

# Discuss the Significance of Aid and Peace Dividends for the Prospects of Post Conflict Stability

Written by Adam Groves

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ADAM GROVES, DEC 22 2007

The role of aid has become increasingly prominent in the undertaking of post conflict reconstruction, particularly in light of the conflicts in Iraq and Afghanistan. Its role is continuing not only in these fresh conflicts but also in protracted conflicts such as those between Israel and Palestine and the conflict in Northern Ireland.

This essay will discuss the significance of aid and peace dividends in the context of positive and negative outcomes and consequences of its existence. Mid-conflict aid will be discussed in addition to follow-up aid programs, as a pointer to its legacy in post conflict stability. It would not be possible to discuss such a large topic without focussing on particular examples and therefore this essay will draw on examples of aid in the conflicts between Israel and Palestine and in Northern Ireland.

When addressing aid, economic assistance will be prominent; however it will also be necessary to discuss the significance of other types of aid such as programmes which help cross-community relations work together on projects. In order to remain focussed in this essay, the aid providers are normally considered as third-parties; for example other states or governments, aid agencies or non-governmental organisations (NGOs). Peace dividends can be understood as the positive effects of a state or community being in peace instead of using its resources in conflict. As an example; Darrat and Hakim (2002: p34) suggest that economic growth is one advantage of redirecting resources from defence expenditure to other areas of beneficial productive use, such as creating other means for (more sustainable) employment or trade agreements.

The essay will conclude that aid is significant because of both positive and negative outcomes. There are many positive effects and peace dividends, but the negative outcomes must be understood too in order to maintain the significance of aid for post conflict stability.

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## Positive Significance

To begin the discussion on the significance of aid and peace dividends, a reflection on the positive impacts that aid can make, on the post conflict stability of a region begins the discussion. Perhaps the most significant way that aid can influence post conflict stability is through laying the foundations for sustainable peace dividends (Forman and Patrick, 2000: p1). Monetary or program-orientated aid can help to do this in two ways; firstly projects can help to build bridges between communities torn by conflict. Bock and Anderson label this approach taken by aid agencies as 'promotive' (Bock and Anderson, 1999: p327). If executed effectively, they can create a "foundation of trust" between two opposing communities (Ibid.) This foundation of trust is ideal to support post conflict stability as, by working together, people from opposing communities learn to rely on each other in order to complete the given projects. This then builds the foundations on which communities can avoid falling back into conflict in the future. An example of this type of aid and perceived outcome can be taken from the European Programme for Peace and Reconciliation in Northern Ireland. In the justification for following a programme for community based projects, the rationale set out is that any hope of sustainable peace must be supported by "...a genuine reconciliation between the divided communities." (EU Commission, 2000: p92) This explicitly indicates that in order to gain satisfactory peace dividends, work must be done to achieve stability through programme aid.

A second way aid lays foundations is through having a positive impact on the economy of a region that is overcoming conflict. The European Union's 2000 Operational Programme Report on the Troubles in Northern Ireland observes that expenditure on security deflected funding away from the public economic infrastructure and thus "...undermined the development..." of the economy (EU Commission, 2000: p16). Forman and Patrick suggest that economic aid can "...lay the foundations for a sustainable transition to economic growth..." (Forman and Patrick, 2000: p1) Through encouraging economic interactions, the peace dividends that may occur are worthwhile because they may create more secure economies and therefore inter-linked interests between groups. This is also something implied by Darrat and Hakim when they discuss the outcomes that were expected after the Oslo agreement was signed between Israel and Palestine in 1993 (Darrat and Hakim, 2002: p34).

Another significant way that economic aid can impact post conflict stability is by being a factor in the bigger picture of ways to ensure this stability. Byrne and Irvin note that it can help "...tackle structural inequalities that contribute to the protracted nature of ethno-political conflicts..." with particular reference to the Northern Ireland conflict (Byrne and Irvin, 2001: p425). As part of a process to sustain peace, economic help can prove significant when added to other aid mechanisms such as those that aim to integrate communities. Indeed, Byrne and Irvin note that political elites (and those at top level politics) see a direct link between economic aid and peaceful political consequences (Byrne and

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Irvin, 2001: p421). They note that multiple US administrations have viewed economic aid as a critical factor in building peace in Northern Ireland (Byrne and Irvin, 2001: p418). It is they who are perhaps more likely than those at grassroots to piece together all of the different aid initiatives in order to look at the whole post conflict stability. It should be noted here that economic disparities caused or highlighted by aid are examined later in this essay.

Through contributing to the post conflict stability of a single region, aid also has an indirect peace dividend for other actors that interact with that region. Brynen, Awartani and Woodcraft note that after the signing of the Oslo Peace Accords, both the European Union and the United States of America “competed vigorously” to take the most prominent role in the aid program (Brynen, Awartani and Woodcraft, 2000: p213). Having economic links to post conflict regions in order to ensure that region’s stability can give outside organisations influence through conditions that could be attached to following aid. In addition to this, James Boyce suggests that giving aid has “flagpole value”, whereby third-party organisations assert their influence over an area by giving them something that will create underlying political ties. Boyce uses the example of the “USAID-funded Karameh Towers housing project” in Palestinian territories (Boyce, 2000: p370). The housing project exists as a flagpole of US aid and thereby a mark of influence. This idea can almost be equated to the tradition of the invader erecting their flag into the soil of the invaded land.

## **Negative Significance**

In order to understand the full significance of aid and peace dividends for post conflict stability, and to avoid a misled conclusion, the negative consequences of aid provisions should be discussed. There are five distinct factors under discussion in this section.

Firstly, aid (particularly economic aid) can generate both economic and political dependency. Brynen argues that this tendency is built-in to aid and that by being so, it weakens local institutions (Brynen, 2005: p233). This in turn effectively disturbs the stability prospects for post conflict, particularly when they are related to the economy. If there are weak institutions caused by dependency on aid, then the objectivity of aid is not achieved. In the political sense, if the aid agencies aren’t prudent in distributing aid to civilians then there is the possibility that they can take on too much responsibility. Mary Anderson argues that if this happens, then warlords and local leaders might see their role as primarily to fight instead of to fend for their community (Anderson, 1999: p49). If this happens there is the risk that the stability, post conflict, will be harder to achieve because the middle-level leaders will have to go through greater transition.

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The second negative factor to be discussed is one mentioned earlier; that of the emphasis on power disparities that aid could cause, particularly economic ones, as highlighted by Barnathan (2006: p261). Barnathan reasons that economic disparity between enemies i.e. more financial assistance being given to one than the other, can cause tensions that would make “economic cooperation” more difficult post conflict (Barnathan, 2006: p264). While Barnathan’s argument is centred on international enemies (i.e. two states) it can be translated into regional conflicts. If one party in the regional conflict has been given more economic assistance than the other, then there is the chance that trust of the aid agencies and each other will be much harder to achieve and therefore will damage prospects for stability in the long run. This point can be illustrated with the Israel/Palestine conflict after the Oslo Accords. While the Israeli economy was strengthened considerably by the agreement (Darrat and Hakim, 2002: p39) the Palestinians were notably the ‘losers’. Indeed, Brynen, Awartani and Woodcraft note that “...two-thirds of Palestinians expressed the view that the peace process itself had harmed the economy.” (Brynen, Awartani and Woodcraft, 2000, p206) It illustrates the opposing views of the two sides of the conflict that see the aid as benefiting the other more than themselves. In other words, it can create a legacy that leaves one side with the affirmation that they are in a sense, weaker. It is this basis then that can provide a contributing cause to the instability of peace agreements post conflict.

Linked to this argument is the notion that “...aid communicates values...” (Anderson, 1999: p55). If one community is supported through external aid, then there is the underlying impression that that particular side follows the overall views of the greater community. Therefore it could insert a sense of righteousness and more importantly, legitimacy, on that community. This again affects the post conflict stability of a region because it can increase the amount of tension between the communities that not aided and those ones that are.

An additional negative effect that must be considered for full understanding of the significance of aid is the concern that economic aid substitutes any real political action for the region. Byrne and Irvin note that political activists at the community level in Northern Ireland hold the concern that “economic development was being substituted for real political change...” (Byrne and Irvin, 2001: p418). Like the concern over community leaders fighting for fighting’s sake and not noticing the local politics, this concern highlights the third-party’s need to be prudent in giving financial aid where diplomatic or political aid might be better. If this is the case then post conflict stability has more chance of remaining in the long term.

A final argument to be made is that aid can lay the foundations of an incentive for remaining in conflict and not even attaining any post conflict stability. If not distributed carefully, aid during conflict can provide actors in the conflict with greater benefits than the peace dividends would provide. Bertine Kamphuis suggests that aid can provide some actors with “...income opportunities” that they may not otherwise receive (Kamphuis, 2005: p185) Indeed, she says

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that “Most foreign agencies provide wages above local standards.” (Kamphuis, 2005: p188) This considered there are evidently incentives for some to want the conflict environment to remain. The aid received during conflict compared to the peace dividends that would take time to get to a sustainable level would be enough to encourage people to extend the need for aid. It can go around in a vicious circle and make post conflict stability less appealing and therefore less easy to achieve.

Before the concluding section is perhaps the best place to note the differences in the significance of aid in the view of elite and in the view of those at the grassroots level. The particular differences stem from the fact that the elite are normally the actors giving the aid; the third-party, and people at grassroots level are those receiving it. As discussed earlier, the elite have a tendency to be able to see the overall picture and thus the overall link between economic development and political stability. Byrne and Irvin also discuss however that those people at community level – effectively those that are directly affected – do not see the direct relationship (Byrne and Irvin, 2001: p421) How this relates to the significance of aid and peace dividends is easily explained. The overall picture is clearer from the level where people can see multiple aid programs working (or not working). The point is, however, that aid and the peace dividends that it produces, is still as significant at the community level because that is where the effects are felt.

## **Conclusion**

The main points of the essay will be briefly summarised, then concluding remarks will be taken from them in this section. Three factors that have been identified as examples of positive significance of aid are as follows. It can lay foundations for post conflict peace dividends; a foundation of trust between communities and an economic foundation for sustained economic growth. Aid can add to the bigger picture through supporting the prospects for peace dividends and it can have an indirect positive significance for the peace dividends that can be enjoyed by the wider community.

As balance to these factors, five negative factors have been identified as follows. It is possible that aid develops economic and political dependency on outside factors in the region. If used carelessly, aid aimed at one particular ‘side’ can enhance the feeling of power disparity and can enhance the fear that one set of values takes precedence over another. There is the risk that economic provisions from third-parties can be used instead of political or diplomatic help which may be more essential. Finally, aid may serve as an incentive to prolong the conflict for some actors.

The discussion of all these factors contributes to the evidence that aid indisputably plays a significant role in post

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conflict stability. Certainly not all of the above factors occur in every conflict situation and so not all consequences lead to noticeable and sustainable peace dividends. The factors however are useful to build the big picture of just how significant aid and their peace dividends are to post conflict stability. The positive outcomes of aid are of course the most desirable for third-parties and those coming out of recent conflict. Yet the negative consequences of aid must be considered also, in order to assess how aid can impact a region after the conflict in a way that might cause instability.

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*Written by: Catherine Powell*

*Written at: Aberystwyth University*

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## **About the author:**

Adam Groves has an MSc in Global Governance and Diplomacy from Oxford University and a BSc in International Relations from the University of Wales, Aberystwyth. Adam co-founded the website in November 2007.