is a danger to this growing complacency regarding warfare on distant shores. Western indifference is not only morally intolerable, but also precarious and costly with the increasing interdependence of nations. If the causes of violent conflict are not adequately addressed through development efforts, the inhuman and barbaric behavior that fuels war will continue. This type of behavior must not be deemed as an acceptable global norm. Out of humanity and an imperative need for stability worldwide, international efforts, such as this consultation, must continue to bring together key actors to facilitate dialogue and initiate the collaboration necessary to help build and maintain peace and stability in the SADC region, and around the world.

The moral impulse to alleviate suffering does not constitute a sufficient basis for action. External interventions also have to be based on a pragmatic assessment of their potential effectiveness.

— Laurie Nathan, Executive Director, CCR
Conflict, crisis, and peace

The moral impulse to alleviate suffering does not constitute a sufficient basis for action, however. External interventions also have to be based on a pragmatic assessment of their potential effectiveness. This assessment will differ according to each situation, as will conceptions of conflict, crisis, and peace and their subsequent effects on intervention design. By better understanding the concepts of conflict, crisis, and peace, intervention strategies may be better developed, coordinated, and implemented. During the first plenary session, Laurie Nathan, Executive Director of CCR, focused on clarifying these three notions and how increased understanding of them should help shape international interventions.

By successfully balancing differences, effectively managing diversity, and attempting to eliminate disparity, governments allay fears and concerns of injustice and inequity; and thereby decrease the propensity for marginalized or alienated groups to resort to violence.

— Joao Honwana, Senior Researcher, Centre for Conflict Resolution

If states lack viable institutional means to protect rights and interests, manage competition, and settle disputes and grievances, individuals and groups will resort to violence.

— Laurie Nathan, Executive Director, CCR

However, violence is a symptom of a deeper problem. Intra-state crises, which lie below the surface of violent conflict, can engender violence if various structural conditions are present, such as: authoritarian rule (implicitly with this is a lack of political rights); a weak state lacking institutional capacity to manage conflict; exclusion of minority, or in some cases majority, groups; and socio-economic imbalances combined with inequity. The risk of an outbreak of violence increases when these conditions are present concurrently, and/or are further exacerbated by other problems. If in addition, structural conditions are accompanied by ethnic or other differences, such as those marked by religion, culture, and language, they further cleave society and intensify the conflict. During the war to peace transition, sustainable peace is unlikely to be achieved unless the roots of violence, stemming from these various structural conditions, are adequately addressed.

Since the primary structural conditions that lead to intra-state crises and violence depend

In Africa these structural conditions are compounded by the existence of numerous and diverse groups encompassed within one state due to colonial imposition of borders; the colonial legacy of ethnic discrimination and favoritism; unstable civil-military relations; land, environmental and demographic pressures; arms supplies; and other forms of foreign support to authoritarian regimes; the debt burden; and the imbalance in economic power and trade relations between the South and the North.
heavily on the nature and role of the government, the state plays a critical part in conflict management. Mitigating conflict is a primary function of the state, which manages conflict through various national authorities or mechanisms, and through provincial and/or local channels and security forces. If states lack viable institutional means to protect rights and interests, manage competition, and settle disputes and grievances, individuals and groups will resort to violence. Even with the presence of an adequate institutional framework, violence may erupt if the state is too weak to maintain and enforce conflict management systems. A further source of violence stems from a state’s lack of popular legitimacy, often a consequence of an authoritarian or exclusionary regime. Thus, governments can proactively avert violence by establishing a political structure that is transparent, representational, and most importantly, interactive.

In the process of conflict management however, government efforts must not attempt to suppress conflict, but manage it effectively, for the presence of peace is not always an unqualified good. Peace, or the absence of violence, can exist within, and be beneficial to, an authoritarian or exclusionary regime. Conflict to induce change may seem desirable to marginalized or oppressed groups if it could potentially overturn the status quo of an inequitable, unjust system. Thus preventing or ending hostilities is less of a goal than an outcome of reaching an agreement that addresses the structural conditions that originally incited the violence.

Two critical elements are required for post-conflict reconstruction: a) well-planned economic reforms, mainly organized and secured through good governance; and b) a thriving civil society, buttressed by a solid social capital base and augmented through a decentralized government.

— John Tesha, Director, Conflict Management Division, Organization of African Unity

Once hostilities do end, conflict does not necessarily cease. The transition process from war to peace must entail not only overcoming the structural causes that originally sparked the fighting, but also effectively mitigating ongoing conflict and dealing with the legacies of conflict — i.e., resolving the problems that have resulted from the conflict itself that make the society more prone to conflict renewal. The cessation of warfare is an end in and of itself, but it is also a prerequisite for sustainable economic and social development, which can also reinforce peace measures. Two critical elements are required for successful post-conflict reconstruction: i) well-planned economic reforms, mainly organized and secured through good governance; and ii) a thriving civil society, buttressed by a solid social capital base and augmented through a decentralized government.

Preventing or ending hostilities is less of a goal than an outcome of reaching an agreement that addresses the structural conditions that originally incited the violence.

— Laurie Nathan, Executive Director, CCR
The complexities of post-conflict economic reform

There are many problems that governments must address after a conflict to prevent its recurrence and initiate recovery. Many of these factors may act as potential impediments to the peace process if not properly managed. Among governments' top concerns are issues that relate to the reconstruction of the economy and the rehabilitation of society.

- **Debt burden** — After conflict, previously accumulated debt can be a problem that plagues recovery. Debt relief, or at a minimum arrears clearance, is often needed to facilitate post-conflict reconstruction, for it increases the availability of domestic resources and is expected to trigger the provision of additional external resources. This enables increased spending in areas of physical reconstruction and social and economic rehabilitation, thereby helping to ensure development that is sustainable.

- **The attraction of private capital** — Conflict causes citizens, as well as local and international entrepreneurs, to lose confidence in the economy. Investment, one of the main determinants of long-term development, often declines dramatically during periods of conflict. As confidence inside and outside of the country increases however, a reversal of capital flight and an increase in foreign direct investment can often be observed. As part of the recovery process, post-conflict countries should concentrate on creating an enabling legal and administrative environment and on improving actual security, since perceptions of security, and of the investment climate itself, greatly effect investment. Debt relief may also facilitate and boost this process.

- **The introduction of economic reforms** — Severe economic imbalances may be at the root of numerous conflicts, but they are almost inevitably the outcome of most. During conflict, many people retreat from the formal economy. Once war has ended, government efforts need to bring these economically dis-enfranchised back into the formal economy through various measures, such as ensuring a stable currency; lowering transaction costs and generally creating a predictable business environment; building roads and transport infrastructure; and avoiding a high tax burden. Approaches to economic restructuring should consider the possibilities of regional economic cooperation, and redevelop Marshall Plan-type methods for jump-starting economies coming out of conflicts. Economic reform also should identify priority policy reforms and facilitate the rebuilding of economic and financial institutions.

- **Long-term planning** — Reconstruction after war is a lengthy process that may take decades for full recovery. Therefore, any emergency assistance or activity needs to be accompanied by longer term planning and concerns. This will help avoid fulfilling short-term needs in a manner that contradicts the long-term development potential of a country. Underneath the resulting physical, social, and economic conditions that result from warfare lie psychological factors that also influence recovery and require a long-term focus. For just as the tensions and fears that lead to war take years in the making, so do the emotional and mental changes necessary for a durable peace.

- **The “peace dividend” myth** — With the cessation of conflict, expectations for an immediate improvement in standards of living increase dramatically. The dividend of peace may not however be immediate, especially in financial terms, as the government may face severe budget constraints. Furthermore it

*In the past, the Bank's immediate assistance to African post-conflict countries has often concentrated on budget support. This policy is not intrinsically bad, for it helps macroeconomic stability, trade liberalisation, better public service delivery, privatization, and the lowering of agriculture and agricultural export taxes. However, problems have been encountered with the way these programs have been implemented in terms of sequencing and timing.*
may take substantial amounts of time to achieve a measurable impact on the ground. Consequently, the government may want to invest in confidence building measures to help weather expectations that exceed what the government can actually deliver.

- **Privatization** — Privatization can be an integral part of financial recovery from war. Yet, many problems can arise in this process because many state-owned enterprises are inefficient and poorly managed. Corruption often plagues the process due to a lack of transparency, or the lack of an effective and knowledgeable government body able to enforce and oversee the necessary changes and checks. As a result, state-owned enterprises may not be sold after all, may be sold below their market value, or even if privatized, may maintain their monopoly position.

- **Small or absent private sector** — The presence of the private sector is necessary to help rebuild the economy and foster growth. Indirectly, its existence also augments stocks of social capital through repeated transactions and contract agreements that eventually lead to increased levels of trust.

- **External influences to conflict** — The benefactors of war, who often attempt to perpetuate a conflict, may be external actors and thereby overlooked during stakeholder analysis. For instance, several multi-national corporations (MNCs) may in fact work to avert peace as they secure business. The international community and governments need to develop methods for adequately addressing the desires of all stakeholders, including ones seemingly external to the immediate conflict situation.

- **Lack of coordination amongst donors** — It is important for donors to coordinate efforts to avoid an overlap of work, improve fund allocation, prevent the wasting of resources, and avert the implementation of conflicting projects. During efforts toward post-conflict recovery, the international community should let government and civil society take the lead.

- **Loss of social capital** — In general, violent conflict depletes social capital stock. As a coping mechanism, some small groups may experience an increase in social capital with-

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**Both economic reform and post-conflict reconstruction attempt to produce broad-based economic growth, which maximizes poverty reduction and human development. In theory, both processes have the same objectives; in practice however, the economic reform agenda often conflicts with the reconstruction agenda.**

— Tony Addison, Research Fellow, UNU/WIDER

...in their group, however overall, social capital among and between groups and the state is depleted. Only when the social capital base, and hence trust, is sufficiently strong will the people, from the grass roots upward, enter into the myriad of daily transactions that are needed for economic recovery.

- **AIDS** — The AIDS epidemic shortens the time horizon for many, thereby making investments in human, financial, and physical capital less attractive. As a result, a shortened time horizon makes it more beneficial to engage in risky, volatile behavior for short-term gain. Thus to a degree, the more widespread this debilitating disease becomes, the more it may effect the stability of sub-Saharan Africa in the long-term.
The economic reforms needed to address these problems are complex, especially considering the fragility and volatility of a post-conflict environment, and often its regional dimensions. Both economic reform and post-conflict reconstruction attempt to produce broad-based economic growth, which maximizes poverty reduction and human development. In theory, both processes have the same objectives. In practice however, the economic reform agenda, requiring a responsible government, often conflicts with the reconstruction agenda, demanded from a responsive government. This difference in agendas can lead to problems, and even re-ignite conflict. In order to ensure that economic reforms are compatible with reconstruction, it is necessary to understand the key national actors and their roles in reconstruction efforts. In his plenary presentation, Toni Addison, Research Fellow at UNU/WIDER, outlined these key actors, mainly the state, entrepreneurs, and communities, and their required roles in reconstruction efforts.
Social capital, civil society, and conflict

Accumulated social capital — i.e., the organizations, networks, and unwritten mores and rules that facilitate coordinated action and enable people to undertake cooperative ventures for mutual advantage — is the backbone of every society. And, every country possesses a civil society, which in one way or another articulates social capital through political means. The presence of social capital, according to Paul Collier, Director, Development Research Group, The World Bank, helps bolster civil society, for it helps improve communication and information flows, reduces transaction costs, increases reciprocity levels, and facilitates collective action to push for better public services. Although social capital can augment within specific groups as survival tactics during strife, it most likely decays during conflict among groups as a whole. This erosion of social capital occurs horizontally among various groups at the local level, and vertically between the state and its people. Thus, as part of the reconstruction process, it is necessary for the government to assist in the rebuilding of social capital on both vertical and horizontal levels.

Markus Kostner, Economist/Social Scientist, PCU, discussed various means to establish this vertical and horizontal growth in social capital in his presentation on inclusive and sustainable development. Kostner explained that if the government nurtures horizontal social capital by allowing community participation in reconstruction efforts of the state and economy, it will facilitate civil society restructuring. And, through decentralization efforts linked to this process, the government encourages increased interaction with civil society and communities, thereby increasing trust in, and the legitimacy of, the state, i.e. augmenting vertical social capital. To some extent, the presence of both forms of social capital depends upon societal homogeneity in terms of mores, beliefs, traditions, language, etc. The homogenization linked to building vertical social capital includes a nation-building process inducted through symbolism, constitutions, common beliefs, trust, and reciprocity by and among constituents. A national education system is part and parcel of this process of building vertical social capital; and, it concurrently strengthens horizontal social capital and provides a base for civil society development.

There are however various ambiguities that complicate efforts to restructure civil society. When governments attempt to collaborate with communities, problems can emerge when trying to define and identify members of civil society to target for support in capacity building efforts. Although civil society generally encompasses those outside of the public and private sectors, it cannot be assumed that individual civil society representatives or organizations all share the same views and values. It is also difficult to allot accountability to civil society in general, as it is often not clear as to whom exactly civil society represents. Despite these difficulties, the government and international actors need to ensure that civil society is consulted and involved in recovery efforts to help ensure their success and sustainability. This need for participation and consultation during reconstruction, involving both government and civil society, means to some degree a paradigm shift for international actors and their approach to intervention and development work.
Sustainable reconstruction hinges upon the presence of a strong, accountable state that has the ability to protect basic rights, ensure justice, and provide substantial resources to human capital development. The achievement of these goals during reconstruction however is expensive, further burdening post-conflict states already heavily indebted or otherwise cash-constrained. Most key problems, such as financing the state and its institutional development, managing weak budgetary systems, and producing adequate funds for social needs are inevitable during the immediate post-conflict period. The state may be able to better manage these complexities if at the same time it is able to foster economic development that will promote growth. Governments can cultivate a growing economy that is capable of sharing the burden for spreading wealth by protecting property rights and regulating markets in the public's interest. In a post-conflict environment, the three main challenges for the state in economic reform and reconstruction are the decentralization of political and economic power, the avoidance of high inequality, and the minimization of macro-economic shocks.

— Toni Addison, Research Fellow, UNU/WIDER

Community reconstruction hinges upon rebuilding social capital, which inspires trust and facilitates investment. Consequently, the fear, mistrust, and lack of organizational capacity that result from the destruction of social capital during conflict may be bigger obstacles to successful macroeconomic policies or to investment revival than damaged infrastructure.

— Paul Collier, Director, Development Research Group, The World Bank
not only good politics, but also good economics. Strong civil societies enable countries to better handle economic shocks. This process of community reconstruction also hinges upon establishing security, building trust, and creating organizational capacity - i.e. rebuilding social capital. Fear, mistrust, and a lack of organizational capacity, which result from the destruction of social capital during conflict, may be bigger obstacles to successful macro-economic policies or to investment revival than damaged infrastructure. Thus, measures to nurture civil society and strengthen social capital need to be integrated into efforts of economic reform. Difficulties arise in post-conflict contexts when governments must balance required social assistance needs with the resources actually available. Overall, community reconstruction should involve the rebuilding of livelihoods through various measures:

- Moving from humanitarian assistance to poverty reduction
- Setting expenditure priorities
- Obtaining good information, particularly social data
- Rewriting aid contracts to focus on poverty reduction
- Monitoring outcomes as a result of aid rather than inputs.
International actors and war-to-peace transitions

Challenging international actors' conventional wisdom on conflict intervention, Laurie Nathan suggested changing the focus, timing, type, and form of interventions according to increased understandings of conflict, crisis, and peace. Nathan outlined several main recommendations for improving the interventions of international actors:

- International actors should focus more on the structural causes of violence than on violence *per se*, and while doing so make the distinction between the symptoms and causes of crisis.
- Intra-state crises cannot be resolved quickly and easily.
- Peacebuilding strategies are the only viable means of preventing and resolving a crisis.
- Good governance requires efficiency and effectiveness on the part of state institutions.
- Political stability depends on structural accommodation of cultural and ethnic diversity.
- Peacemaking and peacebuilding are primarily the responsibility of local rather than foreign actors.
- International actors should do no harm and learn to practice what they preach about accountability, transparency, good governance and popular participation.

On a similar note, Mark Malloch Brown, Vice President, External and UN Affairs, The World Bank, stressed the need for building capacity to provide good development — i.e., interventions that promote good governance, freedom of information, inclusive political systems, good public services, and environmental security. These interventions must be accompanied by private ownership, and by political participation and decentralization at the local, national, and international levels. According to Malloch Brown, these aspects of good development depend upon two mutually reinforcing factors: partnerships and a focus on inclusive and sustainable development. Buttressed by international support, government and civil society can work together through participatory and decentralized methods to attain good governance and political consensus, ensure poverty reduction that in turn alleviates exclusionary imbalances, and strengthen social capital which also helps remove exclusion. For these partnerships to be successful, they must include capacity building, a "do no harm" mentality, accountability, transparency, and effectiveness on the part of each actor.

Good development interventions include promoting good governance, freedom of information, inclusive political systems, good public services, and environmental security.

— Mark Malloch Brown, Vice President, External and UN Affairs, The World Bank
Reconstructing The World Bank

As an international actor, The World Bank is currently renegotiating and adapting its approach to development according to these insights on intervention design. In most cases, the most difficult challenges of reconstruction lie not only in post-conflict countries, but also within the Bank itself and its role as a lending and development institution. New development approaches, which controvert traditional Bank policies, require a re-socialization of Bank staff, encompassing a change in techniques and in values. Part of this change process entails increased communication and cooperation with government and civil society. This type of collaboration needs to become the cornerstone for all Bank projects, for it enables empowerment through decentralization, ownership through participation, and mutual understanding through dialogue. In an effort to nurture these partnerships and increase the Bank's capacity building abilities, several recommendations were made during the consultation for the Bank to pursue in the areas of research and training and external relations and partnerships.

Research and Training

- In order for the Bank to address the root causes of inequity, exclusion, and indignity, there is a direct need for the development of indicators and tools to analyze what factors fuel conflict. The results of this study, such as a set of indicators and tools for conflict analysis, should then be integrated into the Bank's primary programming instrument, the Country Assessment Strategy (CAS). The CAS, which also includes recommendations on impact to gender and the environment, could also then predict possible ramifications of the Bank's work in terms of the effects of conflict and its prevention and management through Bank operations. Research in this direction should be collaborative and should be undertaken with government research agencies, other international development or humanitarian organizations, and/or private research institutes. The process of implementing the CAS is also participatory; thus, the final product would include input from civil society and government officials on the possible interactions between the Bank's work and conflict.

- As a separate effort to further develop monitoring and evaluation, the Bank should develop a similar set of tools or indicators to monitor how each country's portfolio impacts conflict, and how conflict impacts each country's portfolio.

- During conflict and in the post-conflict period, there are various stakeholders that can spoil efforts to move toward stability and peace. In particular, multinational corporations (MNCs) have stood out in the last few years as spoilers that usually conduct their activities outside of international or governmental systems. Thus governments are often unable to regulate or control MNC actions. The Bank should conduct research into the role of MNCs during and after inter- and intrastate conflicts, and note the role that MNCs may play in exacerbating conflicts, or in impeding or facilitating peace efforts.

The Bank is not only a source of financial resources, but also of knowledge. The Bank should spearhead training initiatives for capacity building at a local and regional level in relation to governance, security, judicial, and budgetary issues.

— Nat Colletta, Manager, PCU, The World Bank
organizations, so that they can participate more effectively in various types of consultative processes, such as trade negotiations, international fora, etc. In addition, the Bank should spearhead training initiatives for capacity building at a local and regional level in relation to governance, security, judicial, and budgetary issues.

External relations and partnerships

• The Bank should focus on improving its image to and relations with civil society. It should concentrate on various public relations efforts, such as producing literature on its mandate and role within the international community. With each interaction and joint endeavor undertaken with the Bank, the Bank’s mandate, and the constraints that it delineates about the Bank’s possible role, must be considered. Realizing the limitations of the Bank would help break old lines of animosity and difference, outline areas where constructive criticism can be made, and increase the potential for further areas of development and collaboration.

• To ameliorate relations with regional organizations, The World Bank Group should co-host meetings to exchange views and initiate joint projects under the guidance of specially appointed liaisons between the various organizations. In this same vein, the Bank should consider possible regional initiatives, such as regional security training for border guards, customs agents, etc.

• The Bank should initiate discussions over the structure of public expenditure into an arena of public debate; thus civil society would also have input into the allocation of scare funds for reconstruction.

• Most importantly, the Bank should focus on consultation during reconstruction activities, which includes both government and civil society actors to determine common priorities and programs. An extensive participatory needs assessment should be part of this effort. This interactive process, or three-way dialogue between the Bank, government, and civil society, would help strengthen the institutional framework within which each actor relates and lay the foundation for future relationships during implementation.
Building partnerships, rebuilding communities

Although there are various areas in which the Bank can focus to improve its ability to deal with conflict, conflict prevention, and post-conflict reconstruction, the key to success in these areas depends upon stronger partnerships between the Bank, governments, and civil society. Past experiences amongst these three actors have led to a legacy of mistrust. Thus, there is a definitive need for confidence building measures on the part of each actor in this new triadic partnership. In general, the Bank has trouble identifying representatives from civil society, and often has adversarial relations with governments. Governments resent Bank interference and often distrust civil society. Meanwhile, civil society lacks faith in both government and the international community. Yet through successful partnership, based on increased cooperation and communication, trust amongst all three actors will improve.

Part of this increased cooperation and communication will entail each actor realizing the various limitations and constraints to these relations. Overall, there is a trade-off involved between speed and the consultation process. Increased consultation among actors translates into an increase in the consumption of time. Ideally, the consultation process should not hamper the ability to act quickly. Therefore, to help ensure that partnerships deliver more value, consultation should occur on some, but not all, matters.

By each actor bringing their own comparative advantages to the table, partnerships may increase their efficacy. Actors also need to realize that each entity begins at different points and terms of reference, and although they may have one common end in mind, peaceful and equitable development, the means by which this is attained differs for each one. The importance of the processes taken to achieve these means during partnerships should also be stressed; for process matters and often determines outcome. Although development products themselves may be good, the process of doing them must also be good. For there are other basic human needs that should be considered apart from just meeting material needs, such as psychological needs like dignity and respect. Partnerships that incorporate good processes, thus must strive to meet these psychological needs by establishing ownership and involvement for the key actors involved.

As these actors embark on this new journey together, they should also look to the business community as a means to facilitate and help bolster reconstruction and rehabilitation. The market can play an important role in increas-

Although there are various areas in which the Bank can focus to improve its ability to deal with conflict, conflict prevention, and post-conflict reconstruction, the true key to success in these areas lies with partnerships between the Bank, governments, and civil society.

— Nat Colletta, Manager, PCU, The World Bank

...ing revenues for government expenditure, assisting with the development of civil society by nurturing social capital, and bolstering international development efforts. With full collaboration between these four driving forces behind reconstruction, efforts are more likely to be effective and sustainable.
Appendix A — Agenda

“The Nexus Between Economic Management and Civil Society in Countries Emerging from War in Southern Africa”
October 11-13, 1998
Cape Town, South Africa

October 11th

Opening session to SADC Consultation

Welcome address
The Hon. Jeff Radebe, Minister of Public Works, South Africa

Keynote presentation
Mark Malloch Brown, Vice President External and UN Affairs, The World Bank

October 12th

Plenary Session I: Conflict and conflict management in Africa
Chair: Joao Honwana, Senior Researcher, Centre for Conflict Resolution
Presenter: Laurie Nathan, Executive Director, Centre for Conflict Resolution
Respondents: John Tesha, Conflict Management Division, Organization of African Unity

Plenary I discussion

Plenary Session II: Economic management in conflict countries
Chair: Getachew Demelke, Co-ordinator, United Nations Economic Commission for Africa
Presenter: Paul Collier, Director, Development Research Group, The World Bank
Respondents: Edith Gasana, General Secretary, Ministry of Finance, Rwanda

Plenary II discussion
October 13th

Plenary Session III: Civil society and social capital
Chair: Kam Chetty, Institutional Development Economist, The World Bank
Presenter: Markus Kostner, Economist/Social Scientist, The World Bank
Respondents: Sekai Holland, National Chairperson of the Association of Women's Clubs, Zimbabwe
Bayezo Mbola, Deputy Director, National Council of Development NGOs (CNONGD), Democratic Republic of Congo

Plenary III discussion

Plenary Session IV: The nexus between conflict, economic reform and civil society
Chair: The Hon. Sam Kutesa, Minister of State, Finance, Planning and Economic Development, Uganda
Presenter: Toni Addison, Research Fellow, UNU/WIDER
Respondent: John Stremlau, Professor of International Relations, University of the Witwatersrand, South Africa

Concluding Session: Building a culture of dialogue between The World Bank, Southern African Governments and Civil Society
Chair: Nat Colletta, Manager, Post-Conflict Unit, The World Bank
Rapporteur: Peter Batchelor, Senior Researcher, Centre for Conflict Resolution
Appendix B — List of Participants

Anthony Addison
Director, World Institute for Economic Development Research
United Nations University
Katsianokiasiaituri 6 B
FIN-00160 Helsinki, Finland
Tel: 358 9 61599 246
Fax: 358 9 61599 333
Email: Addison@smtp.tele.fi

Kam Chetty
Institutional Development Economist
The World Bank
PO Box 12629
Hatfield 0028
Pretoria, South Africa
Tel: 2721 342 3111
Fax: 2721 342 5151
Email: kchetty@worldbank.org

Zobida Hassim-Ashagrie
Representative
United Nations High Commission for Refugees
Tel: 244 2 340437 / 244 2 347094 / 244 2 347081
Fax: 244 2 342607
Email: Anglu@unhcr.ch

Edgar Tati Chigudu
Acting Head of Planning Commission
National Economic Planning Commission
Ministry of Finance
5th Floor, Old Mutual Centre
Jason Moyo Avenue / Third Street
PO Box 7700
Harare, Zimbabwe
Tel: 263 4 796 575
Fax: 263 4 795 987

Peter Batchelor
Senior Researcher
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: pbatch@ccr.uct.ac.za

Nat Colletta
Manager, Post-Conflict Unit
World Bank Headquarters
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202 473 4163
Fax: 202 522 1669
Email: ncolletta@worldbank.org

Mark Malloch Brown
Vice President, External and UN Affairs
World Bank Headquarters
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202 477 1234
Fax: 202 477 6391
Email: mbrownl@worldbank.org

Paul Collier
Director, Development Research Group
World Bank Headquarters
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202 477 1234
Fax: 202 477 6391
Email: pcollier@worldbank.org

Terry Crawford-Browne
Chairperson
Economists Allied for Arms Reduction
South Africa
Tel: 2721 423 2973
Fax: 2721 423 5954
Email: ecarr@icon.co.za

Michelle Cullen
Analyst, Post-Conflict Unit
World Bank Headquarters
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202 473 3093
Fax: 202 522 1669
Email: mcullen@worldbank.org
Getachew Demelke
Coordinator
United Nations Economic Commission for Africa
PO Box 3001
Addis Ababa, Ethiopia
Tel: +251 1 511953
Fax: +251 1 511227

Ermindo A. Ferreira
Counsellor
High Commission of the Republic of Mozambique
45 Castle Street, 7th Floor
Cape Town 8001, South Africa
Tel: 2721 426 2944/5
Fax: 2721 426 2946

Edith Gasana
Secretary General
Ministry of Finance and Economic Planning
Kigali, Rwanda
Tel: +250 75778
Fax: +250 75719

Vitoria Ginja
Head of Department of Population and Social Development
Ministry of Planning and Finance
Maputo, Mozambique
Tel: 258 1 494653
Fax: 258 1 479704

Saguna Gordhan
Director, Non-Governmental Organizations
Department of Welfare
Pretoria, South Africa
Tel: 2712 317 6648

Fiona Grant
General Manager
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: fgrant@ccr.uct.ac.za

John Gwitira
Executive Director
Zimbabwe Association of War Veterans
21 Sloane Street, Highlands
Harare, Zimbabwe

Sekai Masikana Holland
National Chairperson of the Association of Women's Clubs
3 Cranleigh Road
Hatfield, Zimbabwe
Tel/Fax: 263 4 304471/2
Email: jholland@mango.zw

Joao Honwana
Senior Researcher
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: jhonwana@ccr.uct.ac.za

Kees Kingma
Project Leader
Boon International Centre for Conversion
An Der Elizabethkirche 25
53111 Boon, Germany
Tel: 49 228 911960
Fax: 49 228 241215
Email: kingma@bicc.uni-boon.de

Markus Kostner
Social Scientist/Economist, Post-Conflict Unit
World Bank Headquarters
1818 H Street, NW
Washington, DC 20433, USA
Tel: 202 473 5886
Fax: 202 522 1669
Email: mkostner@worldbank.org
The Hon. Sam Kahamba Kutesa
Minister of State
Finance, Planning and Economic Development
Ministry of Finance, Uganda
Uganda House, 13th Floor
PO Box 8147
Kampala, Uganda
Tel: 256 41 344 780 / 2350513 / 234702/5
Fax: 256 233092

Bayeze Mbele
Deputy Director
National Council of Development NGOs
(CNONGD)
Avenue Shaba N9o, 2/A3, B.P. 5744
Kinshasa, Democratic Republic of the Congo
Tel: 243 12 26707 / 243 12 46625
Fax: 243 12 20743 / 243 12 34441
Email: kinsbasa@dtsdata.intnet.bj

Mr. Molenaar
Danish Royal Embassy
Southern Life Centre
Riebeeck Street
Private Bag 13295 PO Box 5596
Windhoek, Namibia
Tel: 264 61 230179
Fax: 264 61 230179

H.E. Mr. Albino Malungo
Minister of Social Welfare and Rehabilitation
Avenida Deolinda Rodrigues
Luanda, Angola
Tel: 244 2 342949
Fax: 244 2 342988

Lindy Mudenda
Office Manager
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: lmudenda@ccruct.ac.za

Letitia Manter
Administrative Assistant
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: letitia@ccruct.ac.za

Laurie Nathan
Executive Director
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: lnathan@ccruct.ac.za

Marian Matshikiza
Africa Project Administrator
Centre for Conflict Resolution
31-37 Orange Street, Gardens
Cape Town 8001, South Africa
Tel: 2721 4222 512
Fax: 2721 4222 622
Email: marian@ccruct.ac.za

Joao Machatine Ndlovu
Programme Manager
Southern African Development Community
Private Bag 0095
Gaborone, Botswana
Tel: 267 351 863
Fax: 267 372 848
Daniel Ntoni-Nzinga  
Southern Africa Representative  
Quaker International Affairs Programme  
Khotso House  
62 Marshall Street, PO Box 4921  
Johannesburg 2000, South Africa  
Tel: 2711 838 4807/8  
Fax: 2711 838 7139  
Email: also@icon.co.za

H.E. Mr. Jeff Radebe  
Minister of Public Works  
120 Plein Street  
Private Bag X9155  
Cape Town, South Africa  
Tel: 2721 462 4184  
Fax: 2721 461 6962

Gerhard Pfister  
Head, Africa Section, Humanitarian Aid  
Swiss Development Cooperation  
Elgerstrasse 73  
3003 Bern, Switzerland  
Tel: 4122 31 322 3531  
Fax: 4122 31 324 1694  
Email: Gerhard.pfister@deza.admin.ch

John Stremlau  
Professor of International Relations  
University of the Witwatersrand  
Tel: 2711 716 2032  
Fax: 2711 339 4605

Ian Phillips  
Special Advisor to the Minister of Public Works  
120 Plein Street  
Private Bag X9155  
Cape Town, South Africa  
Tel: 2721 462 4184  
Fax: 2721 461 6962

John Tesha  
Senior Political Officer/Director of OAU/UNDP Project  
Organisation of African Unity  
PO Box 2343  
Addis Ababa, Ethiopia  
Tel: +251 1 519321  
Fax: +251 1 533413  
Email: undp.cmdl@telecom.net.et

Argentina Bento Pinto  
Nutrition Programme and Psychological Follow-up  
Igreja Metodista Unida (United Methodist Church)  
Rua Nossa Senhora da Maxima 12  
Luanda, Angola  
Tel: 244 2 330782  
Fax: 244 2 390184

Michel Veuthey  
Head of Delegation  
International Committee of the Red Cross  
Southern Africa  
Pretoria, South Africa

Geert Vansintian  
Head, Cooperation Section  
Embassy of Belgium  
625 Leyds Street  
Muckleneuk, Pretoria, South African  
Tel: 2712 351 3679  
Fax: 2712 443216  
Email: Belcoop@mweb.co.za