

Addison, Tony

Working Paper

From conflict to reconstruction

WIDER Discussion Paper, No. 2001/16

Provided in Cooperation with:

United Nations University (UNU), World Institute for Development Economics Research (WIDER)

Suggested Citation: Addison, Tony (2001) : From conflict to reconstruction, WIDER Discussion Paper, No. 2001/16, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki

This Version is available at:

<https://hdl.handle.net/10419/52756>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



United Nations
University

WIDER

World Institute for Development Economics Research

Discussion Paper No. 2001/16

From Conflict to Reconstruction

Tony Addison *

June 2001

Abstract

Governments frequently compartmentalize issues of reform and reconstruction into separate strategies and separate ministries (the fate of poverty reduction as well). Donors do likewise, for each has its own responsibilities; the IMF focuses on reform, the UN concentrates on conflict resolution and reconstruction, and the World Bank—whose operations span both agendas—has yet to integrate reform and conflict issues. However, reform and reconstruction cannot be kept separate if conflict is to be halted and poverty reduced. Biases in public spending, predatory taxation, and bad policy encourage conflict by reducing the incomes, both absolutely and relative to others, of social groups that suffer such discrimination—thereby inflaming ethnic and regional tensions, and helping demagogues recruit their followers.

Keywords: Sub-Saharan Africa, conflict, economic reform

JEL classification: O10, O55

Copyright © UNU/WIDER 2001

* World Institute for Development Economics Research (WIDER) of the United Nations University, Helsinki.

This study has been prepared within the UNU/WIDER project on Underdevelopment, Transition, and Reconstruction in Sub-Saharan Africa, directed by Professor Tony Addison, Senior Research Fellow, UNU/WIDER.

UNU/WIDER gratefully acknowledges the financial contributions to the project by the Government of Italy (Directorate General for Development Cooperation), the Government of Sweden (Swedish International Development Cooperation Agency), and the Government of the United Kingdom (Department for International Development). These agencies are not responsible for any information provided or views expressed, which remain those of the author or authors alone.

‘Peace and development remain inextricably linked—one feeding on the other, enabling the other, and securing the other. The renunciation of violence as a means of gaining and holding power is only the beginning. Then must follow a renewed commitment to national development founded on sober, sound and uncorrupted economic policies’ (UN Secretary General, Kofi Annan).

‘All these guns make for lazy minds’ (Bishop Dinis Sengulane of Mozambique) (quoted by Daley 1997).

1 Introduction¹

Africa has become synonymous with conflict. There were armed conflicts in 16 of Africa’s 54 countries in 1999—an ominous start to the new century (Wallensteen and Sollenberg 2000).

For Africa to recover, communities must reconstruct, private sectors must revitalize, and states must transform themselves. Aid donors, NGOs, and international business can do much to help (or hinder). However, the movement from conflict to reconstruction and then onto sustained development largely depends on the three *national* actors. Thus, unless communities rebuild and strengthen their livelihoods, neither reconstruction nor growth will be poverty reducing. But communities cannot prosper unless private investment recreates markets and generates more employment. And neither communities nor entrepreneurs can realize their potential without a development state—one that is democratically accountable and dedicated to poverty-reducing development. The international community can do much to assist—through more aid, debt relief, and peacekeeping—but ultimately the future lies in the hands of Africans themselves.

Addison (2000a), from which this discussion paper is taken, addresses these themes. It also examines the crosscutting issue of how economic reform interacts with conflict resolution and ‘post-conflict’ reconstruction.² Governments frequently compartmentalize issues of reform and reconstruction into separate strategies and separate ministries (the fate of poverty reduction as well). Donors do likewise, for each has its own responsibilities; the IMF focuses on reform, the UN concentrates on conflict resolution and reconstruction, and the World Bank—whose operations span both agendas—has yet to integrate reform and conflict issues. However, reform and reconstruction cannot be kept separate if conflict is to be halted and poverty reduced. Biases in public spending, predatory taxation, and bad policy encourage conflict by reducing the incomes, both absolutely and relative to others, of social groups that suffer such discrimination—thereby inflaming ethnic and regional tensions, and helping demagogues recruit their followers (Nafziger et al. 2000).

¹ This paper draws upon a UNU/WIDER public lecture entitled ‘Peace or War in Africa?’, delivered on 19 June 2000, as well as Addison and Ndikumana (2000). I am grateful to Stefan Dercon, Philippe Le Billon, Harris Mutio Mule, Mansoob Murshed, Léonce Ndikumana, Ramesh Thakur, and Mark Wuyts for comments and discussions.

² See Crisp (1998) and Macrae (1999) on the deficiencies of the label ‘post-conflict’.

Therefore conflict resolution and prevention require economic reform—independently of the need for reform to raise growth, reduce poverty, and safeguard the environment. And infrastructure reconstruction (in rural areas for example) is ineffective if policies that depress its value to livelihoods are retained; discrimination against smallholder agriculture is one example, the burdensome regulation of micro-enterprises is another. However, this does leave open for debate the crucial issues of what *types* of reform are necessary, their *timing*, and their *sequencing*—choices that we take up in Addison (2000a).

Since countries face a vast range of tasks—everything from demobilization to public expenditure reform—our research strategy is to focus on a selection of key issues in a small, but carefully-chosen, sample of countries: Angola, Eritrea, Ethiopia, Guinea-Bissau, and Mozambique. Their experiences throw light on reconstructing communities, revitalizing private sectors, and transforming states for Africa as a whole (and indeed for conflict societies elsewhere in the world).

Our selected countries also share common histories: Portuguese decolonization in Angola, Guinea-Bissau, and Mozambique; Eritrea's secession from Ethiopia; and the influence of Marxism-Leninism on independence movements and post-independence governments—and the resulting interaction with the geo-politics of the cold war. Subsequent challenges have included political and economic transition, as well as conflict resolution. However, peace has been elusive; Angola is still at war, Guinea-Bissau is politically fragile, and Eritrea and Ethiopia were at war from 1998 to 2000. Only Mozambique has sustained peace. Their present dilemmas and their future prospects are therefore important to understanding the prospects for peace and sustained development across Africa.

2 Country histories

We must at the outset say something about country histories, for in many ways contemporary problems arise out of historical burdens; this is the purpose of this paper (Addison 2001 focuses on strategies for reconstruction and reform, and their implications for communities, the private sector, and the state).

Angola, Guinea-Bissau, and Mozambique achieved their independence in 1975, during the Portuguese revolution of that year (MacQueen 1997). Angola's MPLA seized Luanda, and Soviet and Cuban assistance was sufficient to push back, but not defeat, rival movements (the FNLA and UNITA) supported by the United States and South Africa.³ Civil war has raged on and off for 25 years, the fighting interspersed by failed peace settlements and temporary cease-fires (Le Billon 1999). Mozambique enjoyed a short period of relative peace after independence, but then slid into a 16-year war that lasted until 1992. Rhodesia and then South Africa financed and armed Renamo.⁴ Their

³ Angolan acronyms are as follows: Frente Nacional de Libertação de Angola (FNLA), Movimento Popular de Libertação de Angola (MPLA), and União Nacional para a Independência Total de Angola (UNITA).

⁴ Mozambican acronyms are as follows: Frente de Libertação de Moçambique (Frelimo) and Resistência Nacional Moçambicana (Renamo). We follow the Mozambican convention in not capitalizing the acronyms Frelimo and Renamo.

aim was to end the Frelimo government's support for both Patriotic Front forces based in Mozambique and the African National Congress (ANC). Guinea-Bissau's early years were marked by the overthrow of the first president, Luís de Almeida Cabral (born in Cape Verde) by liberation-war veteran and prime minister, João Bernardo Vieira. Cape Verde subsequently seceded and political intrigue within the PAIGC and coup attempts against Vieira characterized the 1980s.⁵

Portugal's colonial legacy was dismal. Poverty resulted from forced labour and the expropriation of prime land for settlers and plantations, together with severe discrimination in access to employment, health care, and education (nearly 90 per cent of Angolans were illiterate at independence). The new Frelimo and MPLA governments adopted state planning and nationalized large industries, utilities, and nationalized or 'intervened' in colonial plantations, and settler farms—measures necessitated by the near collapse of agriculture (and urban food supplies), retail trade, and industry following the rapid departure of most Portuguese settlers at independence (Castel Branco et al. 2001). Private trade in colonial economies was heavily controlled, including fixed prices in key markets (for example staple foods), and the granting of geographical monopolies (Chabal 1998). Hence, at independence there was little disagreement with the strategy of extending state control over the economy—this time to facilitate national development rather than colonial exploitation.

Escalating civil war soon nullified Angola's economic plans. Initially Mozambique made progress—providing health care and education to a rural population grossly neglected by colonialism—but the concentration on state farms led to the neglect of smallholder agriculture, and rural development stalled (Wuyts 2001). In Guinea-Bissau the PAIGC inherited a rural economy devastated by the liberation war, but squandered the state's meagre resources on expanding the urban-based bureaucracy (Alvesson and Zejan 1993, Forrest 1992). The economies of Angola, Guinea-Bissau, and Mozambique were disintegrating by the early 1980s, and rural impoverishment in Angola and Mozambique was accentuated by advancing civil war. South Africa increased its military assistance to UNITA and to Renamo, and both movements resorted to widespread terror tactics (Finnegan 1992).

War in the Horn of Africa arose from domestic factors, in particular the struggle for independence by Eritrea—the former Italian colony/British Protectorate that was handed over by the UN to Ethiopia in 1952, which then annexed the country in 1962—interacting with the Horn's proximity to the middle-east, and thus the willingness of the Soviet Union and the USA to aid regional allies in the cold war (Lefebvre 1991). Human rights and sovereignty came second to the strategic interests of the superpowers at this time. Hence the remark by US secretary of state, John Foster Dulles, in 1952 that:

'From the point of view of justice, the opinions of the Eritrean people must receive consideration. Nevertheless, the strategic interests of the United States ... [make] it necessary that the country has to be linked with our ally, Ethiopia' (quoted in Brogan 1998: 53):

After overthrowing the feudal monarchy of Haile Selassie in 1974, Ethiopia's new military regime (the Derg) purged itself and its chairman, Mengistu Haile Mariam,

⁵ PAIGC stands for Partido Africano para a Independência da Guiné e Cabo Verde.

consolidated power. Ethiopia was proclaimed a Marxist state and in 1977 signed a friendship treaty with the Soviet Union; Soviet military aid worth US\$ 1 billion together with Cuban troops defeated Somalia in the Ogaden war of 1977—the regime of Mohamed Siad Barre having switched sides from the Soviet Union (with which it had signed a friendship treaty in 1969) to the United States which provided generous economic and military aid (Peterson 2000: 13). Soviet help enabled the Derg to accelerate its war against Eritrea’s liberation movement (which had received Soviet assistance when Ethiopia was a US ally) and rebel movements in Ethiopia’s Tigray and Oromo provinces.

On the eve of the 1974 Revolution, Ethiopia’s human indicators were among the world’s worst, reflecting the monarchy’s disregard for the basic welfare of its subjects; 91.5 per cent of the rural population, and 52 per cent of the urban population, was illiterate (Griffin 1992: 1). The land tenure system was largely feudal; up to 60 per cent of peasants were tenants (Hansson 1995, Krishnan and Dercon 1995). The Derg gathered some early popular support through land reform—all land was nationalized in 1975 and the sale of land and its leasing became illegal as did the hiring of labour—thus eliminating what had been SSA’s largest landlord class (newly-formed peasant associations thereafter distributed land to households who were limited to no more than 10 hectares each). However, forced resettlement reduced livelihood security and contributed to environmental degradation (Cohen and Isaksson 1988, Hoben 1995). Inter-regional grain movement was repressed (thus exacerbating food insecurity), and low state producer prices together with the expropriation of grain and livestock to feed the military imposed heavy burdens on smallholders (Dercon 1995, Winter-Nelson 1997). These measures exacerbated the effects of conflict and drought, contributing to the famine of the mid-1980s that killed over half a million Ethiopians (Devereux 2000).

The private sector was seen as too weak and too tainted by colonialism to achieve rapid national development, and this pessimism motivated comprehensive state-intervention in our case study countries—as elsewhere in SSA. But, in Angola, Ethiopia, and Mozambique, the strategy of state-led development was embedded in Marxism-Leninism as the official party ideology (also the case in Benin, Congo-Brazzaville, Madagascar, and Somalia). Marxism-Leninism’s appeal lay in its critique of colonial exploitation and imperialism. ‘Scientific socialism’ provided a framework for development strategy, and a means to mobilize the political agenda around nation building and to dampen ethnic politics. With its explicit emphasis on class analysis, Afro-Marxism was a more robust doctrine than the African socialism of the Tanzanian or Zambian varieties (Ottaway and Ottaway 1980, Keller and Rothchild 1987).

Marxism was less significant in the PAIGC’s ideological debates than in Angola, Ethiopia, or Mozambique. The charismatic liberation leader and PAIGC founder, Amilcar Cabal (assassinated in 1973) combined ideas from Marxism-Leninism together with social democracy to create a party ideology that he claimed best-suited African conditions; thus when asked to state their party’s position, PAIGC leaders usually replied that: ‘we are before all else African nationalists’ (quoted in Forrest 1992: 46).⁶

⁶ Nevertheless, Guinea-Bissau is still included in the category of Afro-Marxist states by some researchers (see for instance Chazan et al. 1988: 140).

The exit of Portugal from SSA was a more sudden and bloodier affair than that of Britain or France, and the fall of Ethiopia's monarchy represented a similarly sharp break with the past. South Africa was also determined to crush the support of the newly independent states of Angola and Mozambique for liberation movements in Namibia (then South-West Africa) and South Africa itself. Therefore the new regimes needed international support—which they found in the Soviet bloc.⁷ Angola developed close military and party connections with the Soviet Union. Mozambique's relations were looser, and the West was less fearful of Mozambique's Soviet ties (Chabal 1998). Despite the political links with communist bloc, most trade and investment flows were with the western powers. The United States was Angola's largest trading partner in the 1980s, and Angola received large inflows of US oil investment—at the same time as the US administration was attempting to overthrow the pro-Soviet MPLA government (Webber 1992: 706).

The new governments had some laudable aims and a measure of popular support (more evident in Mozambique than in Angola). But personal interests and advancing wars exacerbated the authoritarianism inherent in Leninist party organisation (Mengistu unleashed his 'red terror' in 1977, and the MPLA conducted a bloody purge in the same year). As in the Soviet Union itself, Leninism in Africa led to an over-centralization of political and economic power (inherent in central planning). In Ethiopia, a Leninist veneer was added to the traditional enmity towards Eritrean aspirations for independence. The Derg dismissed Eritrean claims to nationhood in the following terms:

'Eritrea does not constitute a nation. This is because, she does not satisfy the Marxist principles that characterise a nation: common territory, common language, integrated economic set-up, common culture and a common psychological make up ... This kind of false propaganda is nothing but [a] cheap method of obtaining arms and money from international imperialism and the reactionary Arab ruling classes' (quoted in Chazan et al. 1988: 141).

Progressive elements remained committed to delivering basic social services (most evident in Mozambique), but rapidly increasing military budgets (especially in Angola and Ethiopia) and macro-economic turmoil (particularly in Angola and Mozambique) cut into social-sector budgets. Given the scarcity of policy-making and administrative capacity, states could not deliver the degree of economic control expected by Marxist technocrats; resources were spread too thinly instead of being focused on core priorities such as poverty reduction. Therefore countries were unable to break decisively out of underdevelopment. Indeed, much of this was recognised by contemporary Soviet commentators; in the 1970s one Soviet minister concluded that:

'There are few people in the Soviet Union who would recommend building a socialist society under these particular conditions in Africa' (quoted in Herbst 1990: 93).

⁷ In the absence of a 'settler problem' Guinea-Bissau had more comfortable post-independence relations with Portugal than either Angola or Mozambique (MacQueen 1997: 221). Guinea-Bissau also stuck to its non-aligned status and turned down Moscow's request for base facilities (MacQueen 1997: 223).

3 Political and economic transition

Frelimo was the first ruling party to question the merits of scientific socialism as a development guide (at its 4th party congress in 1983), and a switch of resources from state farms to smallholders and co-operatives was announced. Mozambique joined the IMF and World Bank in 1984, and liberalization and privatization began (Castel-Branco et al. 2001, Wuyts 2001). Guinea-Bissau, which had been an IMF member since 1977, started tentative reform in 1986 (Kovsted and Tarp 1999). The MPLA agreed on economic reform at its second party congress in 1987, and Angola joined the IMF in 1989 (Aguilar 2001). And the Derg started economic liberalization in 1989 before its fall in 1991 (Bevan 2001).

This ideological shift occurred for a number of reasons. Economic failure had undermined the legitimacy of the socialist state as well as its military capacity (a factor uppermost in the minds of Ethiopia's Derg). State capacity to control markets had collapsed—leading to *de facto* liberalization and privatization not only in rebel-held territory but often in government areas as well. And state elites (and the military) found increasingly profitable private sector opportunities for themselves, and therefore a material interest in liberalization—most evident in Angola but also the case in Mozambique (Aguilar 2001 and Castel-Branco et al. 2001).

The end of the Soviet Union's assistance to Africa, and an increasing dependence on western aid and foreign investment, also contributed to domestic political shifts. By 1987, Mikhail Gorbachev was withdrawing Soviet support, and working with the UN and the Reagan administration to achieve Namibia's independence—an issue that was linked to the removal of Cuban forces from Angola in super-power negotiations (Parsons 1995: 118). Mozambique became increasingly dependent on concessional bilateral and multilateral aid as successive IMF and World Bank adjustment programmes took effect, and foreign investment accelerated into Angola's oil economy as estimates of the country's production potential rose in the late 1980s.

Leaders initially clung to single party rule. Herbst (1990: 97) notes that leaderships were willing to reject Marxism—which had contributed to economic stagnation—but continued to preach the merits of the single party state and centralized power (associated with Leninism). However, incumbents could no longer play off cold war opponents for support. Donors used aid-conditionality to press for democratization in aid-dependent Guinea-Bissau and Mozambique where internal pressure for democratisation was significant but weak in comparison to the power of incumbents (Addison 2001, Bratton and de Walle 1997: 182).

Frelimo and Renamo agreed on multi-party elections as part of the Rome peace accords of 1992 which ended Mozambique's civil war (a process also encouraged by South Africa's democratization which cut external assistance to Renamo). Multi-party legislative elections were held in both Mozambique and Guinea-Bissau in 1994, incumbents winning in both cases. Frelimo and Renamo formed the new government and opposition respectively—thereby providing the remarkable political stability that has underpinned Mozambique's recovery over the second half of the 1990s (Arndt et al. 2000). Guinea-Bissau was sufficiently stable to support an acceleration of economic reform until the military revolt of 1998 (Kovsted and Tarp 1999).

In the early 1990s it looked as if Angola might follow the electoral path to peace. In 1991 at Bicesse (near Lisbon), Portugal, the United States and the Soviet Union succeeded in getting Angola's MPLA and UNITA to agree to a cease-fire and elections in 1992. But UNITA rejected the result of the first round of presidential elections (which put the MPLA in the lead), and went back to war before a second round could be held.⁸ Much has been written about this debacle—including the inadequacy of the UN's mandate and resources—but Sir Anthony Parsons, the UK's former ambassador to the UN, provides the most trenchant comment (Parsons 1995: 142):

‘At the time, the Lisbon Accords were hailed as a diplomatic triumph of superpower co-operation in the wake of the Gulf crisis ... This seemed a fair judgement. In retrospect the seeds of disaster had been sown. First the accords were a victory for UNITA. Armed to the teeth by South Africa and the United States, cosseted by Washington, including a photo-call reception by President Reagan, Savimbi had succeeded in being accepted not as a rebel making terms with the government but as an equal with the government. This impression was enhanced by the fact that, whereas UNITA had in effect been ‘recognized’ by the US, the government had not, and indeed was not to be recognized by Washington until May 1993, by which time UNITA alone was responsible for the resumption of the civil war’.

After savage fighting over 1992-94, a new peace agreement (the Lusaka protocol) was reached in 1994, and a cease-fire took effect in 1995. UN peacekeepers were deployed, and a government of national unity was formed in 1997, with the intention of holding new elections after completing demobilization. But sporadic cease-fire violations escalated during 1998 as UNITA—which still had 15,000 well armed fighters—began retaking territory, and UN peacekeepers withdrew in 1999 (Le Billon 1999).

In the Horn of Africa, military power, rather than elections, played the decisive role in political events. The Derg fell in May 1991 and control of the Ethiopian State passed to the Tigrayan-led forces of the EPRDF. Eritrea became de facto independent in 1991, and declared formal independence in 1993—to date Africa's only internationally recognised secession (Hansson 2001, Iyob 1997). Separately, the Barre regime in Somalia began to lose its grip on power, and Somalia slid into state collapse and warlordism (Clarke and Herbst 1997, Peterson 2000).

The new leaders of Eritrea and Ethiopia had Marxist backgrounds, but both governments pursued extensive reform programmes over the 1990s (Hansson 2001 and Bevan 2001). Eritrea had to create many institutions from scratch. Given the low level of income in both countries, and very low human development indicators, both need long periods of sustained growth and rising pro-poor public spending to achieve significant poverty reduction. For much of the 1990s this appeared possible, but the outbreak of the border war in May 1998 claimed some 100,000 lives and brought optimism to an end (Gilkes and Plaut 1999).

For the United States the strategic value of the Horn and much of Africa plummeted after the end of the cold war. Angola now has some strategic and commercial

⁸ The MPLA obtained a clear majority in the 1992 legislative elections.

importance for the United States since the country accounts for 8 per cent of US oil imports (a share that some experts predict will rise to 15 per cent over the new few years), but ‘... Washington has rarely seemed to care what is done with the revenues from these sales’ (Stremlau 2000: 122). And after the debacle of US and UN intervention in Somalia, US interest in conflict prevention and humanitarian assistance in Africa declined as well. This continues to be an impediment to strengthening peacekeeping in the region, despite the recent efforts of Richard Holbrooke, the US Permanent Representative to the UN, to reawaken interest in Africa’s plight (Addison 2000b).

The countries of Eastern Europe and the former Soviet Union (FSU) now have little strategic interest in SSA, but commercial-military ties are profitable and have increased. The former Soviet bloc provides weapons and personnel to both sides in Angola. Both Eritrea and Ethiopia have received arms from the FSU, including advanced combat aircraft and mercenary pilots (Hagelin et al. 2000: 348). Russian-Israeli companies have also taken over from de Beers as one of the largest buyers of diamonds from Angola, and Russian organized crime is active in the region (Addison and Ndikumana 2000). In summary, the people of Angola, Eritrea, Ethiopia, Mozambique and Somalia paid a high price for the cold war, the effects of which live on.

4 The present situation

Our project focuses on issues that have long-term developmental impact, rather than on compiling a chronicle of current events (Addison 2000a). Nevertheless, we must report here the dramatic events of the last two years in order to provide context. Present situations (as of September 2000) can be summarized as follows.

Angola’s tragedy continues. The government has used rising oil revenues to strengthen its forces, and has pushed UNITA back. International sanctions on the sale of ‘blood diamonds’ have also reduced UNITA’s revenues; from 1992 to 1998 UNITA earned somewhere between US\$ 2 billion and US\$ 3.7 billion (Global Witness 1998). But UNITA is still a potent (and profitable) guerrilla force. Savimbi’s intransigence in some ways suits the government which continues to use the war as an excuse for frustrating political liberalization, avoiding economic reform, and ignoring the plight of Angola’s poor. More hopefully, the July 2000 peace conference organised by churches and NGOs is beginning to influence the political process.

Guinea-Bissau’s politics remain extremely fragile. In February 2000, Kumba Iala was sworn in as president after winning the elections. He took over from Malam Bacai Sanha who was installed by the military as interim president after they overthrew President João Bernardo Vieira in May 1999 following the 11-month war that began in 1998 (Kovsted and Tarp 1999). The leader of the 1998 military revolt, General Ansumane Mane, retains considerable political influence; the military were assigned five ministries in the new government and their demands threaten to undermine economic recovery.

Eritrea and Ethiopia agreed a cease-fire in June 2000 and UN peacekeepers are about to be deployed. Despite Ethiopia’s 1995 Federal Constitution, demands for secession continue (Bevan 2001). Eritrea is providing material support to Ogadan and Oromo

separatists who accuse the ‘Tigray Regime’ in Addis Ababa of ignoring their regions’ plight in the 1999-2000 drought. The sudden collapse of Eritrean forces in the face of the 2000 Ethiopian offensive seriously dented the country’s military pride, and the leadership’s authority has been weakened (Gilkes and Plaut 1999). Eritrea has patched up its relations with Sudan—to counteract Ethiopian assistance to Eritrean opposition groups based there—but its border dispute with Djibouti continues.

All of these wars have strong regional dimensions. In mid 1998, Angolan forces came to the aid of the Kabila government in the Democratic Republic of Congo (DRC) to cut UNITA’s supply lines. Angolan forces also intervened decisively in Congo-Brazzaville’s 1998 civil war for much the same reason. Angola’s war periodically spills over into northern Namibia, and Angola and Zambia have come close to war (some UNITA supply lines run through Zambia). In Somalia, Eritrea has backed warlord Hussein Aideed, and Ethiopia is supporting Somali factions opposed to Aideed. Guinea-Bissau’s relations with Senegal—which used an ECOWAS mandate to intervene unsuccessfully on the side of President Vieira during the 1998-99 conflict—remain uneasy. Secessionist forces in Senegal’s Casamance province operate from Guinea-Bissau, and General Ansumane Mane is alleged to have smuggled weapons to them.

The developmental impact has been near catastrophic. Growth through mutually beneficial trade has withered (Eritrea and Ethiopia are unlikely to achieve high growth unless bilateral trade resumes), national treasuries are drained (Ethiopia spent US\$ 1 million per day at the conflict’s height), and it is hard to raise social spending when military spending is increasing—Angola spends at least US\$ 3 on the military for every dollar on health (Adauta et al. 2001, Addison and Ndikumana 2001). Improvements in the donor-government relationship—including sector-wide approaches to public-expenditure management and reduced policy-conditionality—have been frustrated by the wars in Ethiopia and Guinea-Bissau. The start of debt relief for these countries under the HIPC initiative is also delayed (see Addison and Ndikumana 2001). The UK and other bilateral donors continue to provide humanitarian assistance to relieve the effects of the drought, but new development projects are mostly on hold. The UK’s Secretary of State for International Development, Clare Short, reflected the views of many donors when she recently stated that (Short 2000: 1):

‘On Ethiopia, because of the war with Eritrea, Britain like others has reduced long-term aid because we are not confident that the resources would actually be used to benefit the people of the country and because otherwise the resources put in by donors would simply be used to subsidise arms spending’.

Meanwhile, Mozambique has been the only country to achieve anything like a state of permanent peace. Despite Renamo’s periodic threats to pull out of electoral politics, the post-war political settlement still holds. Frelimo won the 1999 elections (with 52.3 per cent of the vote in the presidential elections and a majority of parliamentary seats in the legislative elections). Renamo alleged electoral fraud, but the elections were declared free of major systematic problems by international observer missions (Pottie 2000).

But Mozambique’s political leaders must avoid complacency about the post-war political settlement. Since both parties derive their political support from regional strongholds, and Renamo gets much of its support from the poorest regions, policymakers must ensure that growth is sufficiently broad-based to close the gap in

living standards between regions (average consumption per capita in the richest province is over double that of the poorest province: see GOM 2000: 28). Otherwise, poorer regions could lose confidence in the ability of peaceful political processes to address their plight. And for the country as a whole, the government must do more to clarify and protect the rights of communities to natural capital (soils, water, forests and fisheries) relative to those of commercial interests—this issue can otherwise create serious local-level conflict (Addison 2001, Wuyts 2001). In the short-to-medium term, the country is engaged in recovering from the 2000 floods which killed about 650 Mozambicans, displaced 500,000, and damaged 10 per cent of the country's cultivated land. The World Bank estimates that the cost of recovery starts at US\$ 275 million (to restore the status quo) and rises to US\$ 430 million to build the infrastructure necessary to prevent the recurrence of cyclone and flooding disaster (Benfica et al. 2000).

In summary, Angola, Eritrea, Ethiopia, and Guinea-Bissau are certainly 'war torn', and the 'post-conflict' label can only really be applied to Mozambique with any conviction.

5 Conclusions

This paper, and the project overall, emphasizes the importance of national actors to recovery in Africa. Although international efforts are very necessary, they will fail if the energies of communities, private sectors, and states are not effectively harnessed. Therefore strengthening community organization and capacity to identify and implement local-level projects is crucial for aid to achieve poverty reduction. Similarly, a vibrant domestic private sector encourages foreign investment by providing private infrastructure and business networks. And without a development state—democratically accountable and capable of implementing poverty-reducing development—the returns from aid and foreign investment will be limited. More cynically, international actors can be fickle friends, they have their own national interests, and aid is presently in decline. Countries therefore need to build up their domestic capacities, to make the best use of local resources and the aid that is available.

Another study could be undertaken regarding the international forces that have exacerbated conflict in our selected countries (and the reader is referred to analyses such as Kaldor and Vashee 1997, and Nafziger et al. 2000). But to conclude, we specify six areas in which international action is urgent: aid policy, debt relief, peacekeeping, bribery, war profiteering, and arms supplies.

Substantial amounts of foreign aid went to dictators and brutal rebels during the cold war. In the 1980s, the four biggest recipients of United States assistance were the dictators of Liberia, Somalia, and Zaire (DRC) together with Angola's UNITA (Stremlau 2000: 124). Alesina and Dollar (1998: 2) find that at the margin changes in aid flows tend to reward democratization and economic reform, but colonial links and strategic alliances still dominate the cross-country distribution of aid. The international community must remove the pollution of aid by strategic and commercial objectives if it is to be truly effective. And the deaf ear turned to humanitarian appeals for Africa must end as well. By August 1999 donors had given less than half of the US\$ 796 million that the UN needed to assist people in countries such as Angola and Somalia, while appeals for aid to Kosovo rapidly reached their US\$ 265 million target—indicating discrimination in humanitarian responses (Randel et al. 2000: 22). Overall, aid to Africa

has declined continually since 1994, and shows no sign of recovery as yet (Addison and Ndikumana 2001). And not enough aid goes to the poorest countries: the share of EU aid going to the world's poorest countries (most of which are in SSA) fell to 50 per cent in 1997 from 75 per cent in 1987 (Short 1999).

Linked to the issue of aid, is that of debt (which we return to in Addison and Ndikumana 2001). Angola and the DRC have mortgaged their natural resource riches to take on commercial debt for weapons purchases and to enhance the already conspicuous consumption of the rich; these 'odious' debts represent a considerable financial constraint on post-war recovery, the burden of which will be borne by poor domestic populations who have little democratic influence over their governments. But much of SSA's debt is official, owed to bilateral and multilateral creditors. The IMF and the World Bank estimate that if the net present value of the debt to export ratio exceeds 200 per cent then full debt service is impossible; the median ratio for the HIPC is 438 per cent (IMF 2000). In 1997 Mozambique's ratio was 1,020 per cent (the highest of any HIPC undertaking reform) due to the destruction of the country's export base and the rapid accumulation of concessional debt after the start of reform in the mid-1980s. In comparison, non-conflict Tanzania (another HIPC) has a ratio of 634 per cent.

Rich creditors have been tardy in granting debt relief under the HIPC initiative despite their rhetoric of concern; debt relief has only just been announced for Mozambique.⁹ Debt relief cannot serve as an incentive for peace—as suggested in early 2000 by UK Minister of Finance, Gordon Brown—unless creditor countries increase the flexibility and timeliness of the HIPC initiative. Oxfam is right in suggesting that debt relief for Ethiopia can be used to encourage the 2000 ceasefire to hold (Oxfam International 2000: 5). However, Eritrea will certainly point out the asymmetry of such assistance—since it is not a HIPC—and any debt-relief to Ethiopia must be balanced by an offer of reconstruction aid to Eritrea (see Hansson 2001).

Addison and Ndikumana (2001) argue that improving peacekeeping would make aid more effective by reducing conflict and freeing-up domestic resources currently used in military budgets (thereby increasing the recurrent expenditures available to match aid-financed capital expenditures). But closing the present gap between the rhetoric and the reality of peacekeeping requires that the major powers reverse their present indifference to UN peacekeeping and its funding; in 1993 UN peacekeeping forces in Africa numbered almost 40,000, but by 1999 they had dwindled to less than 1,600 (Berman and Sams 2000: 22). Africans must also strengthen regional peacekeeping, and end the use of 'peacekeeping' interventions to further national and commercial objectives (which motivates the actions of Angola and Zimbabwe in the DRC). Ensuring that the Eritrea-Ethiopia cease-fire holds, and that the two countries move rapidly to normalize relations, is a critical test for OAU diplomacy (Addison and Ndikumana 2000).

Corruption contributes to conflict by undermining the state and its institutions, an effect that is very evident in resource-rich countries (Addison and Ndikumana 2001). In 2000, judicial investigations into the French oil company, Elf-Aquitaine, revealed that the company has paid US\$ 60 million per year to heads of state and others in Africa and elsewhere, in a system described by a former company boss as '... a tradition introduced a long time ago, whose opaqueness and secrecy was to the entire satisfaction of the

⁹ After HIPC debt relief, Mozambique's debt will fall to 150 per cent of exports (IMF-IDA 2000: 22).

beneficiaries' (Gattegno 2000). These investigations revealed that Angolans top the league of the largest 'beneficiaries'. Initiatives by international business to improve corporate responsibility are welcome, but resources must be found to strengthen independent and objective monitoring by third-parties of corporate efforts as well (Vogl 1998). Some donor countries now recognize that the supply of bribes must be cut to strengthen the hand of Africans pushing for democratization and judicial reform to reduce the demand for bribes. The UK recently reaffirmed its support for the 1997 OECD Convention on Bribery. But this stance needs to be toughened; not a single prosecution for bribery overseas has yet been brought in a UK court (or in a European court either).

Cutting the profits of war can reduce the incentives of belligerents. Thus UN sanctions against UNITA, and the belated cooperation of De Beers, have reduced the movement's resources. But, the recent report to the UN security council on the violation of sanctions on Angolan diamonds highlighted lax controls in Belgium (the main market for rough stones), and the involvement of several African presidents in sanctions busting (UN 2000). The globalisation of finance has eased money laundering; the Bank of England has frozen UNITA's UK bank accounts but parking booty in the world's offshore financial centres (Liechtenstein in particular) remains easy when the authorities turn a blind eye, or are themselves corrupted (Addison et al. 2000).

Cutting the supply of international arms and mercenaries reduces the profits of war by increasing its costs to belligerents. The 1998 EU Code of Conduct on arms sales is only a start and must be given bigger teeth. Sanctions on arms sales to Eritrea and Ethiopia came much too late, and were therefore ineffective. Commercial military assistance from the FSU-EE is particularly problematic, reflecting as it does the disappointing track record of economic transition in much of the region, and therefore the continued reliance on the military-industrial complex for export earnings. And the world's failure to take early action to halt the conflict in the former Yugoslavia contributed to the arrival onto the African market of large numbers of mercenaries together with advanced equipment from the Balkans. At the end of the day, the international community cannot treat African conflicts in isolation from those elsewhere.

For the last twenty years the words 'Africa' and 'Crisis' have seemed inseparable. Yet for all the despair there are many signs of hope. Africans dedicated to development and poverty reduction are still to be found within government, while the rich social fabric of Africa—the churches, trade unions, and teacher associations—continues to deliver human development at the local level. Africans are often more optimistic about the continent's future than the international media, and the development community must work with them—through peacekeeping and more and better aid—to ensure that peace, not war, prevails.

References

- Adauta de Sousa, M., Tony Addison, Björn Ekman and Åsa Stenman (2001). 'From Humanitarian Assistance to Poverty Reduction in Angola' *Discussion Paper* (forthcoming), Helsinki: UNU/WIDER.
- Addison, T. (ed.) (2000a) '*From Conflict to Reconstruction in Africa*', (Project Research Papers), Helsinki: UNU/WIDER.
- Addison, T. (2000b). 'Aid and Conflict', in F. Tarp (ed.) *Foreign Aid and Development*, London: Routledge, 392-408.
- Addison, T. (2001). 'Reconstruction from War in Africa: Communities, Entrepreneurs, and States', Helsinki: UNU/WIDER *Discussion Paper* (forthcoming).
- Addison, T., P. Le Billon, and S. M. Murshed (2000). 'Finance in Conflict', Report to DFID (www.wider.unu.edu).
- Addison, T. and L. Ndikumana (2000). 'Seeking African Solutions to African Problems', Processed, Helsinki: UNU/WIDER (www.wider.unu.edu).
- Addison, T. and Leonce Ndikumana (2001). 'Overcoming the Fiscal Crisis of the African State', *Discussion Paper* No. 12, Helsinki: UNU/WIDER.
- Aguilar, Renato (2001). 'Angola's Incomplete Transition', *Discussion Paper* (forthcoming), Helsinki: UNU/WIDER.
- Alesina, A. and D. Dollar (1998). 'Who Gives Foreign Aid to Whom and Why?', *NBER Working Paper* 6612, Cambridge MA: National Bureau of Economic Research.
- Alvesson, M. and M. Zejan (1993). 'Guinea-Bissau: Impact of the Structural Adjustment Programme on the Welfare of Small-Holder Farmers', in M. Blomström and M. Lundahl (eds) *Economic Crisis in Africa: Perspectives on Policy Responses*, London: Routledge, 202-218.
- Annan, K. (1998). 'Africa Needs Outside Help, and Also Needs to Help Itself', *International Herald Tribune*, 2-3 May.
- Arndt, C., H. T. Jensen, and F. Tarp (2000). 'Stabilization and Structural Adjustment in Mozambique: an Appraisal', *Journal of International Development*, 12 (3): 299-323.
- Benfica, R., P. Arlindo, M. T. Weber, and D. Tschirley (2000). 'Representative Characteristics of Rural Households in Areas of Central and Southern Mozambique Affected by the 2000 Floods', *Research Paper* 40E, Michigan State University, Department of Agricultural Economics and Ministry of Agriculture, Maputo, Mozambique, Project on Food Security.
- Berman, E. G. and K. E. Sams (2000). 'Keeping the Peace in Africa', *Disarmament Forum* 3 (United Nations Institute for Disarmament Research), 21-31.
- Bevan, David (2001). 'The Fiscal Dimensions of Ethiopia's Transition and Reconstruction', *Discussion Paper* (forthcoming), Helsinki: UNU/WIDER.
- Bratton, M. and N. van de Walle (1997). *Democratic Experiments in Africa*, Cambridge: Cambridge University Press.
- Brogan, P. (1998). *World Conflicts*, London: Bloomsbury.

- Castel-Branco, Carlos, Chris Cramer with Degol Hailu (2001). 'Privatization and Economic Strategy in Mozambique', *Discussion Paper* (forthcoming), Helsinki: UNU/WIDER.
- Chabal, P. (1998). 'Angola and Mozambique: the Weight of History', University of Dundee, Contemporary Portuguese Politics and History Resource Centre (<http://www.dundee.ac.uk/cphrc/sections/articles/chabal2.html>).
- Chazan, N., R. Mortimer, J. Ravenhill, and D. Rothchild (1988). *Politics and Society in Contemporary Africa*, London: Macmillan.
- Clarke, W. and J. Herbst (1997). *Learning from Somalia: The Lessons of Armed Humanitarian Intervention*, Boulder, CO: Westview Press.
- Cohen, J. M. and N.-I. Isaksson (1988). 'Food Production Strategy Debates in Revolutionary Ethiopia', *World Development*, 16 (3): 323-348.
- Crisp, J. (1998). 'The 'Post-Conflict' Concept: Some Critical Observations', Geneva: Research and Development Policy Unit, United Nations High Commission for Refugees (August).
- Daley, S. (1997). 'In Mozambique, Guns for Plowshares and Bicycles', *New York Times*, 3 February, 3.
- Dercon, S. (1995). 'On Market Integration and Liberalization: Method and Application to Ethiopia', *Journal of Development Studies*, 32 (1), 112-143.
- Devereux, S. (2000). 'Famine in the Twentieth Century', *Working Paper* 105 Brighton: Institute of Development Studies.
- Finnegan, W. (1992). *A Complicated War: the Harrowing of Mozambique*, Berkeley: University of California Press.
- Forrest, J. B. (1992). *Guinea-Bissau: Power, Conflict and Renewal in a West African Nation*. Boulder CO: Westview Press.
- Gattegno, H. (2000). 'Oil Company Spent \$ 60 million per Year on Bribes', *Guardian Weekly* 20-26 July (Reprinted from *Le Monde*): 25.
- Gilkes, P., and M. Plaut (1999). 'The War in the Horn: the Conflict between Eritrea and Ethiopia', *Discussion Paper* 82, London: The Royal Institute of International Affairs.
- Global Witness (1998) *A Rough Trade: The Role of Companies and Governments in the Angolan Conflict*, London: Global Witness.
- GOM (Government of Mozambique) (2000). 'Mozambique: Interim Poverty Reduction Strategy Paper (IPRSP)—Incorporating the Action Plan for the Reduction of Absolute Poverty (PARPA)', Maputo: Government of Mozambique, 16 February (<http://www1.worldbank.org/prsp>).
- Griffin, K. (1992). *The Economy of Ethiopia*, London: Macmillan.
- Hagelin, B., P. D. Wezeman, and S. T. Wezeman (2000). 'Transfers of Major Conventional Weapons', in SIPRI (ed.) *SIPRI Yearbook 2000: Armaments, Disarmament and International Security*, Oxford: Oxford University Press for the Stockholm International Peace Research Institute: 339-377.

- Hansson, G. (1995). *The Ethiopian Economy 1974-94*, London: Routledge.
- Hansson, Göte (2001). 'Building New States: Lessons from Eritrea', *Discussion Paper* (forthcoming), Helsinki: UNU/WIDER.
- Herbst, J. (1990). 'The Fall of Afro-Marxism', *Journal of Democracy*, 1 (3): 92-101.
- Hoben, A. (1995). 'Paradigms and Politics: the Cultural Construction of Environmental Policy in Ethiopia', *World Development*, 23 (6): 1007-1022.
- IMF (2000). 'Heavily Indebted Poor Countries (HIPC) Initiative: Country Implementation Status Notes', Washington DC: IMF, 19 September (www.imf.org).
- IMF-IDA (2000). 'Republic of Mozambique: Decision Point Document for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative', Washington DC: International Monetary Fund and the International Development Association, March 29 (www.imf.org).
- Iyob, R. (1997). 'The Eritrean Experiment: A Cautious Pragmatism?', *Journal of Modern African Studies*, 35 (4), 647-673.
- Kaldor, M. and B. Vashee (eds) (1997) *Restructuring the Global Military Sector- Volume 1: New Wars*, London: Pinter for UNU/WIDER.
- Keller, E. J. and D. Rothchild (eds) (1987). *Afro-Marxist Regimes*, Boulder CO: Lynne Rienner.
- Kovsted, Jens and Finn Tarp (1999). 'Guinea-Bissau: War, Reconstruction and Reform', *Working Paper* No. 168, Helsinki: UNU/WIDER (November).
- Krishnan, P. and S. Dercon (1995). 'Income Portfolios in Rural Ethiopia and Tanzania: Choices and Constraints', *Working Paper* 95/12, Centre for the Study of African Economies, University of Oxford.
- Le Billon, P. (1999). 'A Land Cursed by its Wealth? Angola's War Economy 1975-99', *Research in Progress* 23, Helsinki: UNU/WIDER.
- Lefebvre, J. A. (1991). *Arms for the Horn: US Security Policy in Ethiopia and Somalia, 1953-1991*, Pittsburgh PA: University of Pittsburgh Press.
- MacQueen, N. (1997). *The Decolonization of Portuguese Africa*, London: Longman.
- Macrae, J. (1999). 'Aiding Peace and War: UNHCR, Returnee Reintegration, and the Relief-Development Debate', *Working Paper* 14, Geneva: UNHCR, (Series: New Issues in Refugee Research) (www.unhcr.ch/refworld/pub/wpapers/wpno14.htm).
- Nafziger, E. W., F. Stewart and R. Väyrynen (eds) (2000). *The Origins of Humanitarian Emergencies: War and Displacement in Development Countries*, Volume I of *War, Hunger and Displacement: The Origins of Humanitarian Emergencies*, Oxford: Oxford University Press for UNU/WIDER.
- Ottaway, D. and M. Ottaway (1980). *Afrocommunism*, New York: Praeger.
- Oxfam International (2000) 'HIPC Leaves Poor Countries Heavily in Debt', (www.oxfam.org/educationnow/news).
- Parsons, A. (1995). *From Cold War to Hot Peace: UN Interventions 1947-1995*, London: Penguin.

- Peterson, S. (2000). *Me Against My Brother: At War in Somalia, Sudan, and Rwanda*, New York: Routledge.
- Pottie, D. (2000). 'The Mozambique Elections: Renamo Demands a Recount', *Southern Africa Report*, 15 (3), 26-29.
- Randel, J., T. German, and D. Ewing (2000). *The Reality of Aid 2000: An Independent Review of Poverty Reduction and Development Assistance*, London: Earthscan.
- Short, C. (1999). 'Strengthening Europe's Role in International Development: An Agenda for the New Commission', Brussels 28 July. (www.dfid.gov.uk/public/news/sp28july99.html).
- Short, C. (2000) 'Statement on Assistance to Ethiopia', London: Department for International Development, 9 April. (<http://www.dfid.gov.uk/public/news/pr9April00.html>).
- Stremlau, J. (2000). 'Ending Africa's Wars', *Foreign Affairs*, 79 (4), 117-132.
- UN (2000) 'Report of the Panel of Experts on Violations of Security Council Sanctions Against UNITA', Report No. S/2000/203 (10 March), New York: United Nations.
- Vogl, F. (1998). 'The Supply Side of Global Bribery', *Finance and Development*, 35 (1), 30-33.
- Wallensteen, P. and M. Sollenberg (2000). 'Armed Conflict 1989-1999', *Journal of Peace Research*, 37 (5), 635-649.
- Webber, M. (1992). 'The Third World and the Dissolution of the USSR', *Third World Quarterly*, 13 (4), 691-713.
- Winter-Nelson, A. (1997). 'Rural Taxation in Ethiopia, 1981-1989: A Policy Matrix Assessment for Net Producers and Net Consumers', *Food Policy*, 22 (5), 419-431.
- Wuyts, Marc (2001). 'The Agrarian Question in Mozambique's Transition and Reconstruction', *Discussion Paper No. 14*, Helsinki: UNU/WIDER.

UNU World Institute for Development Economics Research (UNU/WIDER) was established by the United Nations University as its first research and training centre and started work in Helsinki, Finland in 1985. The purpose of the Institute is to undertake applied research and policy analysis on structural changes affecting the developing and transitional economies, to provide a forum for the advocacy of policies leading to robust, equitable and environmentally sustainable growth, and to promote capacity strengthening and training in the field of economic and social policy making. Its work is carried out by staff researchers and visiting scholars in Helsinki and through networks of collaborating scholars and institutions around the world.

UNU World Institute for Development Economics Research (UNU/WIDER)
Katajanokanlaituri 6 B, 00160 Helsinki, Finland

Camera-ready typescript prepared by Janis Vehmaan-Kreula at UNU/WIDER
Printed at UNU/WIDER, Helsinki

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute or the United Nations University, nor by the programme/project sponsors, of any of the views expressed.

ISSN 1609-5775
ISBN 952-455-156-X (printed publication)
ISBN 952-455-157-8 (internet publication)