

ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (ESCWA)

**THE GOVERNANCE DEFICIT AND CONFLICT RELAPSE
IN THE ESCWA REGION**



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Acknowledgements

The post-colonial socio-political landscape of the ESCWA region has witnessed a seemingly endless chain of conflict, fragile peace and constantly heightened levels of political tension, all of which have had negative ramifications for governance and socio-economic development in the region. Indeed, conflict, political tension, rentier economies and parochial systems of governance have undermined social cohesion, access to natural resources, inclusive growth, economic diversification, justice and peace itself. This study examines a series of mutually reinforcing, interacting variables, which shape the driving forces of the governance deficit, forming a vicious cycle of governance deficit, conflict relapse and de-development. The links between development, governance and conflict are examined through two proxy indicators: infant mortality and education. Among the findings of the study are positive correlations between levels of repression and the risk of conflict onset, and between conflict in the region and conflict risk.

The research presented in the report was conducted by Mr. Youssef Chaitani, Ms. Maria Ortiz Perez, Mr. Håvard Hegre and Mr. Håvard Mokleiv Nygård within the context of the work of the ESCWA Section on Emerging and Conflict-Related Issues on the linkage between conflict and governance. The research was carried out with the support of Mr. Vito Intini, Mr. Parvinder Kler and Ms. Lola Wilhem, who contributed to and commented on the text.

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ABBREVIATIONS

CPIA	Country policy and institutional assessment score
EF	Economic Freedom
ESCWA	Economic and Social Commission for Western Asia
GCC	Gulf Cooperation Council
GDP	Gross domestic product
GNI	Gross national income
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICRG	International Country Risk Guide
IDP	Internally displaced persons
IISS	International Institute for Strategic Studies
IMF	International Monetary Fund
IMR	Infant mortality rate
LDC	Least developed countries
MENA	Middle East and North Africa
NGO	Non-governmental organization
OECD	Organisation for Economic Co-operation and Development
PPP	Parity purchase power
PRIO	Peace Research Institute Oslo
PRS	Political Risk Services
PTS	Political terror scale
RPC	Relative political capacity
SIP	Scalar index of polities
UCDP	Uppsala Conflict Data Programme
UN DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
WGI	World Governance Indicators

Introduction

The post-colonial socio-political landscape of the region encompassing the fourteen member countries that make up the Economic and Social Commission for Western Asia (ESCWA)¹ has witnessed a seemingly endless agglomeration of conflict, fragile peace (in an often temporary post-conflict era) and constant heightened levels of political tensions both within and between national borders. These tensions have scarred the governance and the economic and social development of the region as a whole and of member countries specifically. This, in turn, has adversely impacted political tensions thus creating and exacerbating the negative nexus between conflict, governance and development. The current study seeks to examine solutions to halt the vicious cycle of poor governance, conflict (and its relapse) and sub-optimal developmental outcomes. The *raison d'être* of the study seems obvious, but the fact remains that the explicit link between conflict and development (and thus indirectly governance via its importance in the development and peace processes) has actually only been recently made.² Conflict, governance and development in the region have all been extensively studied, albeit in general isolation of each other. Often, this theoretical fragmentation yields findings, analysis as well as policy recommendations that fail to encapsulate the intricacies of the nexus required to posit a paradigm that can better assuage the situation on the ground and produce optimal outcomes that have the potential to transform this vicious cycle into a virtuous circle of good governance, peaceful coexistence and development.

The study specifically aims to bridge this gap in the literature. It is geared towards decision makers, academics as well as peacebuilding and development practitioners with the intention of contributing to the growing realization, among international and national peacebuilding and development practitioners, of the centrality of good governance as a conduit for reconciliation and lasting stability. It also serves to strengthen the argument that good governance is not only a catalyst but an essential ingredient for sustainable development. In other words, good governance is not merely a political issue but also lies at the very heart of the development process.

The contention of the present study is that a lack of good governance practices or governance deficits is one of the most prominent root causes and drivers of conflict and its relapse in the region. This is particularly true for civil strife, but governance deficits also stunt socio-economic and political development. The study advocates that conflicts, political tensions, rentier economies and parochial systems of governance have greatly undermined social cohesion and justice, inclusive growth, economic diversification, access to natural resources and indeed peace itself. More specifically, it focuses on governance, peacebuilding and the dynamics of conflict relapse in countries within the ESCWA region, geographically depicted in figure 1.

The study suggests that a series of mutually reinforcing interacting variables are the driving forces of the governance deficit, forming a vicious cycle of governance deficit, conflict relapse and de-development. The link between development, governance and conflict is investigated through two proxy indicators, namely infant mortality and education, in particular the proportion of the population that has attained secondary education. Given the differentiated impact of conflict and heterogeneous governance challenges on the 14 ESCWA member countries, they are grouped into three categories: conflict countries, spillover countries, and indirectly affected countries. Countries that are directly affected by conflict score relatively poorly with respect to the governance indicators utilized in the study. Other conflict-affected countries have seen some improvement in terms of governance. Still, conflict and its spillover effects, cultures of discrimination and impunity, socio-economic marginalization and unemployment are important factors to consider when studying the link between conflict, development and governance. So is a thorough understanding of local and regional realities.

¹ The ESCWA member countries, listed alphabetically, are: Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, the Sudan, Syrian Arab Republic, United Arab Emirates, and Yemen.

² Collier, P., et al. 2003. *Breaking the Conflict Trap. Civil War and Development Policy*. Oxford: Oxford University Press; Macartan, H. and Ashutosh, V. 2004. *Violent Conflict and the Millennium Development Goals: Diagnosis and Recommendations*. Centre on Globalization and Sustainable Development. Working Paper No. 19; <http://www.earthinstitute.columbia.edu/cgsd/workingpapers2004.html>; World Bank. 2011. *World Development Report 2011*. Washington, DC.

Following an empirical analysis of the seven governance variables and the risk of conflict relapse, the study reveals that the risk of conflict recurrence is considerably lower in countries with good governance performance. Five years after a conflict ends, the risk of recurrence is negligible in a country with governance levels at par with developed democracies. In countries with poor governance, it takes 15 to 20 years to achieve the same reduction in risk. Furthermore, the analysis in the study shows a positive correlation between repression levels and risk of conflict onset, and a positive correlation between conflict in the neighbourhood and conflict risk. Moreover, the results indicate that education reduces the risk of conflict relapse in the short run.

The ESCWA and North Africa regions, according to the findings of the study, will see a sharp decrease in the incidence of internal conflict over the next decades. In fact, if the utilized development variables, namely, infant mortality, education and the age composition of the population, and the conflict history of the countries in question are sufficient to accurately predict conflict, then the region is likely to see a stronger reduction in the incidence of conflict than any other region in the world.

The study concludes by suggesting two strategic avenues that are well placed to break the governance deficit and conflict trap

Figure 1. Map of the ESCWA region



The study is presented as follows: chapter I provides an overview of the concept of governance, and briefly presents the methodology, while chapter II reviews the regional trends of intermittent conflict. Chapter III engages the reader in a situational analysis of governance and development in conflict-affected countries, followed by chapter IV explaining the governance deficit – conflict relapse nexus. Chapter V seeks to highlight the options that could break the conflict-governance deficit trap, while the concluding chapter VI also encapsulates policy recommendations.

I. CONCEPT AND METHODOLOGY

A. THE CONCEPT OF GOVERNANCE

Governance as a concept lacks a universal definition. It is often-times defined within the context of its practitioner, be it a non-governmental organization (NGO), international organization, Government or civil society. As such, this chapter will endeavour to provide the reader with a deeper understanding of governance so as to gain a better appreciation of the complexity of the governance, conflict and development nexus in the ESCWA region presented in later chapters.

The report of the Secretary-General on peacebuilding³ in the immediate aftermath of conflict ascertains that post-conflicts periods are subjected to significant insecurity and political uncertainty. Yet, the end of hostilities generates high expectations for the provision of tangible political, social and economic gains. The report highlights the importance, in post-conflict settings, of the provision of basic services (water, sanitation, health and primary education, to name a few),⁴ economic revitalization, and the restoration of core Government functions, in particular basic public administration and public finance.⁵ Such provisions and functions cannot be met without sound governance practices or mechanisms. In a background discussion document for the Seventh Global Forum on Reinventing Government entitled *The Challenges of Restoring Governance in Crisis and Post-Conflict Countries*, the United Nations Department of Economic and Social Affairs (UNDESA) and the United Nations Development Programme (UNDP) concluded that “without effective governance institutions – an effective government, a strong private sector, and a vital civil society – little can be done to bring about peace, reconstruct war-torn countries, and stabilize political, economic, and social conditions”.⁶ Effective governance is therefore a necessary, albeit not the only, condition for peacebuilding.

It is thus clear that governance matters. However, as an intangible service, it cannot be directly observed or measured. Nevertheless, its effects are observable. So how precisely can governance be contextualized? What follows is a not an exhaustive list of how governance is defined but rather an attempt to present a brief synopsis of the most important aspects of the concept as perceived by leading multilateral organizations, think tanks, academics and experts.

In a study commissioned by the World Bank, governance is denoted by the “[...] traditions and institutions by which authority in a country is exercised. This includes the process by which governments are selected, monitored and replaced; the capacity of the government to effectively formulate and implement sound policies; and the respect of citizens and the state for the institutions that govern economic and social interactions among them.”⁷ Elaborating on this interaction, the World Bank views that “[...] public governance is good when this process includes everyone and when the people can hold accountable those

³ Working definition of peacebuilding. Currently, there is no consensus on the definition of peacebuilding. Former United Nations Secretary-General Boutros-Ghali defined peacebuilding expansively as “action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict”. Agenda for Peace, Report of the Secretary-General, paragraph 21. <http://www.un.org/Docs/SG/agpeace.html>.

⁴ For a further discussion on what is defined as a basic public services, see: UNDP. 2009a. *A User’s Guide to Measuring Gender-Sensitive Basic Service Delivery*. UNDP Oslo Governance Centre.

⁵ United Nations. 2009. *Report of the Secretary-General on peacebuilding in the immediate aftermath of conflict*, A/63/881-S/2009/304, 09-36770 (E) 250609, pp. 4 and 6.

⁶ United Nations, Department of Economic and Social Affairs (UNDESA) and United Nations Development Programme (UNDP). 2007. *The Challenges of Restoring Governance in Crisis and Post-Conflict Countries*. Seventh Global Forum on Reinventing Government: Building Trust in Government. Vienna, Austria, 26-29 June 2007, pp. 1-2.

⁷ Kaufmann, D., Kraay, A. and Mastruzzi, M. 2009. *Governance Matters VIII: Aggregate and Individual Governance Indicators, 1996-2008*. World Bank Policy Research Working Paper No. 4978. See: <http://ssrn.com/abstract=1424591>.

who make and implement the rules”.⁸ The International Monetary Fund (IMF) subscribes to this definition, holding that good governance “[...] refers to the management of government in a manner that is essentially free of abuse and corruption, and with due regard for the rule of law”.⁹ Similarly, the Organisation for Economic Co-operation and Development (OECD) describes governance as “[...] the exercise of political, economic and administrative authority necessary to manage a nation’s affairs”.¹⁰ With regard to authority, in particular political authority, Elke Krahmman explains governance as the “fragmentation of political authority in seven dimensions: geography, function, resources, interests, norms, decision-making, and policy implementation. Together, they help distinguish governance from government as ideal concepts of fragmented and centralized political authority”.¹¹

A number of academics and experts frame governance more in terms of goals or deliverables of a political and socio-economic system. “Governance”, defined in *The Oxford Handbook of Public Management*, is “the regimes, laws, rules, judicial decisions, administrative practices that constrain, prescribe and enable the provision of publicly supported goals and services”.¹² Similar to the World Bank characterization of governance, the participatory approach in the allocation of services or resources forms a central part of the definition. As shall be seen in other approaches, “public involvement” forms the corner stone of governance. Likewise, in an academic work discussing governance, the concept is directly described to focus on the extent and form of public intervention and the use of markets and quasi-markets to deliver public services.¹³ So while it is generally recognized that “governance is the way government gets its job done”, by the end of the twentieth century, the inability of a typical State to cope with the increasing demand on services has resulted in an increasing role for non-governmental partners to carry out some of its functions, through transactions that rely less on authority for control.¹⁴

The literature also encompasses depictions of governance that outline, in greater detail, the contours of political and economic systems, including the functions of States. For instance, a paper by the Institute of Development Studies at the University of Sussex considers governance to include “[...]an elected executive and legislature, a rules-based bureaucracy, an independent judiciary, a security apparatus under civilian control, and a regulated market economy – in short, effective, accountable public institutions that can support a broad range of civil, political, economic and social rights”.¹⁵ Significant is the study’s articulation of governance as a mechanism to support the rights of citizens. Also noteworthy is its listing of “core governance functions”, which includes “the protection from external threats; managing external relations; peaceful resolution of internal conflicts; and providing or facilitating the provision of a range of collective goods and services”.¹⁶ The emphasis on dialogue, conflict resolution or the management of conflicting interests is also echoed elsewhere in the literature that defines governance as “[...] the reflexive self-organization of independent actors involved in complex relations of reciprocal interdependence, with such

⁸ World Bank. 2003. *Better governance for development in the Middle East and North Africa: enhancing inclusiveness and accountability*. MENA Development Report. pp. xviii, 13 and 58.

⁹ International Monetary Fund. 2007. *Manual on Fiscal Transparency 2007*. Washington DC, USA, p. 128.

¹⁰ Organisation for Economic Co-operation and Development (OECD). 2006. *Applying Strategic Environmental Assessment: Good Practice Guidance for Development Co-operation*. DAC Guidelines and Reference Series. Paris, France, p. 147.

¹¹ Krahmman, E. 2003. *National, Regional and Global Governance: One Phenomenon or Many?* *Global Governance*. 9 (3): 323. See: <http://diplomadogobernanza.org.mx/sesion19.pdf>.

¹² Frederickson, G. H. 2005. *Whatever Happened to Public Administration? Governance, Governance Everywhere*. *The Oxford Handbook of Public Management*. Ferlie, E., Lynn, L. E. and Pollitt, C. (eds.) Oxford University Press, p. 282.

¹³ Rhodes, R.A.W. 2000. *Governance and the Public Administration in Debating Governance*. Jon Pierre. (ed.) Oxford University Press, pp. 54-55.

¹⁴ Kettl, D. F. 2002. *The Transformation of Governance: Public Administration for Twenty-First Century America*. The John Hopkins University Press, p. xi.

¹⁵ Institute of Development Studies. 2010. *An Upside-down View of Governance*. University of Sussex, p. 1.

¹⁶ *Ibid.*, p. 9.

self-organization being based on continuing dialogue and resource sharing to develop mutually beneficial joint projects and to manage contradictions and dilemmas inevitably involved in such situations”.¹⁷

The UNDP Strategy Note on Governance goes beyond the dimensions of the role of the State or political system by adding that “governance, in its social, political and economic dimensions, operates at every level of human enterprise, be it the household, village, municipality, nation, region or globe”.¹⁸ In its Communication for Governance and Accountability Program, the UNDP articulates governance as an obligation of both the State and the citizen, namely “[...] the state’s mandate to get things done and be responsive to citizen’s needs. In development parlance this is the supply side of governance. Accountability, on the other hand, implies the right, but also the obligation on the part of citizen’s group, civil society, and private firms to remain vigilant, engaged and demand better services provision and delivery from their leaders. This we call the demand side of governance.”¹⁹ Noteworthy is the weight given to the obligations of State and citizen, presented as a two-way street and placed on an equal footing in terms of importance of the process of accountability and better services to actually function.

The literature also reflects on some critical notions of governance, the most prominent of which is that “the notion [of normative governance] itself is ethnocentric [...]. It is rooted in the specifically European idea of the political good, and is based on the liberal political model used in Western countries.”²⁰ Furthermore, some believe that one of the shortcomings of a globalized notion of governance neglects the fact that the “advent of globalization, ushered in by the end of totalitarianism, and the advent of democracy should not be taken for granted,” while citing that “there is no proof that in “good governance” there is an inherent link between democracy and development. Some countries have managed their development despite their authoritarian political systems; inversely, liberal democracies in the West have often been accompanied by a phenomenon of exclusion.”²¹

The apparent principles factored into most definitions of governance are the exercise of authority, the selection and the management of Government or the affairs of a nation, rule of law, provision of publicly supported goals and services including safety of citizens, accountable public institutions, public participation and the rights and obligations of citizens. These are just to name a few key concepts for the emergence and conduct of capable, productive and efficient State institutions. Obviously, these concepts are also necessary peacebuilding ingredients, and usually listed in the literature as part of the *modus operandi* catering to the post-conflict phase. But what of countries suffering from the scourge of decades-old local and regional intermitted conflict and occupation, as is the case with the ESCWA region? Are these principles suitable for countries in conflict as opposed to countries that have emerged from it?

The literature does caution about the special circumstances and needs of conflict-affected countries. For instance, the utilization of governance models that have been successful in other parts of the world, without proper background research and understanding of local realities, is strongly discouraged. The OECD, in its Principles for Good International Engagement in Fragile States and Situations, cautions against “international interventions [that] can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate

¹⁷ Jessop, B. 2003. Governance and metagovernance: On reflexivity, requisite variety and requisite irony in Governance as Social and Political Communication. Bang, H. P. (ed.) Manchester University Press, p. 103.

¹⁸ Corner, L. 2005. Gender-sensitive and Pro-poor Indicators of Good Governance. UNDP Governance Indicators Project. Oslo Governance Centre, p. 4.

¹⁹ World Bank. 2009a. Communication for Good Governance. Communication for Governance and Accountability Program, p. 2. See: <http://siteresources.worldbank.org/EXTGOVACC/Resources/Governanceweb.pdf>.

²⁰ Ben Nefissa, S. 2001. NGOs, Governance and Development in the Arab World: Management of Social Transformations. MOST. 4 (15). UNESCO. See: <http://www.unesco.org/most/nefissae.htm>.

²¹ Ibid.

safeguards”.²² The aforementioned study produced by the Institute of Development Studies at the University of Sussex highlighted this point further: “Development practitioners need to close off their existing assumptions and mental models about governance and development. They mostly come from or live in OECD states; they are driven by normative values (rights, democracy, and poverty reduction) [...] knowledge – about the law, or private investment, or public expenditure management, or delivery of water, health and education services – is entirely valid and indeed essential in certain contexts. However, it can get in the way of attempts to understand what is really driving behavior and development outcomes in poor countries and fragile states.”²³

Still, while certain political values or developmental priorities may not be the leading concern in a conflict environment, essential service delivery is. This is particularly true if the target of development assistance has a long history of intermittent conflict. Furthermore, the challenge of sustained service delivery in post-conflict settings is exacerbated by the fact that international attention and humanitarian assistance fade away in the aftermath of bloody hostilities and the immediate ramifications of death and destruction.

The Democratization and Transitional Justice Cluster from the Initiative for Peacebuilding in their State – Society Analytical Framework, examined the expectations that citizens in conflict-afflicted countries have from their States: “[...] In some situations, state institutions may have lost their capacity and/or will to perform a set of functions necessary to the security and wellbeing of their citizens but in many others they may never, or rarely, have had them.”²⁴ A member from this cluster, Edward Bell, goes further in this notion by asserting that in conflict-affected countries there is a “near-zero expectation”²⁵ from people on their Government system. This is particularly true in countries where Government does not reach parts of the territory or inhabitants do not share a notion of national identity or citizenship. Furthermore, Bell insists that “changes within formal institutions and headline initiatives on corruption may amount to very little if the broader political culture and expectations of ordinary people are not also steadily transformed in the political and socio-economic spheres. This must necessarily involve an end to cultures of discrimination and impunity.”²⁶

In summary, the aforementioned review of the governance literature indicates not just a plethora of definitions and contextualizations, but also a varying degree of heterogeneity given specific circumstances. This does, strictly speaking, disallow broad generalizations of the governance concept, though one must not eschew the fact that the specific categorizations reviewed above do overlap, and that each contains similar messages of governance that do suggest a universality and robustness of the concept. Governance may well be a concept that is best explained in a context-specific scenario, but it is nevertheless broad enough to be viewed across different contexts as a singular concept that can be understood by the global citizenry.

B. METHODOLOGY: A BRIEF OVERVIEW

The study draws upon numerous reports, research papers, analysis and data published within the global multilateral system, namely the United Nations system and the World Bank, as well as such inter-governmental organizations as the OECD and such think tanks as the Peace Research Institute Oslo (PRIO) and the Arab Reform Initiative, among others. The analysis is further enriched via consultations with a wide

²² OECD. 2007. Principles for Good International Engagement in Fragile States & Situations, p. 1.

²³ Institute of Development Studies. 2010, p. 2.

²⁴ Initiative For Peacebuilding. Democratization and Transitional Justice Cluster. 2008. State - Society Analytical Framework, p. 1.

²⁵ Bell, E. 2009. Society in statebuilding: Lessons for improving democratic governance: Synthesis report. Initiative for Peacebuilding. Democratization and Transitional Justice Cluster. Brussels: International Alert, p. 13.

²⁶ Ibid., p. 7.

array of academics and experts. It is important to note that other studies in the field of governance have previously made distinctions between security, administrative, political, social and economic governance.²⁷ While such distinctions are useful at the micro level, in particular for the design of specific analytical or developmental interventions, this study examines governance from a macroperspective. It suggests that a series of mutually reinforcing interacting variables are the driving forces of the governance deficit, forming a vicious cycle of governance deficit, conflict relapse and de-development. The statistical work of the study examining governance draws on a range of published indicators on the quality of governance along with a number of dimensions in several data sets, details of which can be found in the annex. Those dimensions are as follows:

- (i) Formal political institutions;
- (ii) Political exclusion and repression;
- (iii) The rule of law;
- (iv) Corruption;
- (v) Bureaucratic quality;
- (vi) Military in politics;
- (vii) Economic policies.

There is no universal consensus on what the concept of governance encapsulates, but those seven dimensions cover the most important aspects. Tables A1-A3 in the annex give an overview of the most recent coding for ESCWA member countries for selected indicators reflecting these dimension.²⁸ The annex also discusses in detail the sources utilized, and produces the correlations for all the indicators (see table A5).

Unique to this study, a composite index of governance was created based on the following sets of indicators (see annex for more information): Scalar Index of Politics (SIP), Civil Liberties (Freedom House), Corruption (Transparency International and International Country Risk Guide (ICRG), Military Influence in Politics (ICRG), Bureaucratic Quality (ICRG), the Country Policy and Institutional Assessment (CPIA) score (World Bank) and the World Governance Indicators (WGI) (World Bank). Moreover, throughout the study, two measures of developmental outcomes are reported, in order to investigate the relationship between governance and development. These measures are logged infant mortality rates²⁹ and the proportion of the population that has attained secondary education.³⁰

At times, due to limited availability of data in the ESCWA region, results are presented from a global viewpoint. At other junctures, the paper divides the ESCWA region into several subregions. Due to the small number of observations, the statistical results presented should be taken to be indicative and subject to change should further information and data become available.

²⁷ See, for example, Debiel, T. and Terlinden, U. 2005. Promoting Good Governance in Post-Conflict Societies. GTZ, State and Democracy Division.

²⁸ The International Country Risk Guide (ICRG) codings utilized in the graphs and in the statistical analysis are propriety and cannot be published in the study. Note also that some data are incomplete for all years and all countries, while others suffer from short series.

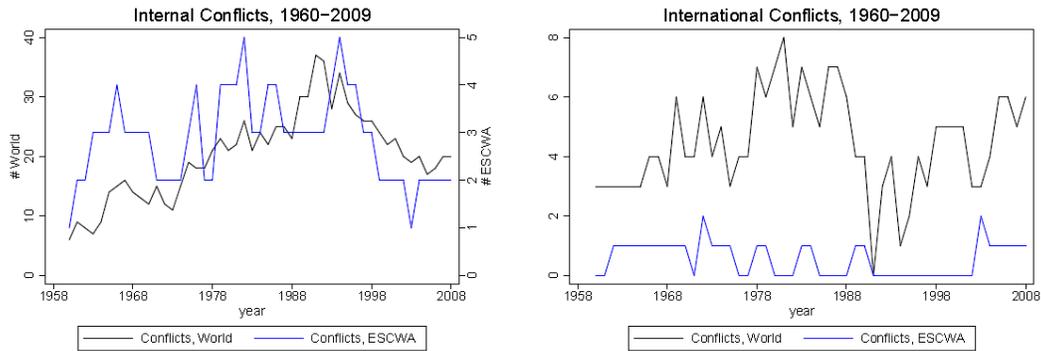
²⁹ World Bank. 2010. World Development Indicators 2010. Washington, DC. See: <http://data.worldbank.org/indicator>.

³⁰ Hegre, H. et al. 2010. Predicting Armed Conflict 2010-2050. Typescript. University of Oslo. See: <http://folk.uio.no/hahegre/Papers/Prediction2010.pdf>.

II. THE TRENDS OF INTERMITTENT CONFLICTS IN THE ESCWA REGION

Conflict in the ESCWA region has been discontinuous. Figure 2 shows the trends in the incidences of armed conflict in the ESCWA region and globally from 1960 to 2008. Internal conflicts are displayed in the left panel and international ones in the right panel. Black lines represent the global number of conflicts for each year and blue lines the counts for the ESCWA region. Internal conflicts are conflicts between a Government and an organized group within country borders. The international category consists of inter-State wars and internal conflicts that involve intervention from international actors. Conflict data are taken from the PRIO-Uppsala Armed Conflict Database.³¹

Figure 2. Trends in number of active internal and international conflicts in the world and ESCWA region



Source: UCDP armed conflict data (Harbom and Wallensteen).

Global data reveal a strong and fairly steady increase in the number of internal conflicts up until the early 1990s, with a corresponding significant decline in the following ten years. This pattern is even more pronounced for the ESCWA region. The worldwide increase in internal conflicts in the 1970s and 1980s was partly due to proxy conflicts in the context of cold war superpower rivalry, and partly to conflicts in the wake of decolonization. The decrease following the end of the cold war did not come immediately because of the political instability in a large number of countries as the Soviet Union and Yugoslavia disintegrated and Communist regimes were disbanded. Up until about 1993, the number of new armed conflicts exceeded the number that ended. Over the past five years, the positive trend witnessed in the 1990s has dissipated, with a slight increase in the number of conflicts in the world being observed.

The ESCWA region displays similar trends. There were between three to five internal conflicts ongoing in the region up to 1990. This then declined to about two. Most notable among these conflicts were the Iraqi Kurdistan conflict, the Israeli-Palestinian conflict, the Lebanese civil war, and the civil wars in the Sudan. In contrast to other such conflict-prone regions in the world as sub-Saharan Africa, the ESCWA region has had several international conflicts, in particular those involving Israel. The 1967 war led to Israeli

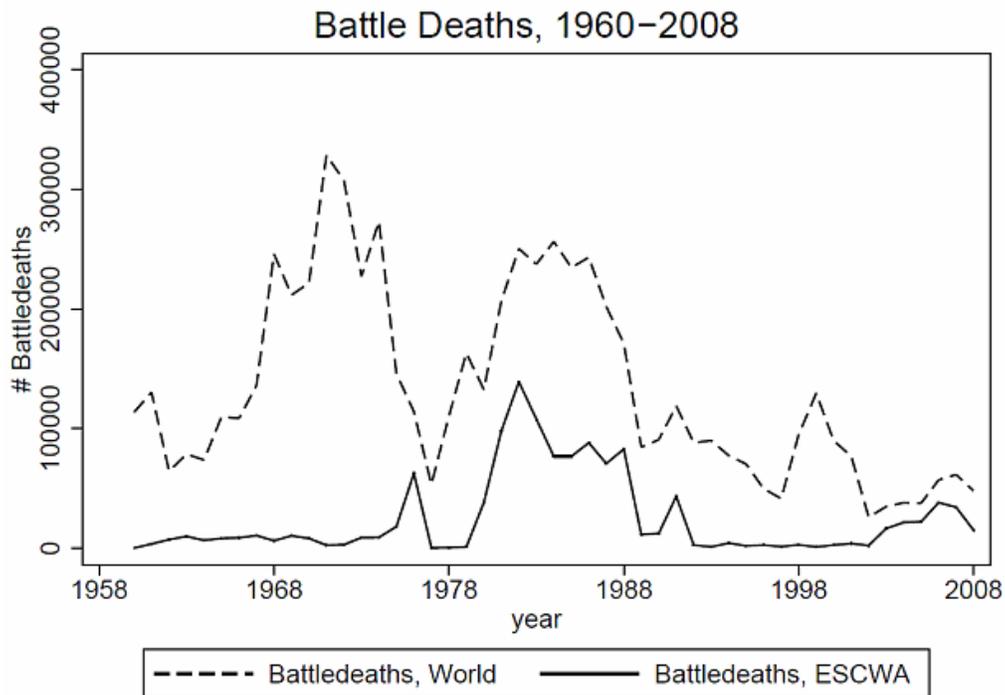
³¹ The Israel-Palestine conflicts are coded as internal, but located in the ESCWA region. See Gleditsch, N. P., Wallensteen, P., Eriksson, M., Sollenberg, M. and Strand, H. 2002. Armed Conflict 1946-2001: A New Dataset. *Journal of Peace Research*. 39 (5): 615-637; and Harbom, L. and Wallensteen, P. 2010. Armed Conflicts, 1946-2009. *Journal of Peace Research*. 47 (4): 501-509.

It should be noted that, for the purpose of the study, an armed conflict is defined as a contested incompatibility involving at least 25 battle deaths per year and in which at least one of the belligerents is a State. This definition excludes one-sided violence (violence against civilians perpetrated by Governments or rebel groups), and conflicts involving no defined States or non-State actors. Conflicts are coded as taking place in the same country as where the incompatibility is centred. The definition of armed conflict rules out a few obvious examples of what can be considered to be conflict situations. A substantial amount of people were killed in 1970 during Jordan's "Black September" for example, but since this incidence did not involve two organized groups, it is not coded as an instance of armed conflict in the Uppsala Armed Conflict Database.

occupation of the West Bank and the Golan Heights, accentuating both the Arab-Israeli conflict and the Palestinian-Israeli conflict. Simultaneous to the Lebanese war, the Iran-Iraq war (1980-88) was also extremely destructive. While the second half of the 1990s was relatively peaceful, the past decade again witnessed more violence in the region. The Palestinian-Israeli conflict continues to be violent, as are internal conflicts in Iraq, the Sudan and Yemen.

The possible explanations for these trends in the ESCWA region do not appear to be unique relative to the rest of the world.³² Thus, while the region is known for its particular tribal, ethnic, and religious configurations and strong dependence on oil, these factors do not explain the number of conflicts in this region when compared to other regions. The so-called Arab exceptionalism does not seem to be present in this particular context of conflict. International and internationalized conflicts also displayed an increasing trend up to the 1970s, but no clear decline since then. It should be noted, however, that the number of international conflicts has been very low after World War Two – there have never been more than six conflicts simultaneously, and only one international conflict in the ESCWA region, currently in Iraq.³³

Figure 3. Trends in number of battle deaths in the world and ESCWA region, internal and international



Source: Lacina, B. and Gleditsch, N. P. 2005. Monitoring Trends in Global Combat: A New Dataset of Battle Deaths. *European Journal of Population*. 21 (2): 145-166.

Figure 3 shows the number of persons killed in battles from 1960 to 2008. The black line gives the global trend, the blue line that for ESCWA. While the ESCWA share of the global number of conflicts has not changed considerably over the last 50 years, some of its conflicts have been particularly

³² Sørli, M. E., Gleditsch, N. P. and Strand, H. 2005. Why Is There So Much Conflict in the Middle East? *Journal of Conflict Resolution*. 49 (1): 141-165.

³³ Please note that, as this study was published, the status of the conflict in Iraq changed from international to domestic.

bloody.³⁴ Nevertheless, there is a strong trend toward conflicts being less lethal.³⁵ Four individual conflicts stand out, however, two of which involved ESCWA member countries: the Viet Nam war between 1965-1973, the Iran-Iraq war between 1980-88, the war in the Democratic Republic of Congo between 1998-2001, and the wars in Iraq between 2003-2008. The latter conflict caused more than half of all battle-related deaths worldwide in the last five years. The Lebanese war was particularly bloody, with more than 150,000 deaths in total over the 1975-1990 period – more than 4 per cent of the pre-war population – and accounts for the spike for the ESCWA region in the mid-1970s.

What follows is an investigation of the ramifications of conflict on governance and development, and the perceived existence of a vicious cycle related to this nexus by looking more closely at the individual ESCWA member countries, given apparent heterogeneity between member countries.

³⁴ Lacina and Gleditsch report the number of direct battle deaths for each conflict for each year. The figures do not include such indirect deaths as those caused by destruction of health infrastructure and famines in the wake of war. The data are not broken down on the nationality of the victims. For the Iran-Iraq war, we assume that half of the fatalities were Iraqi. For the Iraq wars involving the United States, it is assumed that all fatalities were Iraqi.

³⁵ The figures reported for the 1960-2008 period are dwarfed by the figures for World War II, the Chinese civil war, and the Korean war.

III. GOVERNANCE AND DEVELOPMENT IN ESCWA CONFLICT-AFFECTED COUNTRIES: A SITUATIONAL ANALYSIS

This chapter separates the ESCWA member countries into three groups from a conflict perspective. The first group consists of countries in conflict and those undergoing political tension, which are further sub-divided into low-income (the Sudan and Yemen) and middle-income countries (Iraq, Lebanon, Palestine).³⁶ The second group are countries suffering from the immediate spillover effects of conflict and political tension (Egypt, Jordan, Syrian Arab Republic) and the third are countries suffering indirectly from such spillovers (the Gulf Cooperation Council (GCC) members Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates).³⁷ As this study is primarily concerned with governance and development in the presence (or recent presence) of conflict, the bulk of this chapter will concentrate on the first sub-group of ESCWA member countries. Nevertheless, prior to sub-dividing the region, this chapter will begin with a statistical analysis of the governance and development achievements in the ESCWA region relative to other developing countries³⁸ so as to provide the reader with a better understanding of the specific situation of the region.

A. COMPARATIVE REVIEW

Figure 4 compares the trends in a set of governance indicators for ESCWA and four other regions. The figures show the regional averages for levels of corruption (black line), bureaucratic quality (green), repression (yellow), democracy (red), military involvement in politics (blue), the World Bank CPIA (brown), and civil liberties (beige).³⁹ All indicators range from zero (poor governance) to one (excellent). The upper left figure shows governance in ESCWA (excluding Palestine for which there is no data), and the upper right that for Latin America. The lower left figure shows Sub-Saharan Africa, the lower right governance for South-Central Asia, and the bottom figure East Asia and the Pacific.

It is clear from figure 4 that the ESCWA region performs relatively poorly compared to the other regions. Latin America, which has approximately the same income level as ESCWA member countries, scores better for most governance indicators. Moreover, Latin America has steadily improved governance over the past 25 years, whereas ESCWA governance has remained stagnant. Governance in the ESCWA region is much closer to the poorer Sub-Saharan Africa and South-Central Asia regions.

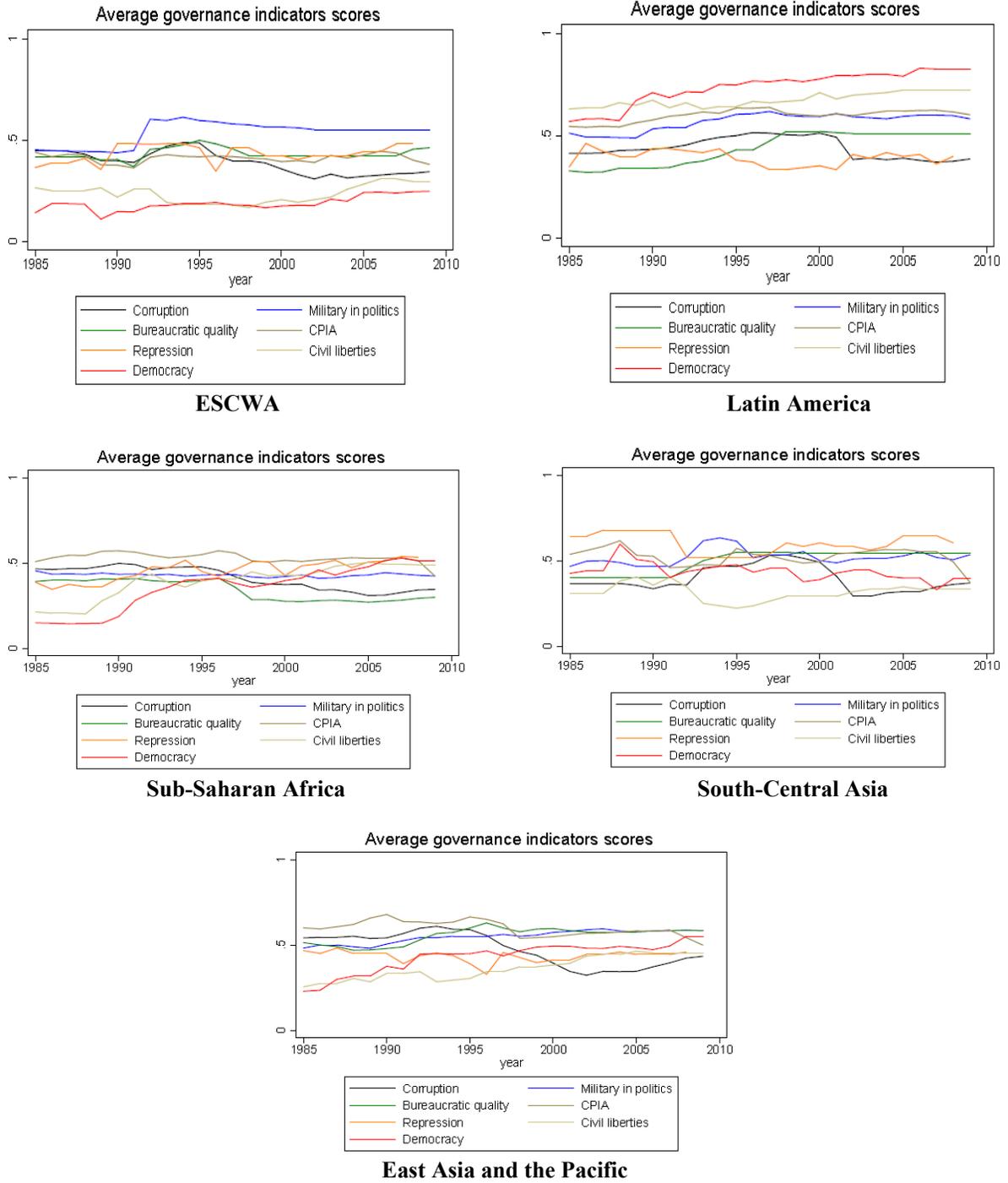
³⁶ Income level categories as per World Bank definitions of low and middle income. See <http://data.worldbank.org/about/country-classifications>.

³⁷ These groupings have not accounted for the recent events in the region known as the “Arab Spring”.

³⁸ “Other developing countries” means all other countries in the world, except the following countries which were coded as industrialized in the first World Bank Development Report (World Bank 1978, p. 77) and a few other countries that have been regarded as industrialized since the 1970s: Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

³⁹ See the annex for a detailed review for the governance indicators utilized in the study.

Figure 4. Governance indicators: ESCWA, Latin America, Sub-Saharan Africa, South-Central Asia, and East Asia and the Pacific⁴⁰

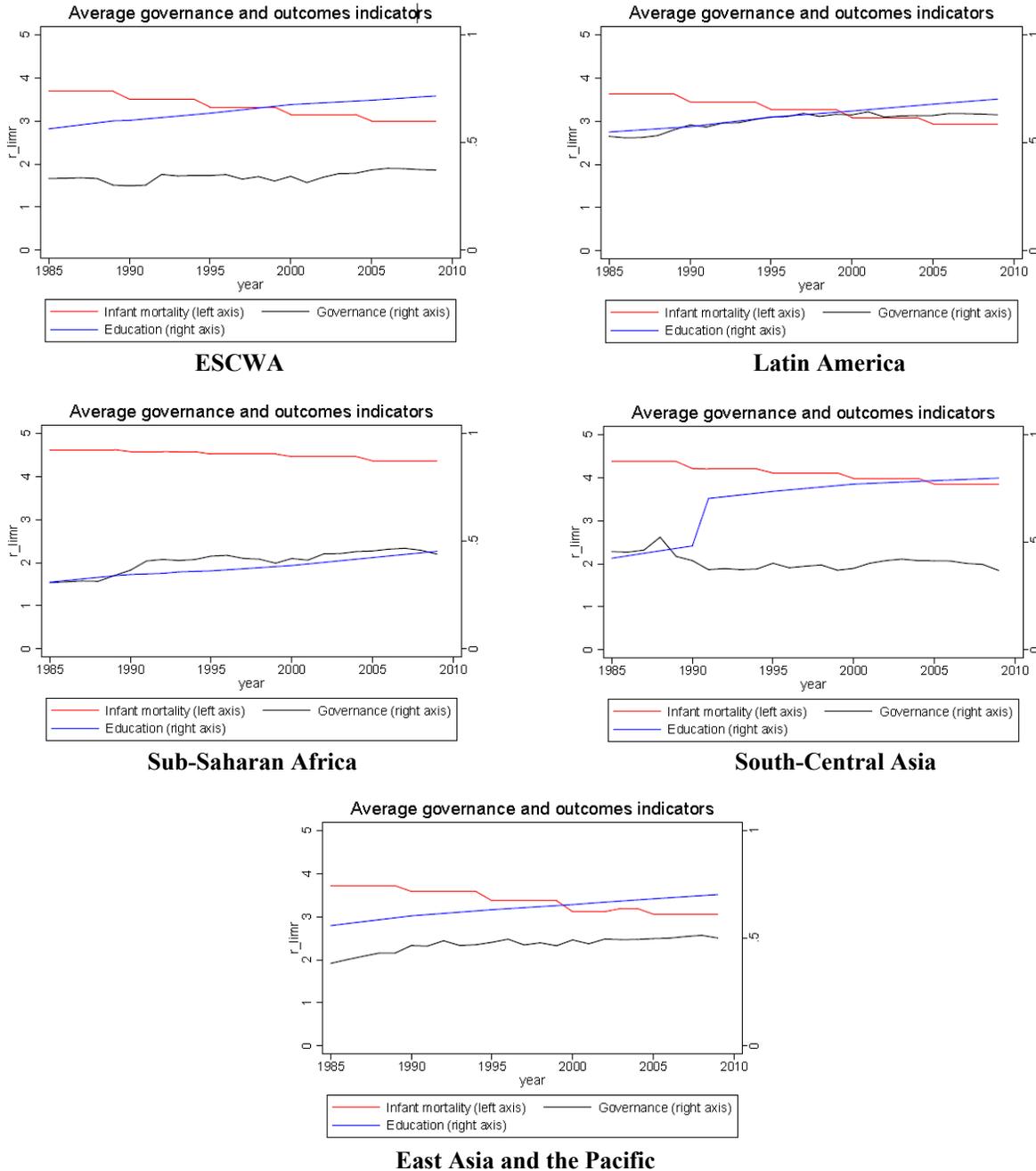


Source: See annex I, sections A-H.

⁴⁰ For a list of countries in each region, see annex II.

It should be noted that ESCWA governance is not uniform across all utilized indicators. The difference with other developing countries is mainly driven by the formal democratic institutions and civil liberties indicators. Economic policies are also somewhat poorer in the region than among other developing countries. Corruption, military involvement, and bureaucratic quality are on average at par with other developing countries.

Figure 5. Governance and outcome indicators: ESCWA, Latin America, Sub-Saharan Africa, South-Central Asia, and East Asia and the Pacific



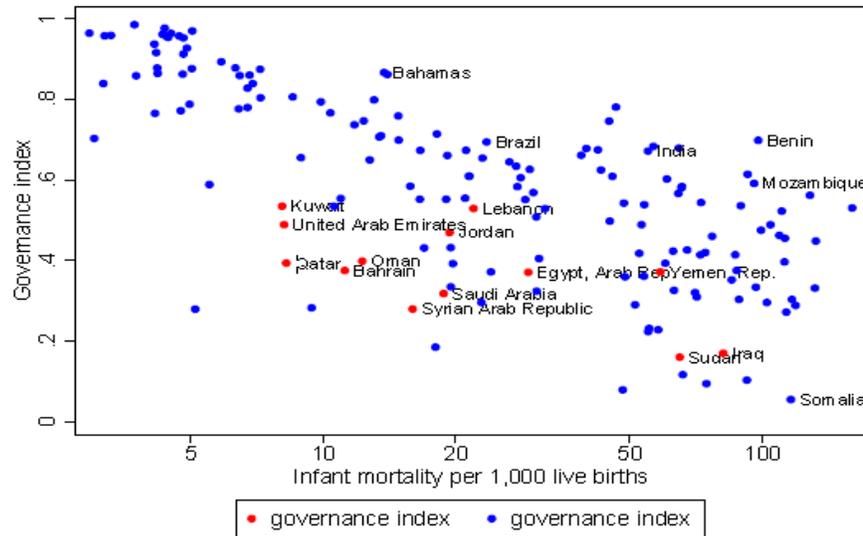
Source: See annex I, sections A-H.

Figure 5 compares the same regions with respect to another set of indicators. The black line is the average of the seven governance indicators shown in figure 4. The red line shows log infant mortality, and the blue line secondary school attainment.⁴¹ Figure 5 confirms the impression from figure 4 that governance is considerably poorer in the ESCWA region than among comparable developing countries.

Despite poor governance, the ESCWA region scores as well on development indicators as Latin America and East Asia and the Pacific. Infant mortality is lower than in Sub-Saharan Africa, South-Central Asia, and other developing regions. Education levels are also high and have been increasing faster than in Sub-Saharan Africa. In terms of governance, however, ESCWA is much closer to Sub-Saharan Africa and South-Central Asia.

This data show that the ESCWA region deviates from the close relationship between poor governance and poverty observed in most other regions in the world. This association partly exists because citizens in poor countries are unable to hold their Governments accountable, and partly because poverty does not disappear when governance is poor. A further explanation could be the rent economy and the disbursement of rents by the ruling elite to their respective constituencies. Figure 6 shows the relationship between poverty (proxied by infant mortality)⁴² and governance as measured by the combined governance indicator utilized in the study. ESCWA member countries are marked with red dots.

Figure 6. Governance and infant mortality in ESCWA member countries and the rest of the world, 2008



Source: World Development Indicators (World Bank 2010).

⁴¹ For the purpose of this study, the IMR is utilized as a proxy for poverty because it has much better data coverage than the poverty headcount variable. This is particularly true for the ESCWA region as indicated in table 4 in the annex. Infant mortality rate (IMR) data are taken from United Nations World Population Prospects. 2006 Revision. No. 202. For education, the proportion of males aged 20-24 years with secondary or higher education of all males aged 20-24 was utilized. Data were taken from Lutz, W., Goujon, A., K.C., S. and Sanderson, W. 2007. Reconstruction of Population by Age, Sex and Level of Educational Attainment for 120 Countries for 1970-2000. Laxenburg, Austria: IIASA. Marshall, M. G. 2010. Polity IV Project: Political Regime Characteristics and Transitions, 1800-2009. See: <http://www.systemicpeace.org/polity/polity4.htm>, supplemented with data from other sources. The break in the series for South-Central Asia is due to the entry of former Soviet republics into the data set.

⁴² The IMR of a country is a better measure than the average income as measured by gross domestic product (GDP) per capita which can hide poverty in cases with extreme income inequality. Poverty is a main cause of high IMR, given that poor people are often undernourished and have other health problems, poor access to health facilities, and high fertility rates. As stated in the previous footnote, IMR is used as a proxy for poverty (see Urdal, H. 2006. A Clash of Generations? Youth Bulges and Political Violence. *International Studies Quarterly*. 50 (3): 607-630)) and the two variables are closely related also at the individual level (see Gortmaker, S. L. 1979. Poverty and infant mortality in the United States. *American Sociological Review*. 44: 280-297).

The industrialized countries that have low infant mortality rates and good governance are clustered in the upper left corner of the box. In the lower right corner are such countries with high mortality rates and poor governance as Equatorial Guinea and Somalia. The correlation between poverty and governance is not very strong, however. Several countries have much better governance than such other countries that are equally poor as Mozambique, Benin, India, Brazil, and the Bahamas. Other countries have poorer governance than their peers. Most ESCWA member countries fall into this category. Only Lebanon and Yemen do as well as expected from their IMR. Figures 5 and 6 are in line with other studies that find that the governance quality in ESCWA member countries is lower than expected for the income levels in the respective countries.⁴³

In conflict-afflicted countries, the entirety of the population is rarely represented by the acting Government or where governmental tax collection is interrupted and public funds often diverted. In this situation, it is more difficult to demand, or at least expect, governmental responsibility for its citizens. The moral obligation of public officials towards society often gets diluted in a myriad of loyalties, rivalries, dysfunctional entities and personal interests. In the ESCWA region, armed conflict and political tension have an even more devastating effect due to the poor governance records in the region. In an extensive review of the literature, Blattman and Miguel⁴⁴ show that civil war is more likely to occur in countries that are poor, are subject to negative income shocks and have weak State institutions (they also cite such geographical factors as mountainous terrain). Lebanon and Yemen are such examples. As a matter of fact, 40 per cent of post conflict States slide back into conflict within 10 years.⁴⁵

The effects of war seldom stay confined within the borders of conflict-affected countries. Spillover effects range from waves of refugees, diseases, lawlessness, illicit trades in drugs and arms⁴⁶ to the investing in military supplies and training. Consequently, the resources, political stability and social cohesion of countries that neighbour war-torn nations are often jeopardized by conflicts in their region.

36 per cent of all displaced persons in the world are found in the ESCWA region.⁴⁷ Conflicts and instability have resulted in 7.6 million transnational refugees and 7.2 million internally displaced persons. The continuation of conflict, the lack of viable political solutions, lack of implementation of relevant United Nations resolutions, the absence of rule of law and disregard of the United Nations Charter and other international conventions constitute leading driving forces of displacement in the region. For decades, these factors have prolonged the displacement predicament of some refugee populations. For example, the 4.6 million Palestinian refugees account for more than 25 per cent of all refugees worldwide. The protracted situation of Palestinian refugees continues to be politically, socially and economically significant for the whole ESCWA region. The Sudan hosts 4.3 million internally displaced persons (IDP). 2.2 million people have been internally displaced in Iraq, whereas another 2 million Iraqi refugees have fled to neighbouring countries.⁴⁸ A recent example of internal displacement are the approximately 500,000 Palestinian refugees following the Israeli military assault on the Gaza Strip between December 2008 and January 2009. The number of IDPs due to the Israeli war on Lebanon in 2006 stood between half a million and one million. The influx and prolonged residence of the displaced severely strains understaffed and under-resourced public institutions of host countries, further curtailing their ability to provide essential services. The displaced may also incur sudden rises of prices in basic commodities, not to mention housing. Sensitivities may also be

⁴³ World Bank. 2003, p. 58.

⁴⁴ Blattman, C. and Miguel, E. 2010. Civil War. *Journal of Economic Literature*. 48 (1): 4.

⁴⁵ Elbadawi, I. et al. 2007. Post-Conflict Transitions. Working Paper No. 13 in *The World Bank Research Program, 2005-2007: Abstracts of Current Studies*, p. 179.

⁴⁶ Blattman, C. and Miguel, E. 2010.

⁴⁷ ESCWA. 2009. Trends and Impacts in Conflict Settings: The Socio-economic Impact of Conflict-driven Displacement in the ESCWA Region. Issue No. 1.

⁴⁸ Ibid.

generated by the local populations, as they struggle to cater for their daily livelihood in the presence of the refugee influx.

Conflict and political tensions in the ESCWA region have also revived communal tensions in a number of countries, which intensified in Iraq during 2006-2007, the May 2008 clashes in Lebanon as well as the Darfur and the Sa'dah crises in the Sudan and Yemen, respectively. Foreign occupation and interference have also substantially exacerbated communal tensions. The Arab Human Development Report 2009 points out that "empirical observation confirms that, in the Arab countries, ethnic, religious, sectarian, and linguistic differences can be associated with persistent group struggles, especially in countries where the population is not homogenous. In countries such as Iraq, Lebanon, Somalia, and the Sudan, ethnic, religious and tribal loyalties have become the axis along which communities have been mobilized to press for inclusion or separation...."⁴⁹ If left unchecked, communal tensions may become a formidable and potentially unstoppable force of fragmentation and disintegration across the ESCWA region and beyond, undermining reform efforts, marginalizing human rights and religious values, flaming disorder and civil discord. Communal tensions are also an impediment to the emergence of an inclusive, active civil society and polity throughout the region; one that celebrates inclusive civic duties and rights over narrow exclusive identities.⁵⁰ This is clearly illustrated in an examination of the dynamics of communal tensions, where it became apparent that, at the microlevel, four building blocks are at interplay and reinforce communal tensions, namely (i) the reproduction of communal identity; (ii) the compartmentalization of inter-communal social relations; (iii) the exclusionary spaces of social relations; and (iv) the clientelist nature of political system.⁵¹ Such a dynamic is clearly obstructive to the emergence of a culture that advocates good governance practices.

Domestic and international conflicts have also driven up military expenditures, as almost half of ESCWA member countries experienced war in the 1990s, while almost all countries have bordered another country experiencing war. Military expenditures, measuring about seven per cent of regional GDP in 1996, have detracted from sustainable development spending.⁵² The conflicts in the region have made the Middle East the most militarized region in the world. Seven out of the ten highest military spenders in the world are from the Middle East.⁵³

B. COUNTRY GROUPING FROM A CONFLICT PERSPECTIVE

The ESCWA member countries vary considerably in terms of how conflict has affected them as well as the governance challenges they face. The next three sections discuss governance and conflict for each of these categories of countries: conflict countries, spillover countries, and indirectly affected countries.

1. *Conflict countries: Iraq, Lebanon, Palestine, the Sudan and Yemen*

All countries in this category have witnessed periods of conflict or foreign occupation over the last 50 years, while some, such as Palestine and the Sudan, have been suffering almost continuously from either conflict or occupation over the period. Below, the group is further divided into low-income and middle-income conflict countries.

⁴⁹ UNDP. 2009b. The Arab Human Development Report, p. 56.

⁵⁰ ESCWA and Heinrich Boell Foundation. 2009. Unpacking the Dynamics of Communal Tensions: A Focus Group Analysis of Perception among Youth in Lebanon, pp. 1-2.

⁵¹ Ibid.

⁵² The Economist. 25 July 2009. A Special Report on the Arab World.

⁵³ Sundeep, W. et al. 2009. Cost of Conflict in the Middle East. Strategic Foresight Group: Mumbai.

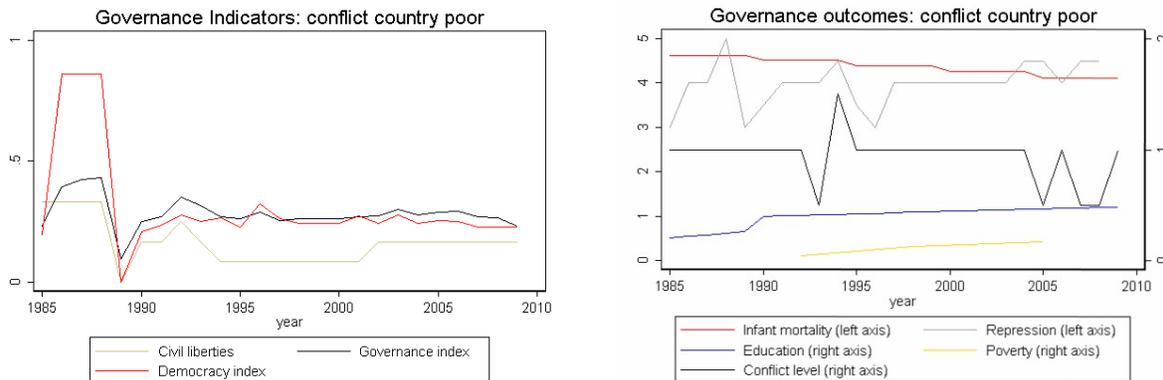
Conflict is “development in reverse”.⁵⁴ However, the world has seen significant improvements with respect to such basic development goals as reduction in infant mortality and poverty. Conflicts clearly slow down the development of countries relative to comparable countries that avoid conflict, but average living conditions in a country may still improve slightly, reflective of global trends. Within countries, the most conflict-affected regions tend to perform relatively worse than the national average. This is also the case for ESCWA member countries in conflict or suffering from high political tensions.⁵⁵ Nevertheless, despite these, most of them have seen a constant decline in infant mortality,⁵⁶ and all countries have seen an improvement in secondary educational attainment. Exceptions are Iraq and the Sudan, which are among the very few countries in the world that have barely seen a reduction in infant mortality levels over the past 15-20 years.

Trends in governance are less positive. Lebanon remains one of the very few countries in the region which enjoys a relatively large margin of freedom of expression and rotation of power within the executive branches of Government, although it continues to struggle with domestic conflicts, issues of contention with the Syrian Arab Republic and wars with Israel. With Yemen as a partial exception, the other entities in this category show only rudimentary signs of formal representative institutions. Lebanon and Yemen also fare better than Iraq, Palestine, and the Sudan in terms of the other governance indicators.

(a) *Low income*

The populations in the low-income conflict countries of the Sudan and Yemen are the poorest in the region. Figure 7 shows the average for three governance indicators utilized in the study as well as indicators for the outcomes of governance.

Figure 7. Governance and conflict indicators: low-income countries in conflict



Source: See annex I, sections A-H.

Significantly, the Sudan stands out as one of the most war-ravaged countries in the region and the world. Since 1960, it has been almost continuously in conflict, most of the time in high-intensity wars. The ramifications of the creation of an independent State in Southern Sudan on stability remains to be seen. Yemen is also witness to such intermitted conflicts as the recurrent Houthi uprisings in Sa’dah, the

⁵⁴ Collier, P., et al. 2003.

⁵⁵ Gates, Hegre, Nygård and Strand find this also for the Middle East and North Africa region. For a general account of the consequences of conflict on development, see Gates, S., Hegre, H., Nygård, H. M. and Strand, H. 2010. Consequences of Armed Conflict. Background Paper for the 2011 World Development Report. Available at: <http://wdr2011.worldbank.org/PRI0>.

⁵⁶ The measure applied here is logged infant mortality, so the difference between the Sudan and Kuwait, for instance, is substantial.

resurrection of the secessionist movement in southern Yemen and clashes with Al-Qaida strongholds in some areas.

Figure 7 shows that governance in these two countries is particularly poor, and conflict levels are high. However, these two countries are very different. Indicators show that the Sudan ranks among the poorest in the region in terms of governance. The Sudan had a partially democratic Government in the 1980s, but has remained autocratic since 1989. Corruption is widespread, the rule of law is very weak, and the Sudan has been governed by a military dictatorship since the 1990s. Economic policies are also poor. In spite of decades of conflict and bad governance, the Sudan has seen some improvement in secondary education and IMR, as is the case for most developing countries.

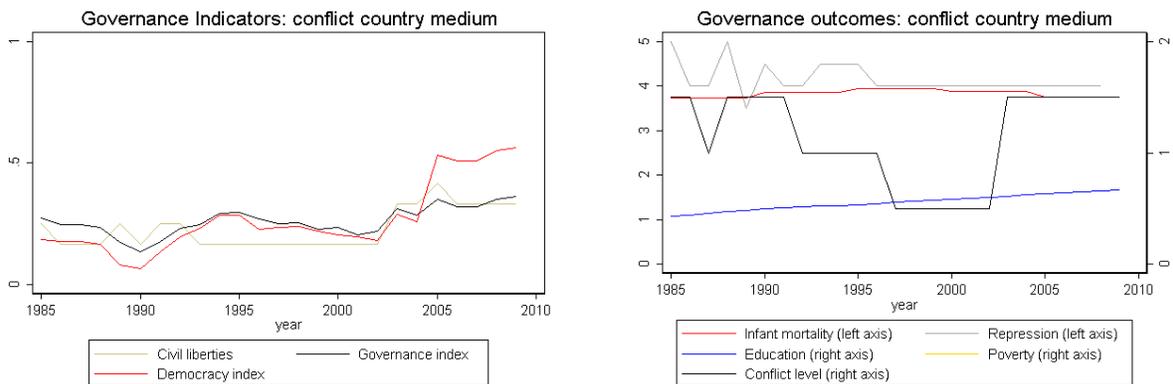
In Yemen, on the other hand, most governance indicators appear to be better than Iraq, Palestine and the Sudan. The country conducts both parliamentary and presidential elections, although the State party, the General Popular Congress, enjoys a privileged status and President Ali Abdallah Saleh succeeded in extending his tenure from five to seven years and was later re-elected, but currently faces popular protest against his authority and continuation in office, as part of the wider popular protests against autocratic regimes and corruption that the Arab region is witnessing since December 2010. It remains to be seen if President Saleh will be able hold on to power as he has suggested different governance formulas to stifle opposition during his first televised appearances in July 2011, after he suffered serious injuries and had to be treated in Saudi Arabia. In contrast to many other States in the region, the military has been little involved in politics. Significant divisions within the armed forces have rendered their support to the uprising. Regardless of how the uprising will affect Yemen, the country has a history where overall rule of law, bureaucratic quality and corruption levels are worse than the regional average.

Turning to the broad development indicators, there has been progress, despite Yemen remaining the poorest country in the region. The proportion of the population with secondary education still is only around 60 per cent, but this is up from around 30 per cent in 1970. IMRs are similarly still high, but have declined consistently throughout the period under investigation.

(b) *Middle income*

The middle-income countries in conflict in the ESCWA region comprise of Iraq, Lebanon and Palestine. Figure 8 shows the average for the combined governance indicator for this category of countries.

Figure 8. Governance and conflict indicators: middle-income countries in conflict



Source: See annex I, sections A-H.

Figure 8 shows that governance has been poor within this group but has improved recently. This improvement has taken place both in Iraq and Lebanon. With only brief intermittencies, Iraq has had constant conflict since 1960. The country has experienced internal, international, and non-State⁵⁷ conflicts. The Iran-Iraq war (1980-88) was one of the bloodiest wars in the world after World War Two and the single source of the surge in fatalities in the 1980s highlighted in figure 3. The two Gulf wars in 1990-91 and 2003 add to the list of inter-State conflicts of Iraq. In the 1980s and 1990s, Iraq had low-level internal conflicts that were mostly along communal lines. After the fall of the regime of Saddam Hussein, the new Iraqi Government has been challenged by various internal non-State actors.

Iraq under Saddam Hussein was a consistent autocracy, and also performed poorly on other governance indicators. After the invasion in 2003, several aspects of governance showed considerable improvement, but are still worse than the average for the ESCWA region. Possibly due to continued violence, improvements have recently somewhat stalled. This is particularly true for the democracy score and the assessment of civil liberties by Freedom House. ICRG and the World Bank, however, do report further improvements in the quality of the bureaucracy and economic policies in the last few years, although repression continues. With a mean political terror scale (PTS) score approaching five throughout the period, the entire Iraqi population has been significantly affected by intense political terror. Sources utilized in this study do not regard governance as being better during Saddam Hussein's regime although there are indications that governance deteriorated during the sanctions period. After the invasion in 2003, the replacement of all Baath party members in official positions made it necessary to completely rebuild both the administrative capacity and security forces. Widespread insecurity and violence further hindered effective governance of the country. According to the WGI, Iraq performs worst in the region in terms of rule of law and is at par with the Sudan in terms of bureaucratic quality.

The last two decades have been a developmental catastrophe for Iraq. According to the World Development Indicators, GDP has markedly decreased since 2000. Infant mortality rates declined until the mid-1980s, and then, during the Iran-Iraq war, levelled off and started to increase slightly again during the international sanctions against the regime in the 1990s.⁵⁸ Since then, infant mortality rates have remained high, contrary to global improvements over the same period. Data in this study do, however, indicate that education has suffered less – Iraq has seen a consistent increase in the proportion of the population with secondary education. In 2009, about 73 per cent of the population had attained secondary education.

In the case of Lebanon, civil war lasted from 1975 to 1990.⁵⁹ On several occasions, this conflict escalated to a high-intensity war. In per capita terms, the number of fatalities was at the level of the extremely destructive wars in Cambodia, Afghanistan, and Viet Nam. Both in the 1970s and 1980s, the conflict was primarily communal in nature. There were also Israeli invasions in 1978 and 1982 as well as Syrian involvement in the conflict. Israel withdrew from Lebanon in 2000, but prior to that conducted major assaults on the country in 1993 and 1996. A major conflict took place in the summer of 2006, where Israel conducted large-scale military operations and targeted vital infrastructure. Since the assassination of Lebanese Prime Minister Rafik Hariri in 2005, Lebanon has witnessed further assassinations, civil strife (7 May 2008) and political tensions that continue to the present.

As indicated above, Lebanon is one of the few countries in the region in which the population enjoys a certain amount of freedom of expression. Lebanon has a very particular Government structure that grants each of the main confessions fixed quotas in the legislature as well as in the executive branch. This system guarantees the protection of minorities, but violates the principle of one citizen – one vote. It also tends to

⁵⁷ These are conflicts involving organized militarized groups that do not involve Government forces.

⁵⁸ Ali, M. M. and Iqbal, H. S. 2000. Sanctions and childhood mortality in Iraq. *The Lancet*. 355 (9218): 1851-1857.

⁵⁹ Gleditsch, N. P. et al. 2002. Armed Conflict 1946-2001: A New Dataset. *Journal of Peace Research*. 39 (5): 615-637.

restrict the entry of new political movements, and may distort public spending.⁶⁰ Governance in Lebanon is better than the ESCWA average, but worse than for other developing countries. Corruption and military involvement are particular concerns, according to the ICRG. Lebanon has been moderately repressive, not scoring above three since 1995. However, Lebanon has seen consistent improvement in both secondary education and IMR and remains at average levels for the region.

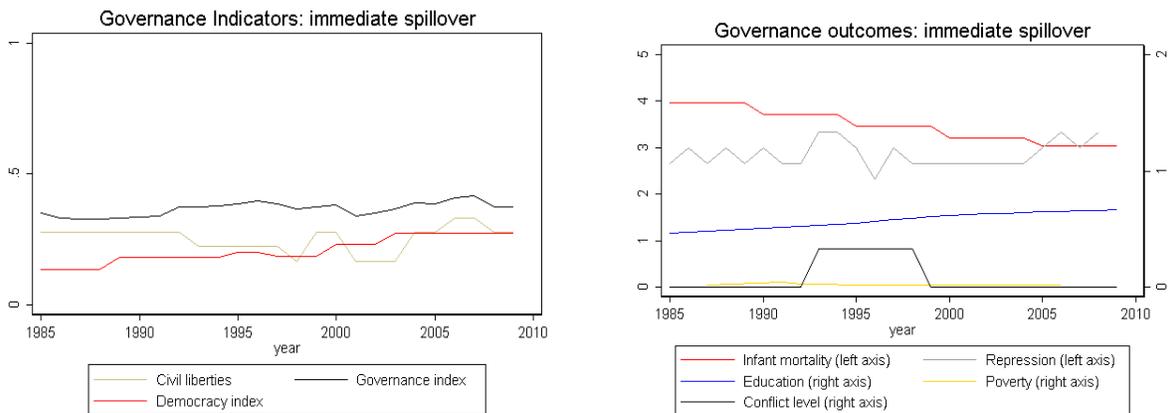
The Israeli-Palestinian conflict is the most prolonged conflict in the region, with repeated violent outbursts between 1948 and 2010. The large Palestinian refugee populations in Jordan, Lebanon and the Syrian Arab Republic are also destabilizing factors to these countries both in socio-economic and also political and security terms.

On their civil liberties index, Freedom House gives Palestine a score of six, implying that they group the territory among countries that “strongly limit the rights of expression and association and frequently hold political prisoners. They may allow a few civil liberties, such as some religious and social freedoms, some highly restricted private business activity, and some open and free private discussion.” The limitations posed by Israel on the administrations in the Gaza Strip and the West Bank, however, hinder effective governance. International trade is severely restricted, and the conflict with Israel generates an environment where military involvement in Government is immense.

2. *Spillover countries: Egypt, Jordan, Syrian Arab Republic*

The governance and conflict indicators for this group of countries are summarized in figure 9.

Figure 9. Governance and conflict indicators: countries suffering from direct spillover effects



Source: See annex I, sections A-H.

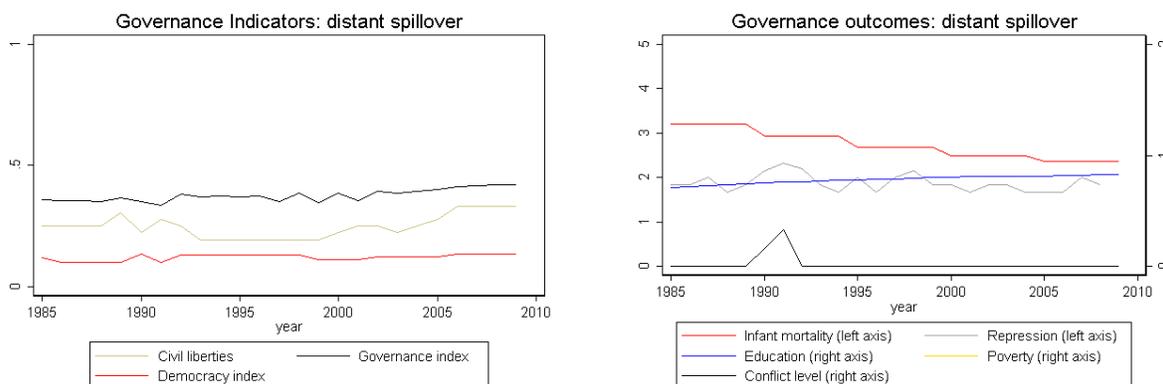
Governance in this group is considerably better than in the conflict-affected countries, or at least until the recent improvements witnessed in Lebanon and Iraq. This division is further highlighted by their superior developmental outcomes: infant mortality levels are much lower, and education levels higher.

⁶⁰ Salti, N. and Chaaban, J. 2010. The role of sectarianism in the allocation of public expenditure in postwar Lebanon. *International Journal of Middle Eastern Studies*. 42: 637-655.

3. Indirectly affected countries: GCC member countries

Aside from the Iraqi invasion of Kuwait in 1990, this group of countries has only witnessed minor incidents of conflict. Figure 10 shows the trends in the governance, conflict and governance outcome indicators.

Figure 10. Governance and conflict indicators: countries suffering from indirect spillover effects



Source: See annex I, sections A-H.

Governance is better in this group than in the countries directly affected by conflict, although these countries have only rudimentary formal democratic institutions. All these countries have considerable oil revenues. The governance outcome indicators show that a considerable amount of these revenues has been invested in education and poverty reduction. IMRs are approaching those of European Union countries, and education levels are high. Note that these figures do not take into account the large migrant labour populations that enjoy few citizen rights and privileges.

The review of the ESCWA member countries strengthens the impression that the region scores relatively poorly with respect to the governance indicators utilized. This is particularly true for countries that are directly affected by conflict, in particular, Iraq and the Sudan. Other conflict-affected countries have seen some improvement in terms of governance. Still, as can be inferred from previous sections, conflict and its spillover effects, cultures of discrimination and impunity, socio-economic marginalization and unemployment are important to consider when studying the link between conflict, development and governance. So is a thorough understanding of local and regional realities. All these factors are strongly measured against the urgency of preserving peace and stability and will be examined in the following section.

IV. THE GOVERNANCE DEFICIT – CONFLICT RELAPSE NEXUS: FRAGILE PEACE AND ITS RAMIFICATIONS ON GOVERNANCE

This chapter will take an in-depth look at the governance deficit – conflict relapse nexus by first introducing the reader to existing theoretical treaties on the subject (section A) before engaging in an investigation into the interacting variables of the governance deficit in the ESCWA region (section B) within the context of the theoretical arguments posited directly below.

A. POLITICAL ACCOMMODATIONS, THE GOVERNANCE DEFICIT AND CONFLICT RELAPSE

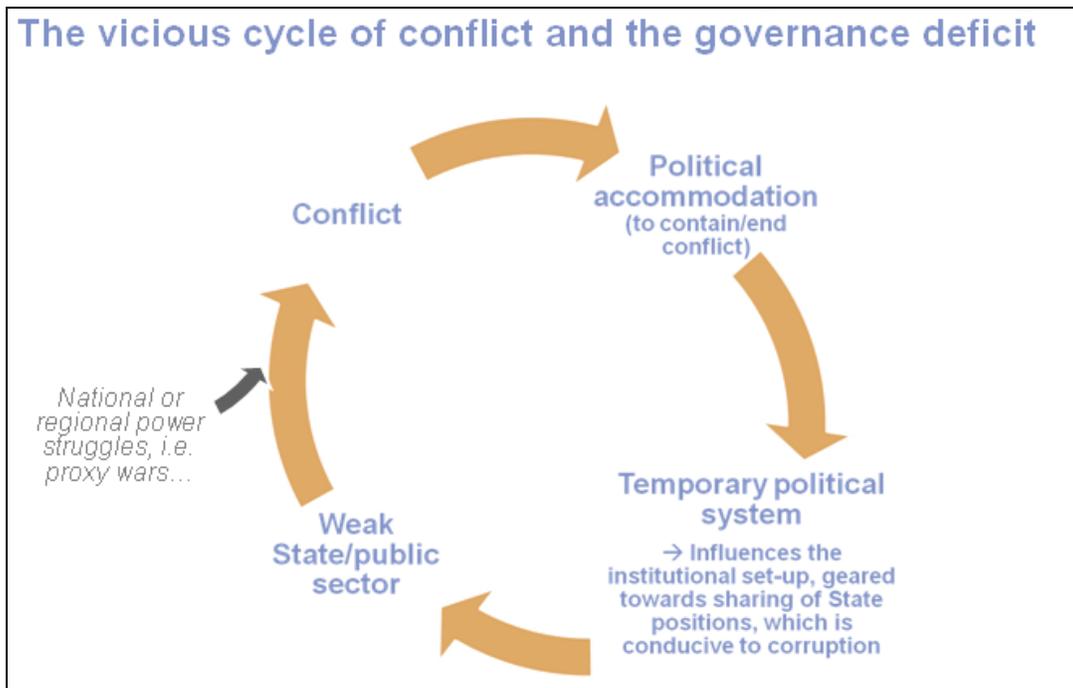
As can be inferred from the previous section, the common patterns of local conflict and political tensions in the ESCWA region play a significant role in widening the governance deficit. Most conflicts in this part of the world are interlinked and protracted: conflicts are not confined to one specific area or location and once they erupt they tend to continue for years, albeit intermittently. By the same token, times of apparent stability are plagued by constant political tensions and occasional violence, interrupted by sporadic periods of heightened clashes. Characteristic of such a predominant pattern are the short-lived political accommodations or peace deals that are enacted. However, short-lived political accommodations are widening the governance deficit in conflict-affected countries, in particular during the immediate post-conflict phase, and strengthening the very destructive ramifications of conflict.

Undoubtedly, the primary and immediate objective of any peacemaking initiative is to put an end to conflict and bloodshed and prevent the immediate relapse into violent confrontations. Mediators go through great pains to ensure the holding of a ceasefire, securing the participation of all combatants in peace negotiations that would ideally result in a political settlement and subsequently durable peace. However, political solutions or peace processes that end wars, particularly civil wars, in the ESCWA region have not been able to tackle the root causes of conflict or create a durable reconciliation process. While peacebrokers succeed in putting an end to the bloodshed, even for long months and years, due to temporary political accommodations, a sense of false peace is always beleaguered by political tensions and weak State institutions incapable of resolving resounding national differences. Institutional fragility is exacerbated by the marginalization of certain groups during the political accommodations phase. Excluded leaders will mobilize these groups on the basis of their unmet needs and destabilize the institutions that excluded them.⁶¹ Peace and stability are thus held hostage to domestic forces and geopolitics or power politics. When these factors combine, they tend to do so at the expense of stability, peace and development.

Conflict is often resolved through the attainment of some sort of elite-led political accommodations or temporary political settlements. Under such circumstances, what usually transpires is the emergence of a temporary national political system dictated one way or the other by all actors, national, regional or international, that were parties to the initial conflict. Significantly, these temporary political systems have a direct bearing on the institutional set-up of State institutions, which are primarily designed to accommodate power-sharing arrangements and facilitate the division of State resources among the leadership of all former combatants. Access to power and revenue is utilized by the post-conflict emerging ruling elite to sustain their power bases and popular support. Obviously, such a setting prevents the emergence of a capable, legitimate and efficient State, able to deliver core Government functions, accountable to citizens or representative of all groups. The dynamics put in place only result in the emergence of a weak, secretive State that is hostage to geopolitical pressures, namely regional and international struggles, proxy and civil wars. The ultimate result is often a relapse into conflict. This scenario is summarized in figure 11 below.

⁶¹ Anten, L. 2009. *Strengthening Governance in Post-Conflict Fragile States*. The Hague: Clingendael Institute of International Relations, pp. v and 25.

Figure 11. The vicious cycle of conflict and the governance deficit



Source: the authors' hypothesis.

While the objective of temporary political systems is to establish sustainable peace and resolve conflict, the end product has almost always been a fragile peace and a relapse into conflict. A plausible explanation could be the modus operandi, programmes, policies or strategies of governance deployed by local ruling elites, mediators, peacebrokers and peacebuilders in the ESCWA region. These policies, programmes and strategies of governance are not based on the essentials of socio-economic development, the needs of citizens, or on the establishment of an efficient and productive public sector that ensures the evolution of civil servants and State institutions, where transparency, accountability, rule of law and a merit system strictly apply. Moreover, these policies are far removed from their practical implementations and bypass most times the establishment of objective and continuous monitoring mechanisms to evaluate their applicability and effectiveness. They are understandably driven by the imperative of ending conflict, establishing security, peace, political stability and meeting immediate developmental needs. However, history and current trends in conflict-affected countries in this region have shown that governance practices resulting from political accommodations, peace deals or temporary political settlement have never led to sustainable peace, reconciliation and development. This is in spite of the fact that ample lip service is paid to the adoption and mainstreaming of good governance practices within national institutions and civil society. These are usually articulated in cabinet declarations, constitutions or by-laws of various public administrations and institutions. However, these articulations and proclamations stand to differ significantly from the reality on the ground.

B. THE INTERACTING VARIABLES OF THE GOVERNANCE DEFICIT

Conflict-affected countries in the ESCWA region suffer from a mismatch between de jure governance practices (on the books) and de facto governance practices (their implementation).⁶² These deficits are

⁶² Global Integrity. The Global Integrity Report: 2009 Methodology White Paper, p. 1. Available at: <http://report.globalintegrity.org/methodology/whitepaper.pdf>.

characterized by numerous interacting variables. These variables are mutually reinforcing as they all affect the quality of governance. They contribute towards sustaining one another and the delineations between them are blurry. Their relationship to governance is not merely causal, since they can also be the consequence of sustained governance malpractices. This study identifies four major interacting variables that deserve closer inspection. These encompass: (i) a lack of political will; (ii) weak State structure that marginalizes segments of the population and is unable to address socio-economic grievances of its citizens or resolve internal disputes;⁶³ (iii) existing public discourse; and (iv) external factors. Given that these variables are mutually reinforcing, studying them in isolation may be problematic. Nevertheless, such an approach does allow for greater focus, and when done with the knowledge that each variable is not mutually exclusive of all others, can enrich the understanding of the reader with regard to the aforementioned variables. As such, the following six sections will be presented so as to allow for these variables to both interact and at the same time to also allow for greater focus as to the intricacies and nuances of each.

1. *Lack of political will*

Governments in the ESCWA region have failed to emphasize transparency and accountability and have established few, if any, external accountability channels, as shown in chapter IV.⁶⁴ These are attributed, mainly, to a lack of political will by ruling elites to strengthen State institutions by mainstreaming good governance practices, which is often encountered in conflict-affected countries. Security-related causes are often cited as the leading concern of decision makers, where any initiated reform process could lead to internal instability or give rise to undesirable political groups. Others argue that the lack of incentives among ruling elites to strengthen State institutions has often proven to be a formidable obstacle towards closing the governance deficit. This can be seen in the case of the Lebanese confessional system, where various forms of corruption are viewed, as a matter of fact, as a way to ensure that each group has its share and a means to preserve peace.⁶⁵ Incentives include vested economic interests, be they for personal profit or the need to maintain patronage networks for retaining political influence and disbursing socio-economic rents to constituents. This obviously creates and perpetuates rampant corruption.

The literature does associate corruption with conflict and instability. Le Billon⁶⁶ argues that regions with high levels of political corruption are most affected by political instability, while Mauro⁶⁷ reports that corruption is associated with political instability in general. The adverse effect of corruption on the allocation of public resources, according to Le Billon, may increase grievances and elicit demands for political change. Moreover, the rents generated by corruption may constitute a tempting prize for actors willing to use violence to capture political positions. Finally, corruption undermines the ability of governments to implement public policies that generate economic growth and other outcomes that reduce the risk of conflict. Controlling for other factors, Fjelde⁶⁸ shows that increasing corruption from the 5th to the 95th percentile more than triples the risk of conflict onset. The effects of corruption are complex and contingent, however. Fjelde⁶⁹ posits that corruption has no conflict-inducing effect in countries with large oil revenues. In oil-rich countries, where funds for discretionary use are ample, “a strategic use of public

⁶³ This includes the lack of capacity within the public sector to deliver essential services or perform the core functions of Government.

⁶⁴ World Bank. 2003.

⁶⁵ Gebara, K. 2007. *Reconstruction Survey: The Political Economy of Corruption in Post-War Lebanon*. Lebanon: Lebanese Transparency Association, p. 17.

⁶⁶ Le Billon, P. 2003. *Buying Peace or Fuelling War: The role of corruption in armed conflicts*. *Journal of International Development*. 15: 413-426.

⁶⁷ Mauro, P. 1995. *Corruption and Growth*. *The Quarterly Journal of Economics*. 110 (3): 681-712.

⁶⁸ Fjelde, H. 2009. *Buying Peace? Oil Wealth, Corruption and Civil War 1985-99*. *Journal of Peace Research*. 47 (2): 199-218.

⁶⁹ *Ibid.*

resources for off-budget and selective accommodation of private interests might reduce the risk of violent challenges to state authority”.⁷⁰ Fjelde and Hegre⁷¹ indicate that corruption stabilizes democratic institutions in low-income countries by allowing informal accommodation of demands from powerful actors that otherwise might have sought to overturn formal institutions. This may serve as a description of the political system in Lebanon, although its income is at the level where formal democratic institutions have been able to successfully curb corruption in other countries.

Moreover, in order to end conflict and achieve peace, opposing factions in war-torn countries usually enter into negotiations. This stems from the fact that conflicting parties may have reached a stalemate, or are just exhausted economically, politically and psychologically to continue fighting or because new interests, new alliances, opportunities, strategies, or threats may have emerged. Power-sharing arrangements are the most common outcome of post-conflict agreements or peace deals. The institutional rigidity resulting from such arrangements could feasibly hinder the ability of a Government to adapt to the ever-changing circumstances of a post-conflict setting and paralyse institutional decision-making. In this scenario, both political and public administration processes are trapped within a rigid State apparatus that encourages patronage, reinforces divisive lines and therefore prevents social integration⁷² and the participation of the citizenry.

In most cases, the political risk and cost of changing the terms of the peace agreement is too great to be considered even when citizenry needs are unmet, populations are isolated, institutions prove to be ineffective, and governance quality is low. Public officials and/or civil servants have little incentive to change the status quo, and are, to some extent, opponents of any reform. They are the “preservers”⁷³ who do not oppose improvements to governance per se, but who lack the incentive to actively support any change, by fear of losing their positions, privilege or even their livelihood. The combination of political elites unwilling to change the status quo and civil servants unable to do so can result in socio-economic policies that generate inequalities, grievances, corruption and social tensions, further exacerbated by and a natural outcome of the lack of good governance practices in public institutions. This state of affairs is very apparent in the conflict-affected countries of the ESCWA region.

In conflict-affected countries, policymaking does not usually follow a national development plan, or a long-term strategy. Policies and processes are put into place to satisfy political demands and accommodations, in some cases to reduce extreme uncertainty over power and insecurity and in others to impose socially tolerable limits on the use of violence.⁷⁴ However, these policies are seldom satisfactory in terms of their ability to produce quality public services or efficient resource utilization, and rarely benefit all components of society equally, if at all. Also, the lack of a participatory approach involving all segments of society and the lack of transparency with which such policies and practices are implemented generate fertile grounds for corruption and tension.

To complicate matters further, established peace agreements tend to exclude certain outstanding issues that were not resolved during the negotiation process.⁷⁵ These outstanding issues, usually the most complex ones, become roadblocks for constructive policymaking and can even undermine the peacebuilding process itself. Because of the rigid institutional framework resulting from power-sharing and political

⁷⁰ Ibid., p. 214.

⁷¹ Fjelde, H. and Hegre, H. 2007. Democracy Deprived: Corruption and Institutional Change 1985-2000. Paper presented to the 48th Annual Convention of the International Studies Association, Chicago, 28 February-3 March 2007.

⁷² Sisk, T. D. The Obsolescing Pact: The Limits of Power Sharing in Sustaining Post-War Peace. Presentation made at the State Building in Divided Societies in the Post-Ottoman World Conference, Beirut, Lebanon. 24-25 September 2010.

⁷³ Debiel, T. and Terlinden, U. 2005, p. 5.

⁷⁴ Anten, L. 2009, p. v.

⁷⁵ Ibid., p. 25.

accommodations, it is difficult for decision makers to craft new policies, address new issues or even change the slightest condition, given the fear that this might damage the frail power balance currently in place. Consequently, once a substantive issue cannot be addressed, political dialogue deteriorates, sometimes gradually, sometimes abruptly, and the escalation of animosities may lead to conflict relapse. An essential task for any party interested in implementing reform is to understand which incentives are necessary to motivate different factions in order to welcome change, or at least to not oppose it. These incentives can be powerful negotiation tools but need to be carefully handled, to make sure that change does not result in yet another short-term peace deal, with another set of privileges benefiting just a few.

2. *Weak State structure*

Weak State structures and/or public sectors and decision-making processes may marginalize certain groups or communities; they may be unable to address the socio-economic and even the most basic needs of all citizens, provide quality services or resolve internal disputes. This is another significant component of the vicious cycle generating and sustaining the governance deficit in the ESCWA region, and can be further sub-divided into (i) a lack of formal political institutions; and (ii) a lack of public sector capacity.

(a) *Lack of formal political institutions*

With a few exceptions, figure 4 shows that most conflict-affected countries in the ESCWA region lack formal institutions, defined as those that regulate access to political office. While constitutions abound, access to power or office is decided differently. Political institutions are short of executives that have been elected in regulated and open elections and have deficient systems of checks and balances to constrain and hold the executive to account. Broad political participation is also either at a sub-optimal level, or absent altogether. Consequently, such institutions fail to regulate differences among social groups, communities or different political leaders in a peaceful manner. This raises the question of whether it is possible to promote such institutions in a way that can prevent the onset of armed conflicts. In the case of inter-State conflicts, the empirical evidence is quite clear: consolidated democracies rarely or never fight wars against each other.⁷⁶ There is little that implies that the ESCWA region is different in this respect. Russett, Oneal and Cox⁷⁷ show that democratic institutions and traditional realistic concerns explain the prevalence of inter-State conflict much better than any clash of civilizations' as advocated by Huntington.⁷⁸

As for domestic conflict, the academic consensus based on global comparisons of the institution-conflict relationship is that democracy in itself does not reduce the risk of civil war onset if country income is taken into account. They are not less likely to have internal conflicts than non-democracies.⁷⁹ Moreover,

⁷⁶ Doyle, M. W. 1986. Liberalism and World Politics. *American Political Science Review*. 80 (4): 1151-1169; and Russett, B. and Oneal, J. R. 2001. *Triangulating peace: Democracy, interdependence, and international organizations*. London, New York: W.W. Norton.

⁷⁷ Russett, B. M., Oneal, J. R. and Cox, M. 2000. Clash of Civilizations, or Realism and Liberalism Deja-Vu? *Journal of Peace Research*. 37 (5): 583-608.

⁷⁸ Huntington, S. P. 1993. The Clash of Civilizations. *Foreign Affairs*. 72 (3): 22-49. The conclusions of Russett, Oneal and Cox are partly contested by Roeder, P. 2003. Clash of civilizations and escalation of domestic ethnopolitical conflicts. *Comparative Political Studies*. 36 (5): 509-540; and Ellis, G. 2010. Gauging the Magnitude of Civilization Conflict. *Conflict Management and Peace Science*. 27 (3): 219-238.

⁷⁹ Muller, E. N. and Weede, E. 1990. Cross-National Variations in Political Violence: A Rational Action Approach. *Journal of Conflict Resolution*. 34 (4): 624-651; Hegre, H., Ellingsen, T., Gates, S. and Gleditsch, N. P. 2001. Toward a Democratic Civil Peace? Democracy, Political Change, and Civil War, 1816-1992. *American Political Science Review*. 95 (1): 33-48; Fearon, J. D. and Laitin, D. D. 2003. Ethnicity, Insurgency, and Civil War. *American Political Science Review*. 97 (1): 75-90; and Collier, P. and Hoeffler, A. 2004. Greed and Grievance in Civil War. *Oxford Economic Papers*. 56 (4): 563-595. The issues treated in this section draw in part on Fjelde, H. and Hegre, H. 2009. *Post-Conflict Democracy and Conflict Recurrence*. Peace and Conflict 2010. Paradigm Publishers, pp. 79-90, which treats the questions related to post-conflict democracy and conflict recurrence in much more detail.

such semi-democratic regimes as Lebanon or Yemen may even have the highest risk of civil war onset. Democracies are not in a better position to end conflicts either. Collier, Hoeffler and Soderbom,⁸⁰ Fearon,⁸¹ and DeRouen and Sobek⁸² find no link between regime type and duration of conflict. There are three possible explanations for the conflict-proneness of semi-democracies. First, they open up for popular participation and organization of opposition groups but do not allow the opposition influence consistent with their electoral strength, thereby creating incentives for violent insurrections.⁸³ Second, the very fact that they are not fully democratic signifies that a struggle is going on over the set-up of the institutions, a struggle that may turn violent.⁸⁴ Third, semi-democracies are often newly established and often located in poor and middle-income countries.

Collier and Rohner⁸⁵ note that democratic institutions are particularly ineffective in low-income countries, a finding consistent with that found in Hegre.⁸⁶ In the poorest countries in the world, democratic institutions may even increase the risk of insurrections. Formal political institutions are also rendered ineffective in low-income countries that typically score poorly on governance indicators treated here. By contrast, these studies indicate that in such middle-income countries as those in the ESCWA region, democratic political systems are indeed better able to prevent conflicts from erupting and recurring. However, formally democratic political institutions are not sufficient in situations where Governments have only partial control over their own territory, and therefore are easily challenged by non-State actors.

Related to this contingent effect of political institutions, Hegre⁸⁷ questions the accepted notion that economic development unambiguously helps countries to reduce the risk of internal conflict. The results of that study indicate that increasing income only reduces the risk of armed conflict for countries with formal political institutions. The combined effect of development and democracy is such that democracy increases the risk of armed conflict in low-income countries but reduces risk of conflict in upper-middle income countries. In developed societies, the absence of democratic institutions often becomes the issue of contestation. Most ESCWA member countries are middle-income countries, in the group where formal political institutions have a risk-reducing effect, according to these findings.

(b) *Lack of public sector capacity*

The lack of capacity, in terms of human resources or infrastructure, within the public sector to deliver essential services or perform the core functions of government is another cause and effect of conflict. In conflict afflicted countries this fact is worsened by the effects of political accommodations and the common secrecy or lack of transparency in which government business is conducted. Because of the prevalence of nepotism, opportunism and patronage, civil servants placed in Government institutions are often not well-suited for their functions, and are rarely assessed on their performance. With no merit-based recruitment,

⁸⁰ Collier, P., Hoeffler, A. and Söderbom, M. 2004. On the Duration of Civil War. *Journal of Peace Research*. 41 (3): 253-273.

⁸¹ Fearon, J. D. 2004. Why Do Some Civil Wars Last So Much Longer Than Others? *Journal of Peace Research*. 41 (3): 275-301.

⁸² DeRouen, K. and Sobek, D. 2004. The Dynamics of Civil War Duration and Outcome. *Journal of Peace Research*. 41 (3): 303-320.

⁸³ Hegre, H., Ellingsen, T., Gates, S. and Gleditsch, N. P. 2001.

⁸⁴ Fearon, J. D. and Laitin, D. D. 2003.

⁸⁵ Collier, P. and Rohner, D. 2008. Democracy, Development and Conflict. *Journal of the European Economic Association*. 6: 531-540.

⁸⁶ Hegre, H. 2003. Disentangling Democracy and Development as Determinants of Armed Conflict. Working Paper 24637. World Bank. Available at: <http://go.worldbank.org/4EDBH32FC0>.

⁸⁷ Ibid.

personnel assessment, competitiveness of salaries⁸⁸ or internal accountability, civil servants have little motivation to excel in their tasks. This results negatively on the quality of public services and overall institutional performances.

Indeed, political appointment and public offices are often reserved for specific groups, and some sectors of the population, usually political opponents, but also disadvantages groups, are excluded from participating or are underrepresented in the political process. Open participation might even be perceived by public officials as a direct risk to their privileges or influence. This juxtaposition of formal and informal institutions, traditional tribal-based ruling forms, and democracies based on quotas marginalizes many factions and communities. Consequently, popular mistrust towards rulers grows as a result of an unequal system of power and goods distribution, which can delay the institutionalization of peace and the enjoyment of its subsequent dividends in conflict-afflicted countries.

Another significant challenge in developing transparent and accountable State institutions is a lack of internal capacity and resources. Understaffed departments, deficient resources for staff training, a lack of know-how, access to technology, outdated civil service codes of conduct, obsolete administrative rules, procedures and regulations and low pay, discourage creativity, innovation and motivation among civil servants. In post-conflict settings, this fact is exacerbated by the general turmoil that transitional Governments face.⁸⁹ Moreover, uncertainty with regard to future directions and unclear lines of authority, coupled with poor investments into the civil service, hamper the development of the needed skills that are in line with the latest technological and administrative innovations and that meet the multitudes of challenges in conflict settings. As a result, it is difficult to expect the emergence of State institutions or a cadre able to lead peacebuilding and development needs of the country prior to, in or emerging from conflict. In such settings, it should be kept in mind that the capacity of a Government to collect and generate revenue is restricted. Hence, its ability to finance training for its staff and invest in new technologies is greatly curtailed.

Indeed, several studies link State capacity to civil conflict. Fearon and Laitin⁹⁰ find that State capacity, which they proxy by per capita income, is closely linked to the onset of civil war. They find that high-capacity States have much lower risk of conflict than weak States, a finding which holds when the authors control for ethnic and religious fractionalization. Weak State capacity, natural resources and rents are also significant drivers that curtail the emergence of capable and efficient State institutions. Several studies find that oil producers have higher risk of civil war than expected given their income levels. Fearon⁹¹ argues that this is due to relatively weak State capacity in oil-producing States. These States, he argues, tend to be under-bureaucratized for their GDP levels. They have lower State capacity than similarly rich non-oil producers, since they have never needed to build this capacity in order to extract resources. To a certain extent, this view is shared by Collier and Hoeffler,⁹² who argue that primary commodities proxy not only the potential for rebel financing, but also such State capacity measures as corruption and economic mismanagement.

Ross⁹³ argues that there are three possible mechanisms linking oil wealth and regime type; “a rentier effect, through which governments use low taxes and high spending to dampen pressure for democracy; a repression effect, by which governments build up their internal security forces to ward off democratic pressures; a modernization effect, in which the failure of population to move into industrial and service

⁸⁸ World Bank. 2003.

⁸⁹ UNDP. 2010. Fighting corruption in post-conflict and recovery situations: Learning from the past. Democratic Governance Group. Bureau for Development Policy, p. xi.

⁹⁰ Fearon, J. D. and Laitin, D. D. 2003.

⁹¹ Fearon, J. D. 2005. Primary Commodity Export and Civil War. *Journal of Conflict Resolution*. 49 (4): 483-507.

⁹² Collier, P. and Hoeffler, A. 2004.

⁹³ Ross, M. 2011. Does Oil Hinder Democracy? *World Politics*. 53: 325-61.

sector jobs renders them less likely to push for democracy”.⁹⁴ All of these mechanisms can, in turn, be linked to bad governance. According to figure 6, most ESCWA member countries have poor governance relative to their public health levels. This may be because the countries in reality have better governance than the indicators utilized in the study show, but more plausibly because oil revenues have allowed them to provide a good measure of public goods despite their poor governance. Large revenues and weak State structures solidify rentier systems of governance. Discussing the role of oil wealth on democratization, Huntington writes that “no taxation without representation was a political demand; no representation without taxation is a political reality”.⁹⁵ Many ESCWA Governments are rentier States with weak extractive, regulatory and distributive powers. Chapter V demonstrated that the qualities of their bureaucracies are relatively poor.⁹⁶ As previously noted, they are, in relation to their GDP levels, bureaucratically underdeveloped.⁹⁷ Large oil revenues accrue directly to the central State. Hence, the State grows insulated from civil society, since the State is not dependent on civil society for resources. The State does not need to build an extractive apparatus, and more generally, has no reason to invest in high-quality governance. Furthermore, since the citizens of many ESCWA member countries pay little or no taxes, there is no pressure from civil society to build a coherent well-functioning bureaucracy to provide State welfare services.

It is significant to note that rentier systems of governance have far-reaching economic repercussions related to governance. Most States need to build bureaucracies to extract resources from individuals, industries and businesses. Such a process can be complex to implement, however, which is why many poor States concentrate on the simpler task of collecting taxes on cross-border trade. Since many ESCWA member countries have not gone through a modernization phase where more diversified commercial sectors have been established, these countries have not had any need to build such bureaucracies. The net result in the region is a bureaucracy effective only at repression, an area in which the State has had an incentive to invest in order to stay in power. Moreover, a number of other ESCWA member countries receive rents which will have the same effect through foreign aid, foreign direct money transfers, transit fees and others.

Using some of the same data from the ICRG as utilized in this study, Fjelde and de Soysa⁹⁸ disaggregate State capacity into the abilities to coerce, to co-opt, and to cooperate. Whereas the studies mentioned above use GDP as a measure of State capacity, Fjelde and de Soysa argue that the level of revenue extraction better “reflects the government’s capacity for societal control and its ability to deter and suppress violent dissent”. They argue that co-optation and cooperation may be more important aspects of State capacity in preventing conflict than purely coercive ability. To arrive at a better proxy for the capacity of a State, they use the relative political capacity (RPC) index from Organski and Kugler⁹⁹ which compares actual to predicted levels of State tax extraction. Braithwaite¹⁰⁰ finds some evidence for the hypothesis that countries with good State capacities are better able to avoid spillover from neighbouring countries. Buhaug¹⁰¹ argues that the economic capacities of States with high GDP means they are able to buy off oppositional groups. Turning from onset of conflict to duration, DeRouen and Sobek¹⁰² posit also using the

⁹⁴ Ibid., pp. 356-57.

⁹⁵ Huntington, S. P. 1991. *The Third Wave: Democratization in the Late Twentieth Century*. Norman, OK: University of Oklahoma Press, p. 65.

⁹⁶ Ayubi, N. 1995. *Over-Stating the Arab State*. New York: I. B. Tauris, p. 400.

⁹⁷ Fearon, J. D. 2005.

⁹⁸ Fjelde, H. and de Soysa, I. 2009. Coercion, Co-optation or Cooperation? State Capacity and the Risk of Civil War, 1961-2004. *Conflict Management and Peace Science*. 26: 299-310.

⁹⁹ Organski, A. F. K. and Kugler, J. 1980. *The War Ledger*. Chicago: University of Chicago Press.

¹⁰⁰ Braithwaite, A. 2010. Resisting Infection: How State Capacity Conditions Conflict Contagion. *Journal of Peace Research*. 47 (3): 311-319.

¹⁰¹ Buhaug, H. 2006. Relative Capability and Rebel Objective in Civil War. *Journal of Peace Research*. 43 (6): 691-708.

¹⁰² DeRouen, K. and Sobek, D. 2004.

ICRG data, that State capacity influences both the duration and outcome of conflicts. Fearon¹⁰³ argues that fluctuations in State capacities induce commitment problems that influence the duration of conflict.

3. *Marginalization*

The ESCWA region, not unlike other regions, needs to deal with the issue of second class citizens. This group can be divided into three main categories, namely, refugees and displaced populations, religious and ethnic minorities, and religious or ethnic majorities ruled by minorities. Rulers, in their competing political demands, do not take, or hardly take, into consideration the needs of marginalized groups. The underlying cause for this might be their preference to allocate scarce resources to their constituencies or loyal power base.

Furthermore, post-conflict power distribution, based on political accommodations, will rarely represent the whole of society. In other words, “party boundaries often coincide with group boundaries”.¹⁰⁴ Therefore, the socio-economic needs of some groups remain unmet. In most cases, access to services is non-transparent. Due to its weak structure and to its crude public sector, challenging the system may be difficult and easily destabilizing. Consequently, marginalized groups are further castigated. The inability to address their socio-economic needs impacts not only on these “second class” populations; the repercussions are wider and concern State-wide security. Inefficient State structures are unable to resolve internal conflicts; moreover, they tend to provoke disputes and allow feuds to carry on. On top of political clashes, there is also sectarian/ethnic-based violence, and when a Government does not hold the monopoly of power, as is the case in most crisis-affected countries, its ability to control all territory of the State and providing lasting peace will be further undermined.

4. *Rule of law*

Rule of law is another cornerstone of any political system or form of governance. Since the end of the cold war, rule of law has been increasingly recognized as an essential component of conflict resolution, post-conflict recovery and reconciliation. Rule of law can bring order to society, and a properly functioning judicial system and police force can provide stability.¹⁰⁵ Its absence may even be a source of conflict. Effective legislatures and judiciary also ensure that the State is accountable to its citizens and that service delivery is efficient, which serves to build confidence in the State.¹⁰⁶ In addition, it has been increasingly recognized that separation of powers, along with power sharing, checks and balances, the rule of law, judicial independence, civil liberties and human rights, are indispensable prerequisites for peace, stability and socio-economic growth. Therefore, legal and judicial reform, as well as the establishment of new legal entities to deal with issues of justice in post-conflict phases, are crucial components of peacebuilding efforts.¹⁰⁷

However, in conflict settings, the legal system is most times either ineffective or non-existent. “This is exacerbated by inadequate training, clandestine organizations, sub-optimal co-ordination between prosecutors and police, and links between political, military and legal elites that prevent criminals from being convicted. Furthermore, with no independent judiciary branch, there is nobody left to guarantee control of executive actions and protect individuals and other state actors.”¹⁰⁸ Moreover, judicial, executive and

¹⁰³ Fearon, J. D. 2004.

¹⁰⁴ Debiel, T. and Terlinden, U. 2005, p. 13.

¹⁰⁵ Van der Kleij, A. 2006. Legal and Judicial Reform in Post-Conflict Situations and the Role of the International Community. Introduction. Center for International Legal Co-operation Seminar. The Hague, 7 December 2006, p. 3.

¹⁰⁶ Dutta, N. et al. 2007. Strengthening Legislatures for Conflict Management in Fragile States. Woodrow Wilson School of Public and International Affairs of Princeton University, p. 25.

¹⁰⁷ Van der Kleij, A. 2006.

¹⁰⁸ Debiel, T. and Terlinden, U. 2005, p. 15.

legislative functions do not necessarily have the appropriate powers, adequate resources and commitment of concerned parties to fulfil their roles effectively in post-conflict countries. For instance, parliaments are particularly weak, and member loyalties to political parties or leaders far outweigh concerns for the legislature as an institution.¹⁰⁹ Therefore, legislation may simply serve as a temporary fix for immediate and urgent problems, rather than long-term solutions. Also, with weak institutions and lack of political will, legislators might not respond to the needs of their citizens even when they understand them. A legislature unresponsive to the needs of the electorate will tend to lack public support.¹¹⁰ This may lead to unaccountable executive powers and can make a State more susceptible to autocracy and corruption.

5. *Public discourse and repression*

A public discourse or a general culture that does not prioritize good governance and such civic values as accountability, transparency, freedom of expression, integrity or participation in the public domain may yield detrimental consequences on governance. This negative discourse, often unchallenged by both public officials and endured by disempowered citizens, could be attributed to a variety of reasons, ranging from fear to the need of meeting sheer survival requirements or securing livelihoods through, for example, firmly established patronage networks. Another significant cause for negative public discourse is the lack of freedom of expression due to the traditional monopoly of a State on public information and media. As noted in chapter V, although this monopoly is weakening, freedom of expression remains at levels which are far from what citizens desire, especially in the ESCWA region.

Lack of freedom and/or repression is costly and often a sign of poor governance in other areas. A significant advantage of legitimate Governments relative to illegitimate ones is that they do not have to spend the same amount of resources to repress their subjects.¹¹¹ Unfortunately, the literature is silent when it comes to estimating the cost of repression. However, the costs are both direct and indirect. The direct expenses are typically spending on the military and the secret police, but repression also leads to economic losses through lack of economic freedom. Repression is costly, both in terms of direct expenditures and, to some extent, in terms of causing capital flight or deterring foreign investment. Repression, then, hampers economic growth, which, in turn, leaves fewer resources to invest in both “guns and butter”. Since leaders very often primarily want to stay in power, they invest the little resources they have in what secures the highest immediate increase in the likelihood of not being overthrown, and that is more repression. The presence of rents makes this easier, creating a situation where a regime has money to be repressive for longer than it would otherwise be.

Ultimately, it is difficult to estimate the direct consequence of repression on the risk of conflict, as dissent, repression and poor economic performance are heavily intertwined.¹¹² Repression clearly increases when armed conflict breaks out. Gates, Hegre, Nygard and Strand¹¹³ find that repression, in general, shortens the life expectancy of a political system. Some regimes, though, are clearly able to sustain repressive policies for decades. This ability is likely connected with State capacity. Just as high-capacity or resource-rich regimes have ample funds to co-opt the opposition, so it is that they are able to employ repression without increasing the chances of regime collapse.¹¹⁴ However, times are changing. Repression as well as the lack of freedom is increasingly being challenged as autocratic regimes find it harder to cope

¹⁰⁹ Johnson, J. K. and Nakamura, R. T. 1999. A Concept Paper on Legislatures and Good Governance. UNDP. p. 10.

¹¹⁰ *Ibid.*, pp. 10-11.

¹¹¹ Gurr, T. R. 1970. *Why Men Rebel*. Princeton, NJ: Princeton University Press.

¹¹² Carey, S. C. 2007. Rebellion in Africa: Disaggregating the Effect of Political Regimes. *Journal of Peace Research*. 44 (1): 47-64; Davenport, C. 2007. State Repression and Political Order. *Annual Review of Political Science*. 10: 1-23; and Moore, W. H. 1998. Dissent and Repression: Substitution Effects in Violent Political Conflict Behavior. Draft.

¹¹³ Gates, S., Hegre, H., Nygård, H. M. and Strand, H. 2010.

¹¹⁴ Fjelde, H. and de Soysa, I. 2009.

with changes in media dissemination. In the ongoing “Arab Uprising”, social media has presumably been a prime reason behind mobilizing the public. However, these tools are still under-utilized by the majority of the population. For example, although from December 2010 to February 2011, the number of Facebook users increased by 25 per cent in Egypt, 20 per cent in Libya and 29 per cent in Tunisia, the per cent of the population who actually uses the internet stood at 7 per cent, 4.7 per cent and 20.8 per cent, respectively.¹¹⁵

Nevertheless, access to information and the ability to communicate, especially online, has induced an unprecedented challenged of State monopoly on information. Governments find themselves, unintentionally, exposed to its people, making it easier for them to be held accountable for their actions and inactions.¹¹⁶ But, where some freedoms do exist, the fact remains that the control of media outlets by political elites and non-State actors continues to be prominent and serves to promote one party line over another. Aside from the political debates that take place among opposing groups, good governance and civic values are used as ammunition to discredit opponents. Objective and investigative reporting is lacking, and once illegalities or misconduct appear in the media, perpetrators, particularly civil servants, are rarely brought to justice or even dismissed from office, reinforcing a culture of impunity. Besides, media outlets are run by private entities, and if legal frameworks fail to support freedom of expression or assembly, these means will be of little use to support governance reform.¹¹⁷

Election campaigns for the legislature and the powers of the legislature itself are often-times used to pay lip service to good governance and policy reforms. The reality is that outcomes of elections are often pre-empted by election laws determined by the ruling elites and to guarantee their influence within State institutions and reflect the political balance of power. As such, election campaigns as well as functions of members of parliament do not contribute towards a public discourse based on improving livelihood and development and holding the cabinet or the executive branch of Government and senior civil servants to account on transgressions. Public discourse and elections are usually dominated by major political issues where social and economic development priorities are sidelined or used for political consumption. A leading slogan is usually the need to fight corruption and reform of the aging public sector. The same applies for cabinet declarations or presidential elections. Progress in that regard is slow if non-existent.

In conflict-affected countries, the role of civil society as a platform for debate and as a lobby for the promotion of good governance practices is curtailed due to the political sensitivities that it may entail. The ESCWA region has indeed seen environments where physical harm and random imprisonment are the consequence for expressing ideas that opposed the ruling regime. Underground resistance movements have aimed, in the past, at challenging the status quo without much success to topple the oppressor. Civil organizations often have lacked the resources and legitimacy to be effective and, in some cases, organizing formal opposition political parties has been banned, thus limiting the ability of citizenry to influence the political sphere. Nevertheless, as seen in recent civil uprisings, despite the threat of violence, citizens will eventually voice their opposition when their needs are not met, corruption is too flagrant and the economic gains of development are not fairly distributed.¹¹⁸ Indeed, the “Arab Uprising” has come more from necessity, despair and a desire to topple the exiting system of governance. For example, the fact that the movement in Egypt lacked specific, identifiable leaders meant that it brought together people from diverse religious, ideological, generational and economic backgrounds, as well as such traditional opposition as the

¹¹⁵ Social Bakers. Facebook statistics. Available at: <http://www.socialbakers.com/>.

¹¹⁶ Shirky, C. 2011. The Political Power of Social Media. *Foreign Affairs*. 90 (1): 36 and 41. p. 36.

¹¹⁷ *Ibid.*, p. 41.

¹¹⁸ Back in 2008, the unavailability of such basic food products as bread, rice, sugar and cooking oil, coupled with high food prices, were already leading many to protest against the Egyptian Government and resort to violent tactics. See: Al Jazeera. 12 August 2008. Warning over world food shortages. Available at: <http://english.aljazeera.net/news/middleeast/2008/03/2008525133438179651.html>.

Muslim Brotherhood.¹¹⁹ However, the challenge for civil society in Egypt, and indeed the wider ESCWA region, will be to translate popular demands for freedom, equality and democracy into governance reform, and to avoid the temptation of electing political opportunists who promise stability, and who will indeed fill the power vacuum generated after the revolutions, but unfortunately with another autocratic regime.

6. *External factors*

External factors, whether regional or international, greatly influence national political, security and socio-economic dynamics in the conflict-affected countries of the ESCWA region. This ranges from fermenting proxy wars to full-fledged occupation, which traditionally prevent good governance practices to take root within State institutions. The many unsolved, but not overt, international conflicts provide ruling elites with the “benefit” of a foreign enemy, as noted by many observers.¹²⁰ There are many examples of ESCWA Governments using the conflict with Israel to rally internal support and to deflect focus from domestic problems. The more or less constant state of cold war characterizing the relationship between many ESCWA Governments certainly impact on domestic politics in the region, and could be an important part of the bad governance explanation. Subregions characterized by security dilemmas and power competition are not unique to the ESCWA region, however. Foreign occupation, on the other hand, is also, to some extent, particular to the region despite its increasing absence as a tool of political subjugation. Indeed, the Israeli presence in Palestine is still considered a foreign occupation. The occupation gives rise to violent insurrection against the occupying power. Moreover, the unclear Government status of Palestine is debilitating for governance. Occupation hinders the Palestinian Government in keeping order in its own territory, making it difficult for the Palestinian population to hold their Government properly accountable for public policies. It also provides several actors in the region with excuses for not addressing domestic problems that they possibly could do something about.

In sum, this section has highlighted the nuances, intricacies and overlapping interests of these interacting variables in explaining an admittedly complex governance deficit-conflict relapse nexus, specifically with respect to the ESCWA region. While of considerable interest on its own, the presentation of this section is imperative in order to study and better appreciate the difficulties in breaking this nexus, as discussed in the next section.

¹¹⁹ International Crisis Group. 2011. Popular Protest In North Africa and the Middle East (I): Egypt Victorious? in Middle East/North Africa Report No. 101. p. ii.

¹²⁰ Thompson, W. R. 1996. Democracy and Peace: Putting the Cart before the Horse? International Organization. 50 (1): 141-174; and Arab Reform Initiative and Palestinian Centre for Policy and Survey Research. 2010. The State of Reform in the Arab World 2009-2010: The Arab Democracy Index. Available at: http://arab-reform.net/IMG/pdf/annual_rep_010_english.pdf.

V. BREAKING THE CONFLICT-GOVERNANCE DEFICIT TRAP

Breaking away from a conflict-governance deficit trap is fraught with difficulties. Nevertheless, history has produced examples of countries that have succeeded in achieving no less. A study¹²¹ identifies a set of marginalized countries that have a considerably higher risk of conflict than other developing countries, referred to as successful developers. The countries that remain marginalized are caught in a conflict trap because their risk of conflict is constant, whereas the successful developers gradually managed to decrease their risk.¹²² The primary drivers of change in the study are income, growth rates, primary commodity dependence, and the lingering effects of past conflicts. All these are affected by an outbreak of conflict. These findings were not, however, specific to the ESCWA region, and the question thus arises as to the exact determinants of change from being a conflict-prone country to a more stable one in the ESCWA region. The following section will present some preliminary findings for the ESCWA region utilizing data available for this study in order to investigate the conflict-governance deficit trap that is of direct relevance to this region.

A. OUTCOME

An empirical analysis of the seven governance variables used in this study (see the annex and following footnote) and the risk of conflict relapse is presented in the table. The analysis indicates that the risk of conflict recurrence is considerably lower in countries with good governance. Five years after a conflict ends, the risk of recurrence is negligible in a country with governance levels at par with developed democracies. In countries with poor governance, it takes 15-20 years to achieve the same reduction in risk.¹²³

None of the indicators of good governance seem to reduce the risk of conflict *onset*, though they do significantly affect the speed at which the risk of relapse diminishes with times of peace. Additionally, it is noted that all the governance indicators pull in the same direction. This is useful insofar as it allows the treatment of “governance” as a unified concept, and also as it indicates that most aspects of governance covered in this report play a significant role in reducing the risk of conflict relapse.

¹²¹ Collier, P., et al. 2003.

¹²² Ibid., pp. 109-112. In a simple simulation of the effects of this conflict trap, Collier et al. shows that approximately one third of all countries in the world remain high-risk places that have overt armed conflict about a quarter of the time. About half of the world consists of successful developers that were at risk until recently, but by 2050 will have only negligible risk of armed conflict. The remaining one sixth of the world consists of high-income countries that will remain out of risk of armed conflict.

¹²³ The table reports the results from a logistic regression analysis of how our governance variables affect the risk of conflict recurrence. This is based on a data set consisting of all countries in the world; restricting a statistical analysis to the ESCWA region is impossible because of the low number of countries and the relative short time series available. The unit of analysis is the country year, and the dependent variable is whether an internal armed conflict is going on in a country year, as coded in the Uppsala Conflict Data Programme (UCDP)/PRIO data set See: Gleditsch, N. P. et al. 2002; and Harbom, L. and Wallensteen, P. 2010. Models 1-6 estimate the effect of each of six governance indicators representing the aspects of corruption, bureaucratic quality, military involvement, economic policies, formal democracy level, and civil liberties/rule of law. Model 7 includes that of our aggregated governance measure, namely the composite governance measure. To distinguish between how governance affects the risk of conflict onset and how it reduces the risk of recurrence, an interaction term between the governance indicator and a variable denoting the time since the last conflict in the country was entered. The models capture that, in general, the probability that a country is in conflict is much higher if it was at conflict last year, and that the risk of conflict recurrence gradually diminishes for each new year of peace after the conflict ends.

TABLE. INTERNAL CONFLICT RELAPSE AND GOVERNANCE, 1985-2008

	(1) conflict	(2) conflict	(3) conflict	(4) conflict	(5) conflict	(6) conflict	(7) conflict	(8) conflict
Conflict								
Conflict, t-1	2.512*** (0.310)	2.480*** (0.309)	2.600*** (0.313)	2.572*** (0.265)	2.699*** (0.257)	2.439*** (0.267)	2.384*** (0.276)	2.377*** (0.275)
War, t-1	4.753*** (0.593)	4.466*** (0.547)	4.838*** (0.593)	4.466*** (0.487)	4.398*** (0.454)	4.379*** (0.490)	4.264*** (0.495)	4.261*** (0.495)
Peace years	-0.297 (0.165)	-0.260 (0.217)	-0.155 (0.179)	0.128 (0.267)	-0.386*** (0.117)	-0.956*** (0.215)	-0.0573 (0.193)	-0.0556 (0.192)
Bureaucratic quality, t-1	0.0355 (0.141)							
Bureaucratic quality x history	-0.170* (0.0740)							
Corruption, t-1		0.0300 (0.128)						
Corruption x history		-0.129 (0.0683)						
Military influence, t-1			0.0759 (0.0961)					
Military influence x history			-0.140** (0.0488)					
CPIA score, t-1				0.158 (0.144)				
CPIA score x history				-0.173* (0.0732)				
SIP democracy score, t-1					1.086** (0.366)			
SIP score x history					-0.308 (0.165)			
Civil liberties, t-1						-0.176 (0.101)		
Civil liberties x history						0.0959* (0.0429)		
Governance index, t-1							1.489 (0.895)	1.455 (0.889)
Governance index x history							-1.091** (0.369)	-1.097** (0.368)
ESCWA country	-0.261 (0.461)	-0.303 (0.449)	-0.220 (0.456)	-0.0907 (0.436)	0.101 (0.390)	-0.288 (0.430)	-0.254 (0.441)	-0.220 (0.432)
Repression, t-1	0.269* (0.126)	0.247* (0.125)	0.245 (0.129)	0.386*** (0.109)	0.260** (0.0947)	0.344** (0.112)	0.325** (0.116)	0.328** (0.115)
Neighbour conflict, t-1	0.481 (0.291)	0.471 (0.288)	0.531 (0.292)	0.752** (0.244)	0.480* (0.227)	0.462 (0.257)	0.428 (0.266)	0.434 (0.266)
Log population	-0.0306 (0.182)	0.0120 (0.181)	-0.0451 (0.182)	0.0196 (0.142)	0.0667 (0.129)	0.0704 (0.155)	0.0666 (0.160)	0.0566 (0.157)

TABLE (continued)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	conflict	conflict	conflict	conflict	conflict	conflict	conflict	conflict
GDP, t-1	0.343 (0.176)	0.290 (0.172)	0.308 (0.174)	0.206 (0.138)	0.236 (0.122)	0.198 (0.147)	0.182 (0.157)	0.194 (0.153)
Log infant mortality, t-1	0.616* (0.309)	0.586 (0.305)	0.662* (0.309)	0.534 (0.277)	0.823** (0.254)	0.624* (0.282)	0.547 (0.297)	0.557 (0.296)
Education, t-1	-2.066* (0.840)	-2.140* (0.838)	-2.007* (0.845)	-1.040 (0.694)	-1.353* (0.685)	-1.453* (0.727)	-1.548* (0.753)	-1.506* (0.746)
Oil producer	0.0858 (0.297)	0.139 (0.289)	0.0936 (0.291)	-0.114 (0.266)	0.0594 (0.248)	0.161 (0.267)	0.0991 (0.275)	
Ethnic dominance	0.00820 (0.227)	0.0265 (0.227)	0.0243 (0.229)	0.0563 (0.180)	0.109 (0.175)	0.112 (0.190)	0.0264 (0.198)	0.0193 (0.197)
Population growth	-39.03** (12.88)	-42.16*** (12.70)	-44.90*** (13.20)	-14.41 (8.883)	-19.99* (8.767)	-22.42* (9.295)	-21.71* (9.449)	-21.56* (9.437)
Intercept	-11.24** (3.572)	-10.09** (3.503)	-10.53** (3.582)	-10.28*** (2.956)	-11.72*** (2.712)	-8.823** (3.119)	-9.372** (3.264)	-9.612** (3.200)
Aic	696.5	708.7	693.9	1017.7	1126.0	940.4	879.1	877.2
Ll	-332.3	-338.4	-330.9	-492.9	-547.0	-454.2	-423.5	-423.6
N	2068	2068	2068	2342	3167	2577	2381	2381

Standard errors in parentheses. * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

The analysis accounts for a set of other factors that have been shown to affect the risk of internal conflict. First, the analysis includes an ESCWA region dummy in order to check for significant differences between the region and the rest of the world in terms of the effect of governance on conflict relapse. There seems not to be any clear difference. For most of the models in the table, the regional dummy variable is negative but not statistically significant. It is also insignificant in model 8, where the oil-producer dummy variable was omitted from the model. Hence, the regional behaviour with regard to conflict recurrence and governance is not significantly different with that from the rest of the world in this period.

Furthermore, the analysis shows a positive correlation between repression levels and risk of conflict onset,¹²⁴ and a positive correlation between conflict in the neighbourhood and conflict risk.¹²⁵ The results indicate that education reduces the risk of conflict relapse also in the short run.

Why does governance decrease the risk of conflict relapse? Possible answers are that good governance reduces the accumulation of conflict capital and helps stimulating post-conflict growth. Collier et al.¹²⁶ point out that there are lingering effects of past conflicts that matter in determining conflict relapse, but at a decreasing rate. The risk of internal armed conflict is 10-20 times higher two years after a conflict than 25 years later.¹²⁷ The high risk of conflict relapse is partly due to the accumulation of conflict capital, where both the opposition and the Government army retain parts of their investments in weapons, military organizations, and the willingness to use force after the conflict. In addition, inter-group trust tends to be

¹²⁴ It is unclear, however, to which extent the estimate reflects a causal effect of repression on conflict and not vice versa.

¹²⁵ The estimate for conflict risk is not statistically significant as found in, for instance, Hegre, H. and Sambanis, N. 2006. Sensitivity Analysis of Empirical Results on Civil War Onset. *Journal of Conflict Resolution*. 50 (4): 508-535. The reason is probably that the model includes a variable denoting lagged internal conflict that serves as a partial proxy for the neighbourhood effect.

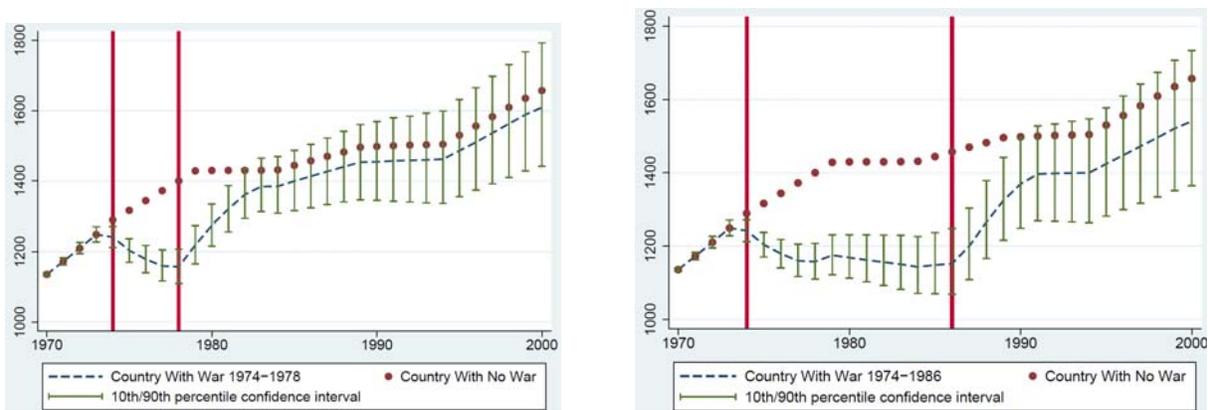
¹²⁶ Collier, P. et al. 2003.

¹²⁷ Similar results are obtained in Hegre, H. et al. 2010.

eroded during conflicts, and Governments that employ indiscriminate violence tend to lose legitimacy. A considerable fraction of the increase in risk is due to more indirect effects, however. Most important in Collier et al. are the economic effects of conflict. One year of civil war tends to reduce the annual growth rate of an economy by 2.2 per cent for the following five years.¹²⁸ Gates, Hegre, Nygard and Strand¹²⁹ find most of the growth loss to take place in the first five years of the conflict. However, preliminary results of an upcoming ESCWA study argue that average GDP lost in the region is higher than the world average.

Figure 12 illustrates the impact of internal conflict on GDP per capita for a five-year and a 13-year war for a hypothetical country.¹³⁰ The dotted line represents a country without conflict; the dashed line an otherwise similar country with a major conflict with more than 1,000 annual battle deaths. The cumulative effect of the annual growth loss is substantial: after five years, the conflict country is 20 per cent poorer; after 13 years, 30 per cent poorer. Post-conflict countries typically grow more rapidly than other countries, but rarely enough to recover what was lost. The confidence bands plotted in figure 12 indicate that 60-70 per cent of conflict countries remain poorer than the counterfactual 20 years after a five-year war, and only 20 per cent or so regain all that was lost from a longer war.

Figure 12. Estimated effect of conflict on GDP per capita



Source: Gates, Hegre, Nygård and Strand (2010).

Regression results indicate that conflict has a detrimental effect on governance outcomes, though results are not always statistically significant. Conflict leads to a gradual erosion of governance as measured by our combined index: ten years of conflict lead to a change in governance equal to the current difference between Saudi Arabia and Iraq or the United Arab Emirates and Yemen. Most of this deterioration comes in terms of the informal aspects of governance; formal political institutions are less affected by conflicts. Conflicts increase repression by about a half score. Sustained conflict probably leads to further increases in political terror. This may not sound like a strong effect. The difference, however, between a score of two and three on the political terror scale is the difference between “a limited amount of imprisonment [where ...] few persons are affected, torture and beatings are exceptional and extensive political imprisonment”. Repression, moreover, does not necessarily disappear as soon as the conflict ends. Gates, Hegre, Nygard and Strand¹³¹ find that, when moving from a conflict to a post-conflict context, a significant improvement in human rights practices is seen for minor conflicts, but not after major conflicts. Long-term effects from minor conflicts are minimal, but civil wars seem to have an effect beyond their termination. The securitization of the political environment persists. This effect is partly contingent on political institutions,

¹²⁸ Collier, P. 1999. On the Economic Consequences of Civil War. *Oxford Economic Papers*. 51 (1): 168-183.

¹²⁹ Gates, S., Hegre, H., Nygård, H. M. and Strand, H. 2010.

¹³⁰ Figure 12 is taken from Gates, S., Hegre, H., Nygård, H. M. and Strand, H. 2010.

¹³¹ *Ibid.*

Figure 13 illustrates how countries are stuck in poverty-conflict traps,¹³² and shows some cases of countries escaping the trap. The upper panel covers the last half of the cold war period (1965-1989), and the lower panel the post-cold war period (1990-2009). The x-axis denotes the IMR at the outset of the period. The percentage improvement in IMR over the period is covered by the y-axis. Chile, for instance, had an IMR just under 100 per 1,000 in 1965, and reduced this by 80 per cent to under 20 per thousand over 25 years. Conflict is represented by circles that are proportional to the proportion of population killed in battle over the period. At about 4 per cent, the Lebanese civil war is among the most fatal cases in the last decades. The curved line in each figure represents the average improvement as a function of initial IMR. The effect of the Lebanese civil war on IMR is evident: improvement in Lebanon was much slower in the 1960-89 period than for other middle-income countries. Likewise, Iraq has seen an increase in IMR since 1990, a fate only shared with Zimbabwe and the Democratic People's Republic of Korea.

The figure indicates some successful developers. Chile and the Republic of Korea, arguably not particularly well-governed until the 1980s, have reduced IMR the most. A few countries that had serious conflicts in the first period have improved considerably in the second. These countries include Indonesia, Nicaragua and Viet Nam. In Indonesia and Nicaragua, improvement has been achieved in conjunction with democratization. In Viet Nam, deliberate pro-growth policies have driven the improvement. In both periods, the oil-rich ESCWA member countries have reduced IMR at almost the same pace as Chile and the Republic of Korea. Improvement has been good also in the countries that have less oil revenues. This is particularly true for Egypt.

The preliminary findings in this section were largely unable to specifically study the ESCWA region in isolation due to the lack of data. Failing this, a more general investigation was undertaken, one which suggests that the ESCWA region is not different from the rest of the world in terms of the conflict-governance deficit trap. Interesting is the finding that, although conflict has a negative impact on performances with regards to governance indicators, inversely, good governance does not seem to reduce the chance of conflict onset, although it can reduce, even if not always significantly, the probability of conflict relapse.

Overall, these indicative and preliminary results suggest that the conflict-governance deficit nexus is not systematically evidenced through empirical and quantitative data. A more in-depth study would be needed in order to determine which mechanisms and other possible factors determine why the nexus theory applies in varying degrees. However, the analysis of the study arguably provides sufficient theoretical, qualitative and empirical foundations to establish that there is an important relation between governance and conflict; one that needs to be further addressed.

B. ENDING THE QUAGMIRE

As previously noted, the review of how governance affects conflict and vice versa clearly suggests that the two are intrinsically related: poor governance tends to increase conflict,¹³³ and conflict, in turn, precludes improvement in governance. Endogenous relationships of this type may form vicious cycles. Herein lies the challenge for policymakers, namely, attempting to change the situation through, for instance, promoting democratic institutions, which is particularly difficult because of the problems caused by on-going or recent conflicts. However, vicious cycles may also be turned into virtuous circles, where an improvement in one field leads to improvements in another. The results of this study indicate that improvement in governance really can be effective in post-conflict societies. The estimates indicate that if the governance in the Sudan

¹³² Note that the infant mortality rate is proxying for poverty. Figure 13 is taken from Hegre, H. and Holtermann, H. 2011. *Poverty and Conflict in Elgar Companion to Civil War and Fragile States*. Brown, G. and Langer, A. (eds.) Northampton, US: Edward Elgar.

¹³³ Results in the table suggest that this is so for conflict relapse, and not conflict onset.

could improve to the level of Lebanon, the risk of conflict recurrence would be reduced by 50 per cent, all else being equal. Since governance in the ESCWA region is poor relative to other middle-income countries, these countries have considerable potential in reducing their own risk of recurrent violence. The widespread protests in recent months show that engaged citizens indeed have the leverage to alter the situation.

Merely replacing the persons occupying leading Government positions is in itself insufficient. It is the system of governance in place that matters. Reform should be pursued along all aspects of governance: democratization of formal political institutions; strengthening of merit-based recruitment of public-sector officials; legal action against instances of corruption; and increased transparency in public budgeting and accounting processes. In individual countries, some of these reforms are more feasible than others, and others may be completely impossible. The analysis in the study shows, however, that governance indicators are highly correlated. This implies that reform in one sector is likely to help improvement in another, at least in the long run.

In some ESCWA member countries, any reform seems difficult. The ruling elites have a vested interest in maintaining current institutions policies, and domestic and international armed conflicts often provide justification for continued military rule and the absence of formal institutions to ensure accountability. Such systems rarely produce leaders that use their authority to change governance for the better. To break this type of vicious cycle necessitates changes that are supported by improvements in facilitating conditions outside the feedback system. Such exogenous factors do exist. The following conditions are relevant to the situation in the ESCWA region:

- (i) **Economic growth:** Economic growth is often part of the vicious cycle, as poor governance and conflict are strong inhibitors of investment and human capital formation. Economic growth, however, also has external sources, and increasingly so in a globalized environment. Increasing demand for goods and services in other economies are likely to increase opportunities even in places where governance is poor. As shown in table 1 (in the annex), all countries in the region, except Iraq, have had annual growth rates between 4 and 10 per cent, despite their poor governance levels. This is not only due to oil; Saudi Arabia, for instance, is among the countries with slower growth rates. Trade and investment created by continued healthy growth in China, India and Turkey is likely to continue to have a positive impact on growth, which, in turn, facilitates better governance and less conflict;
- (ii) **Neighbouring governance:** Several studies show that democracy and peace thrive best in countries that have rich and democratic neighbourhoods.¹³⁴ This is probably also the case for governance defined as broadly as here. Positive changes in individual countries within the region and in the neighbourhood can affect the governance-conflict nexus in other countries. Prospects for such changes are less optimistic than is the case for economic growth. Turkey, again, is likely to be a positive factor in this respect;
- (iii) **Neighbouring conflicts:** Conflicts have a tendency to spill over. Effective prevention of conflict in ESCWA member countries and in the immediate neighbourhood is important in order to break the vicious cycle of poor governance and conflict onset/relapse. In the ESCWA region, ending the Israel-Palestine conflict is likely to have beneficial effects. Similarly, the conflict situations in the Sudan and South Sudan have considerable spillover potential;
- (iv) **Oil dependence:** Rent-generating oil revenues are a serious hindrance for improved governance in several ESCWA member countries. Drastic reductions in international oil prices might have beneficial impacts on governance in these countries. This is not a likely prospect in the near

¹³⁴ Gleditsch, K. S. and Ward, M. D. 2006. Diffusion and the International Context of Democratization. *International Organization*. 60 (4): 911-933; and Hegre, H. and Sambanis, N. 2006.

future, however, and reduced income from oil is likely to also hurt secondary economic activities in the oil-producing countries as well as reducing growth in their immediate neighbourhood;

- (v) External influence: Conflict-governance interactions may also be altered by external policy changes. Iran and Turkey are important regional actors, and the policies of China, the European Union and the United States can also have important impacts on regional governance and conflict. The United Nations can also play its part. United Nations peacekeeping operations, in particular, are effective tools the international community may use to break vicious cycles,¹³⁵ in particular when they have robust mandates.

¹³⁵ Doyle, M. W. and Sambanis, N. 2000. International Peacebuilding: A Theoretical and Quantitative Analysis. *American Political Science Review*. 94 (4): 779-801; and Collier, P., Chauvet, L. and Hegre, H. 2009. Conflicts - the Security Challenges in Conflict Prone Countries. *Global Crises, Global Solutions*. Cambridge: Cambridge University Press. Chapter 2.

VI. RECOMMENDATIONS

There are two strategic avenues to consider that are well placed to break the governance deficit and conflict trap. One is in the immediate and short term, while the other suggestion is more geared toward the longer-term horizon. Prior to discussing this matter further, it is important to re-emphasize what the study has attempted to establish, namely, that all good governance indicators are positively correlated. Improvement in one aspect of governance is likely to pave the way for advances in others. This definitely opens up possibilities for effective policies, since these can target aspects for which there is ample domestic support, with expected improvements in other fields to eventually follow.

One possible avenue is to promote formal democratic political institutions that ensure that Governments are accountable to the public. This is, however, difficult in practice, although the reform movements during the Arab uprising demonstrate that change is possible. Externally imposed democracy is likely to fail unless strong domestic forces support the effort. Prospects are much better for efforts to support the formal institutions that are already in place in a country and that are widely recognized as legitimate internally. International monitoring of elections is an important activity to maintain the functioning of democratic institutions under pressure, but will be effective only to the extent that national authorities show genuine willingness to abide by election outcomes. The partial democracies in the region, moreover, are characterized by weak parliaments and underdeveloped systems of checks and balances. Elections in such systems are habitually heavily contested, frequently violent, and often subject to severe manipulations from the incumbent Governments. In such regimes, support of other aspects of governance is more likely to be fruitful. Ensuring accountability in the ESCWA region is also made difficult by the amount of involvement of external actors. For example, it is hardly possible for domestic and international actors to hold Governments in Palestine accountable for their policies as long as Israel curtails the range of actions of the Palestinian Government. Governance there is not likely to improve given current Israeli policies. The involvement of the United States in Iraq has led to an improvement in governance relative to the rule of Saddam Hussein, but the general argument that accountability requires autonomy is likely to be valid also in this case. Lebanon, moreover, continues to suffer from financial and military involvement from an array of regional and international actors. All in all, solutions to international conflicts, in particular the Arab-Israeli conflict, are likely to release new opportunities for improvements in domestic governance.

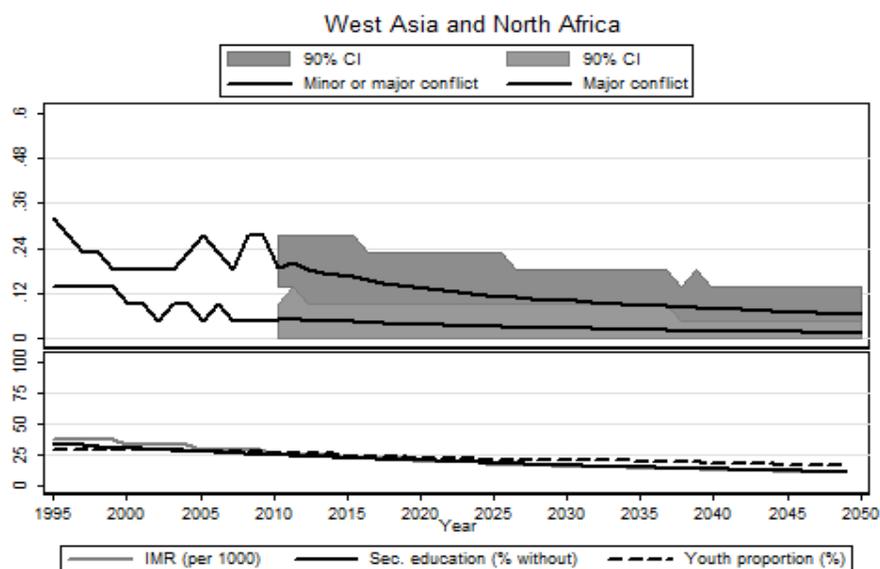
Accountability can also be improved by the presence of international pressure for transparency along the lines advocated by the NGO Publish What You Pay, Extractive Industry Transparency Initiative or the Kimberley Process. Disclosure of information about extractive industry revenues and contracts is a necessary condition for domestic audiences to request measures against corruption, and may also put pressure on international oil companies on restricting the amount of revenues outside public scrutiny. To the extent that this type of intervention can curb corruption, other improvements to governance will probably follow: there will be more funds for public spending, bureaucracies will be more effective and accountable, and the value to individuals of obtaining and retaining political positions will diminish. This, in turn, will reduce moral hazard and adverse selection problems that are a source of poor governance in most developing countries, and in oil economies in particular.

Many of the ESCWA Governments already pursue policies that ensure increases in education levels, improvements in public health and economic growth. The most promising avenue to improved governance may be found here. Economic growth increases the importance of human capital, and further economic growth therefore requires closer attention to the preferences of the middle and working classes. Herein lie opportunities for domestic actors to pressure for action on corruption, economic policies more in-line with meeting the aspiration of the citizenry, and eventually better representative institutions as the Arab Spring has clearly demonstrated.

A. THE LONG-TERM STRATEGY

Economic growth has the potential to reduce unemployment and other sources of discontent that partially fuel conflicts. Improvements in education levels and infant mortality, moreover, speed up the demographic transition that the ESCWA region is currently undergoing. Over the next few decades, this will open up new opportunities for economic growth and further investment in human capital. Thyne¹³⁶ shows that education reduces the risk of civil war onset even when controlling for income per capita. Part of the effect is possibly due to the ability of an educated citizenry to constrain political leaders from the worst of potential excesses. Another part of the effect of education is through its impact on fertility. Education depresses fertility and this, in turn, relieves societies from the pressure from large youth bulges that have been shown to increase the risk of conflict.¹³⁷ ESCWA member countries are mostly middle-income countries with low IMR and high education levels. Currently, the number of youth relative to the total population is moderately high, but demographic projections show that a number of ESCWA member countries will experience substantial demographic changes in the course of the next generation.¹³⁸ Because of falling fertility, the population is rapidly aging in several countries, and the number of young persons relative to the total population will soon decline.¹³⁹ On average, these indicators are roughly similar with those of South and Central America.¹⁴⁰ Over the last two decades, most conflicts in Latin America have ended, and today even Central America seems safe from conflict relapse. If the development indicators have great explanatory power on their own, it is expected that the ESCWA region should also become very peaceful, if external factors are put aside.

Figure 14. Predicted share of countries in conflict and average predictor values, ESCWA and North Africa region, 1995-2050



Source: Hegre et al. (2010).

¹³⁶ Thyne, C. 2006. ABC's, 123's, and the Golden Rule: The Pacifying Effect of Education on Civil War, 1980-1999. *International Studies Quarterly*. 50 (4): 733-754.

¹³⁷ Urdal, H. 2006.

¹³⁸ Barakat, B., Paulson, J. and Urdal, H. 2010. Youth, Transition, and Conflict in the Middle East and North Africa. Background paper for World Bank MENA flagship report.

¹³⁹ Notable exceptions to the patterns of imminent demographic transition are Palestine and Yemen.

¹⁴⁰ This paragraph and figure 12 are based on Hegre et al. (2010) and do not distinguish between ESCWA and the larger MENA region. ESCWA member countries are roughly comparable to the other North African countries for these indicators.

Figure 14 is taken from Hegre et al.¹⁴¹ The lower part of the figure shows observed and projected values for three important output indicators: infant mortality, education, and the age composition of the population (percentage of population in age group 15-24). The upper part shows observed and projected incidence of internal armed conflict based on the projected output variables. The projected incidence is created by means of a simulation procedure based on statistical estimates of the relationship between development indicators, conflict history and the incidence of internal armed conflict. The ESCWA and North Africa region, according to this study, will see a sharp decrease in the incidence of internal conflict over the next decades. In fact, if these development variables and the conflict history of countries are sufficient to accurately predict conflict, this region is likely to see a stronger reduction in the incidence of conflict than any other region in the world.

Support of growth-inducing policies and strengthening governance institutions are important handles to break the conflict trap because they are also in the short-term interest of ruling elites.¹⁴² Solid economic growth reduces the risk of changes to formal political institutions, even in autocracies.¹⁴³ Moreover, economic growth allows elites to maintain their spoils in terms of maintaining their political positions even when they are forced to redistribute a larger fraction of Government revenues. In the long run, however, the increase in redistribution necessary to maintain growth gradually undermines the incentives to use force to maintain political power. Encouragingly, leaders in the region seem to realize this. With the exception of Iraq, the Syrian Arab Republic and possibly Egypt, the Fraser Institute rates ESCWA member countries fairly highly in terms of economic openness (see table 2), at least as compared to the poor ratings they have on other governance indicators.

B. THE SHORT-TERM STRATEGY

The principles factored into most definitions of governance, such as the rule of law or accountable public institutions, as described in the literature review, are neither realizable in conflict-affected countries nor do they serve to break the vicious cycle of conflict relapse. This is simply due to the realities dictated by the multitude of dynamics unleashed by the interacting variables examined in the study, which have rendered State institutions ineffective and too weak to change the status quo or pattern of conflict relapse. Thus, good governance principles solely and strictly focusing on the state and its institutions cannot be applied in conflict settings. What is required is a governance paradigm for countries in conflict, as opposed to an emphasis on the post-conflict phase exclusively, that would serve to support strategies for the attainment of governance models pronounced in the literature.

The starting point for such a paradigm is based on the argument that sustainable peace, reconciliation and development are unrealizable without sound governance practices within the public sector, whose role in a conflict, post-conflict or pre-conflict phase must be embedded, resilient and able to provide and maintain the infrastructure, essential services, and security of citizens as well as offer programmes and policies necessary for the achievement of national development goals. At the same time, the public sector must also be positioned to mitigate if not resolve the structural root causes of conflict. In other words, enabling the public sector charged with essential service provision should be the primary focus of local, national and international stakeholders. Their leading objective should be the mainstreaming of good governance practices, enhancing technical capacity, establishing the necessary supporting infrastructure and administrative legislation and establishing mechanisms to shield institutions from geopolitical fluctuations.

¹⁴¹ Hegre, H. et al. 2010.

¹⁴² Olson, M. 1993. Democracy, Dictatorship and Development. *The American Political Science Review*. 87 (3): 567-576.

¹⁴³ Przeworski, A., Alvarez, M. E., Cheibub, J. A. and Limongi, F. 2000. *Democracy and Development. Political Institutions and Well-Being in the World, 1950-1990*. Cambridge: Cambridge University Press; and Gates, S., Hegre, H., Jones, M. P. and Strand, H. 2006. Institutional Inconsistency and Political Instability: Polity Duration, 1800-2000. *American Journal of Political Science*. 50 (4): 893-908.

Effective governance mechanisms within public service providers, coupled with the discharge of their respective mandates, will enhance peacebuilding efforts, such as “establishing or re-establishing the network of social relations that facilitate the peaceful resolution of a conflict”.¹⁴⁴ It will significantly contribute to the fermentation of reconciliation processes that must be set to encompass the whole nation, with its different ethno-religious communities or groups of conflicting political ideologies and loyalties. It is also important to consider that working on recovery, through essential service provision, and reconciliation in a parallel fashion serves to assist in the attainment of some common political ground and national purpose among the diverging ruling elite, bridge the differences among divided communities, enhance popular trust in State institutions, ferment national identity and legitimacy to the emerging political system since all groups benefit from them. Such a process would also strengthen the ability of national institutions to address political fractures that could otherwise translate into conflict.

But how is it possible to strengthen essential service delivery institutions amidst conflict? As mentioned above, the argument made here calls for a new paradigm, namely, mainstreaming good governance practices within the essential service sector as a catalyst for peacebuilding. Within this context, this paper attempts to define governance and proposes that good governance in conflict settings denotes the optimal utilization of resources by all stakeholders for the delivery of essential services to all the civilian population, thereby mitigating the impact of conflict on development and strengthening peacebuilding efforts.

What is meant by “all stakeholders” and “all the civilian population” in the context of conflict in the ESCWA region? For the sake of simplifying the argument, “all stakeholders” in conflict-affected countries are divided into national and international, both legitimate and illegitimate actors. At the national level, those that yield great influence are the ruling elites that include heads of factions, political parties, powerful non-state actors, heads of armed militias or warlords. In most cases, the civil service, from its upper echelons to the lowest-ranking clerk, is under the sway of these elites, where the former own the appointment of the latter or where the civil service cadres are unable to fulfil their duties properly for fear of their lives, livelihood or some other forms of retribution. Aside from foreign interventions driven by geopolitical consideration, other influential stakeholders are international donors, such multilateral agencies as the World Bank and the United Nations and civil society. In summary, for the purposes of the aforementioned definition, stakeholders are those that enjoy a certain amount of legitimacy and credibility and have political and economic influence on local actors. They have large financial and technical capacity, are able to wield decisions and implement development programmes.

“All the civilian population” refers to the beneficiaries of essential services. Here the utilization of this appellation must be underscored. The emphasis on all the civilian population lies in the fact that conflict-afflicted countries in the ESCWA region generate spillover effects, in particular conflict-driven displaced, who often do not have access to essential services in their host countries. Indeed, in some instances, host countries themselves suffer from conflict and an inability to meet essential services needs resulting from a sudden prolonged population surge or permanent displacement.

The optimal utilization of resources by all stakeholders for essential service delivery requires the concerted efforts of three factors:

- (1) Political will of the ruling elite to apply the mainstreaming of good governance practices in essential service provision sectors;
- (2) Institutional capacity enhancement, particularly human resources, infrastructure and administrative legislation;
- (3) Enhanced coordination and focus by donors, multilateral entities and other international development actors on supporting essential service delivery.

¹⁴⁴ Mehler, A. and Ribaux, C. 2000. Crisis Prevention and Conflict Management in Technical Co-operation. GTZ, p. 33.

1. *Political will for the application of good governance*

The political will of the ruling elite to apply and mainstream good governance practices and place inclusiveness, transparency, efficiency and accountability in the forefront of the public sector is critical for the sustenance and efficiency of the emergence and operation of the public sector. A key challenge would be the creation of an incentive or buy-in for the ruling elite to put forth and adhere to the political commitment to facilitate the mainstreaming of governance practices within the public sector. Public-sector reform has become, over the last few years, a leading priority among decision makers, even more so given the chain of events unleashed by the popular demonstrations during the latest Arab uprising. This prioritization stems from the fact that public officials have realized that improving public sector performance through administrative reform is a conduit for enhanced credibility and legitimacy, promotes economic growth, is a tool to attain full national development potential as well as an instrument to build the infrastructure for human security and social cohesion; it is therefore essential for peacebuilding.

However, this approach is being increasingly criticized for being too technocratic due to an excessive emphasis on technical and economic questions, and a failure to address that part of the State which is meant to mediate between political interests, or “the struggle over ideas”.¹⁴⁵ By ignoring the political aspects of governance, the so-called technocrat programmes are never really applicable and therefore do not produce the expected results. Therefore, any governance initiative needs to include a political process not only to ensure solid institutions, but also to generate the political will to build the necessary institutions that sustain peace or at least cater to the basic needs of the population. However, in a post-conflict scenario where the political process has been over-polarized, it is important to separate basic technical State functions from politics through the utilization of sound governance practices, at least in the essential service provision sectors. In other words, looking at governance through the lens of the technical needs, deliverables and processes of the public sector that result in the most efficient delivery of services at the lowest cost, should be removed from the political struggle and polarization so prevalent in conflict-affected countries in the ESCWA region.

The facilitation of the attainment of peace in conflict-affected countries could begin with a concentrated intervention that strengthens the provision of public institutions to provide basic services. Political actors that are, and were, part of the conflict will move away from politically contentious policies. Moreover, such a strategy could prove to be an important confidence-building measure among conflicting parties and win popular trust in a reconciliation or peace process. It also could prove to be a trust-building mechanism among the ruling elites, pressuring them to work together in establishing essential service delivery vital for economic recovery and reconstruction. Any protagonist perceived as being obstructionist to such a process could pay vital political capital in the eyes of the public as well as the international community. Such an approach could also engender and increase popular pressure to act more responsibly. Donors would also be more prone to support institutional development programmes and render technical expertise. In summary, the focus on enhancing the infrastructure of a state for development and prioritizing the attainment of national development goals could be more beneficial than starting with such politically contentious issues as the drafting of electoral laws, or formulating a new constitution.

The question remains though, how are ruling elites to be pressured into garnering the political will and commitment to sideline essential service provision institutions from the realms of political bigotry? Here again, recent developments in Tunisia, which have spread to Algeria, Egypt, Iraq, Jordan, Syrian Arab Republic, Yemen, and other Arab countries, provide ample lessons and tools. In these countries, discontent was high due to numerous causes, among them the lack of access to essential services, high food prices, flagrant corruption and unemployment. The catalysts that crystallized these popular movements were both the utilization of social media tools to articulate grievances, raise public awareness and mobilize peaceful democratic opposition in the form of demonstrations, and the prompt action of organized citizen groups,

¹⁴⁵ Santiso, C. 2001. Good Governance and Aid Effectiveness: The World Bank and Conditionality. The Georgetown Public Policy Review. 7 (1): 1-22. Paul H. Nitze School of Advanced International Studies, Johns Hopkins University.

who, in conjunction with the use of technology, tapped into more such traditional forms of gathering as mosques and Friday prayers to call people into action.

Another form of formidable pressure and agent of public mobilization is the media. Access to information through satellite networks and the internet have gradually and significantly curtailed the ability of Governments to monopolize information. External and internal influences through the media will undoubtedly continue unabated, reaching an increasing proportion of the population, altering expectations and, most significantly, holding their leaders accountable, which, in turn, will have momentous bearing on the popular base, credibility and legitimacy of any leader or decision maker. These tools provide tremendous means to work towards rewarding or exposing the party, the leader or the role of a group in facilitating or hampering the delivery of essential services to all segments of the population. In other words, decision makers will increasingly look at essential service delivery as either a source of political capital or bankruptcy.

2. *Enhancing institutional capacity*

A generation of national institutional capacity and administrative reform, encompassing human skills, technical infrastructure, and the administrative legal framework, are vital for strengthening the capacity of the public sector to reduce the impact of conflict on development, lead peacebuilding efforts and win popular trust, legitimacy and credibility in State institutions.¹⁴⁶ Building the role of institutions and the support of institutional development programmes is critical in conflict-affected countries. Institutions are seen as being crucial for determining the rules by which individual preferences are aggregated. The coercive nature of such institutional rules on group choice has been acknowledged as these rules determine the policy outcomes and, ideally, solve collective action problems. These formal rules are established by the State and need to be persistent over time, rather than linked to the individuals who disseminate them. In that sense, this strengthens the role of the State in the prospect of State building.¹⁴⁷

Appropriate institution-building and administrative reform modalities usually comprise of three phases: (i) defining administrative problems and needs; (ii) developing strategies for reform; and (iii) developing instruments of action for implementation and monitoring. In each of these areas, particularly in conflict-affected countries, there has been either resistance to reform proposals, unavailability of adequate resources or evidence of implementation gaps and other deficiencies caused by conflict and continuous political tensions.¹⁴⁸ In addition, developing strategies for institution-building and administrative reform should be done while taking into consideration the traditional, cultural, religious, and political contexts of the country. In that regard, the quick appraisal of state-building and institutional reform efforts shows limited results of processes based, among other things, on the copying of imported administrative rationality, namely from developed countries, in form rather than in substance, and insufficient attention paid to capacity-building.¹⁴⁹

¹⁴⁶ Institutions have been referred to as the “rules of the game” in any political, social and economic interactions. Institutions matter; they matter for development. Serving as instruments for overcoming imperfections of individual rationality and for decreasing transaction costs, institutions improve the effectiveness of decisions, and, as a result, stimulate peacebuilding, economic growth and social advancement. Institutions affect the distribution of benefits in society by securing the well-being of citizens. In governance, John Ikenberry argues that institutions comprise all standard operating governmental procedures, the more comprehensive governmental structures, and the country’s normative social order. See: Ikenberry, J. G. 1988. *Reasons of State: Oil Capacity of American Government*. Ithaca, NY: Cornell University Press.

¹⁴⁷ ESCWA. 2010. *Policy Issues in the ESCWA Region: Human and Institutional Capacity-building*. E/ESCWA/26/4 Part II. para. 33, p. 8.

¹⁴⁸ *Ibid.*, para. 29, p. 7.

¹⁴⁹ *Ibid.*, para. 43, p. 8.

In ideal cases, administrative reform seeks to modernize the public sector by implementing a rule of law within a centralized state management framework. It is often part of a political strategy by state officials with the aim of institutionalizing and legitimizing the transition to the market economy and the principles of new public management through creating a system of rule-bound, effective, and efficient public administration. This is reflected in the attempts to create a clear separation between strategic activities entrusted to politicians, and the operational or managerial tasks generally under the remit of civil servants;¹⁵⁰ to separate owner and manager roles and to replace political with economic criteria in the operation of state-owned enterprises; to combat and reduce corruption; to rationalize the machinery of Government; to create a well-managed, professional civil service and to reform the system of public finances. The administrative reform phase involves a restructure of organizations, developing institutions, enhancing human capacities, implementing information management, and establishing institutional linkages. Reform “is a process of re-adjustment of state institutions and public management for the need to cost effectiveness, quality, simplicity and transparency”.¹⁵¹ This would include administrative simplification strategies, which are geared to minimize regulatory complexity and uncertainty, cut red tape and lower difficulties generated by bureaucracy and paper work.¹⁵² However, even if all these concepts related to this type of reform are in place accompanied with the identified approaches and strategies, training of public servants remains crucial as one of the components of institutional development.¹⁵³

Much like governance, capacity-building lacks a universal definition and is heavily contextual. For example, it can be a stock of resources, a measure of organizational potential.¹⁵⁴ In the administrative realm, administrative capacity-building measures entail some type of assistance rendered to such entities as public institutions in least developed countries (LDCs) and conflict-affected countries, in specific areas in which these entities are not proficient or do not have sufficient resources to undertake on their own. Capacity-building is geared at enhancing the efficiency and effectiveness of the managing and maintenance abilities of these entities.¹⁵⁵ It is important in human and institutional development as it aims at building scientific, technical, educational, and legal and policy expertise. Indeed, the existing institutional infrastructure needs to be enhanced to attain these goals, namely, human capital, as it is considered the backbone of any institution, and the physical infrastructure necessary for the efficient operation of public institutions. The establishment of institutions that facilitate the planning, development, and implementation of capacity-building measures is essential. The appropriate development of the human capacity of these public institutions to design, implement and manage the reform programmes is a key to a prosperous administrative and economic reform in the Arab world,¹⁵⁶ not to mention in conflict-affected countries.

In conflict-affected or post-conflict countries, some of the formal reforms are often delayed due to instability, conflict or occupation, which profoundly affects state institutions in terms of human resources and infrastructure. Such shortages curtail the delivery of essential services and the discharge of other core Government functions. Such external pressures as conflict-driven displacement, the rise of informal networks or non-State actors supported by external actors or conditioned donor assistance that is sometimes not a priority development concern for the local population could hamper State-building efforts. Such

¹⁵⁰ Giaouque, D. 2009. Modernization routes and relations between political and administrative spheres in Switzerland. *International Review of Administrative Sciences*. 75 (4): 687-713.

¹⁵¹ Alberti, A. (ed.) 2005. *Human Resources for Effective Public Administration in a Changing World*. New York: United Nations, p. 10.

¹⁵² OECD. 2009. *Overcoming Barriers to Administrative Simplification Strategies: Guidance for Policy Makers*, p. 5.

¹⁵³ ESCWA. 2010. paras. 35-38, p. 9.

¹⁵⁴ Hall, J. L. 2008. *The Forgotten Regional Organization: Creating Capacity for Economic Development*. *Public Administration Review*. 68 (1): 110-125.

¹⁵⁵ ESCWA. 2010. para. 39, p. 9.

¹⁵⁶ According to a World Bank report, 17 out of 19 economies of the MENA region reformed between June 2008 and May 2009. See: World Bank. 2009b. *Doing Business 2010: Reforming through Difficult Times*, p. 5.

factors play a role in undermining trust and credibility of state institutions. These problems need to be addressed while building an efficient cadre of civil servants that are able to manage conflict, formulate and implement conflict-sensitive development programmes that address the root causes of conflict and instability as well as the socio-economic needs of all citizens, particularly the marginalized ones. Aside from the provision of security, these issues need to be dealt with in conflict-affected countries as part of the modernization process. Significant in such countries are the development of indigenous, conflict and crisis management processes as well as the management of foreign assistance capacities and the reforms associated thereto. Once the normalization of civilian life is achieved as a result of the progression from peacemaking to peacekeeping to peacebuilding, the later phases of post-conflict reconstruction include institutions and capacity-building activities.¹⁵⁷ This consists of the creation, maintenance and strengthening of the rule of law, effective governance, social policymaking and economic development.¹⁵⁸

3. *Concerted efforts by development practitioners*

Improved and concerted efforts by such development practitioners as donors, multilateral organizations and civil society to support and prioritize the strengthening of state institutions through mainstreaming good governance practices in essential service-delivery sectors is critical. It is noteworthy that in conflict-affected countries, donors and multilateral entities can have greater technical and financial capacities and resources that are simply not available to national institutions, greatly weakened by the adversities of conflict and political tensions. Foreign development practitioners should build on garnering the commitment of local decision makers and jointly focus on improving essential service provision as the entry point to:

- (a) Mitigate the impact of occupation, conflict and political tensions on development;
- (b) Support the emergence of a public sector resilient to occupation and conflict and able to deal with the adverse effects of the latter. This requires the establishment and training of a technical specialized cadre of civil servants that is supported by the following:
 - (i) Technological knowhow and infrastructure;
 - (ii) Political elite ensuring their empowerment;
 - (iii) Adequate administrative regulations/procedures and compensation in the work place;
- (c) Strengthen national capacities to optimally negotiate, plan and dispense with international development assistance, gearing it to target essential service provision, in addition to other priority areas;
- (d) Create a peacebuilding platform where all national groups would participate in articulating their needs and strengthen essential service delivery with the overarching goal of sidelining essential service delivery from internal political struggle, with the aim of fermenting common political ground and national purpose.

Significantly, international assistance needs to be a concerted and coordinated effort with a long-term commitment by donors and development practitioners. Building effective and efficient state institutions that are in line with a national development vision and aspirations is a long-term process. Moreover, technical support needs to ensure the development of indigenous good governance practices that are tailored to local needs and aspirations.

¹⁵⁷ ESCWA. 2010. paras. 42-44, p. 10.

¹⁵⁸ UN DESA. 2010. *Reconstructing Public Administration after Conflict: Challenges, Practices and Lessons Learned: World Public Sector Report.*

Annex I

In this annex, definitions and sources for the indicators used in the study are presented as well as the scores for these indicators for the ESCWA member countries are reported.

A. FORMAL POLITICAL INSTITUTIONS

In line with various definitions of governance, four indices of formal political institutions have been selected for the purpose of this paper.¹⁵⁹

Polity. The polity data set¹⁶⁰ is the most-widely used data set on formal political institutions. It categorizes formal institutions using indicators along three dimensions: (i) openness and regulation of executive recruitment; (ii) openness and regulation of popular participation; and (iii) the extent to which the executive branch is balanced by other institutions within the political system. Table 2 reports the overall polity index which combines the three dimensions and which ranges from -10 (strict authoritarian) to +10 (fully democratic). The table also shows the polity indicator for executive constraints that reflect how free the Government is from influence from other actors.

SIP score. A problem with the polity index is that the participation component includes political violence as part of the definition.¹⁶¹ The democracy index we use for our empirical analyses is SIP developed in Gates et al.¹⁶² based on the polity and polyarchy democracy indices, but with the participation component replaced using data from Vanhanen.¹⁶³ The measure ranges from zero to one. The value zero is given to political systems where the executive is not elected, where either the vast majority of the population has no right to vote or there is no party competition, and no institutions serve as checks and balances on the executive. A value close to one is given to systems where the executive is elected, voting rights are universal and party competition effective, and an institution, typically an elected parliament, is as influential as the executive branch.

WGI Voice and Accountability. The WGI¹⁶⁴ presents six indicators of governance, all based on a large number of individual underlying variables from a variety of existing data sources, including some of the other sources reported in this paper. The WGI data set intends to “reflect the views on governance of survey respondents and public, private, and NGO sector experts worldwide”¹⁶⁵ All WGI indicators are constructed to have a normal distribution with standard deviation one and mean zero, with positive values indicating good governance. The “voice and accountability” indicator captures “perceptions of the extent to which a country’s citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and a free media”.¹⁶⁶

¹⁵⁹ There are several other indices of formal democracy, but few as detailed as these and with equally long-time series. Most democracy indicators correlate highly, and the polity and SIP scores are both representative as well as widely used in the academic literature.

¹⁶⁰ Marshall, M. G. Polity IV Project: Political Regime Characteristics and Transitions, 1800-2009. Available at: <http://www.systemicpeace.org/polity/polity4.htm>.

¹⁶¹ Vreeland, J. R. 2008. The Effect of Political Regime on Civil War: Unpacking Anocracy. *Journal of Conflict Resolution*. 52 (3): 401-425.

¹⁶² Gates, S., Hegre, H., Jones, M. P. and Strand, H. 2006.

¹⁶³ Vanhanen, T. 2000. A New Dataset for Measuring Democracy, 1810-1998. *Journal of Peace Research*. 37 (2): 251-265.

¹⁶⁴ Kaufmann, D., Kraay, A. and Mastruzzi, M. 2010. The Worldwide Governance Indicators: Methodology and Analytical Issues. World Bank Policy Research Working Paper No. 5430, p. 4. Available at: <http://info.worldbank.org/governance/wgi/index.asp>.

¹⁶⁵ *Ibid.*, p. ii.

¹⁶⁶ *Ibid.*, p. 4.

Arab Democracy Index. The Arab Democracy Index is a broad measure of the state of democracy in the region.¹⁶⁷ The composite index consists of 40 separate indicators designed to measure “how close a country stands from the liberal democratic model of the nation state”.¹⁶⁸ The 40 indicators can be grouped into four categories: equality and social justice; rule of law; respects for rights and freedoms; and strength and accountability of public institutions. The index ranges from 0 to 1000, but presently no country covered by the index scores higher than 620 (Jordan). Being a measure of how democratic the formal institutions of the State are, the Arab Democracy Index overlaps with the polity and the SIP indexes. The index also covers equality and social justice aspects, which SIP and polity do not.

TABLE 1. GOVERNANCE INDICATORS I: DEMOCRACY AND POLITICAL EXCLUSION

Country	Formal democracy					Political exclusion			WGI Political instability
	SIP Democracy	Polity democracy	Polity executive constraints	Arab democracy initiative	WGI Voice and accountability	FH Civil liberties	Prop excluded groups	Political terror scale	
Last year with data	2005	2008	2008	2009	2009	2009	2005	2008	2009
The Sudan	0.06	-4	2	-	-1.59	7	0.85	5	-2.68
Yemen	0.40	-2	2	457	-1.27	5	-	4	-2.31
Iraq	0.16	-	-	-	-1.17	6	0.19	6	-2.33
Lebanon	0.94	7	7	583	-0.33	4	0.11	3	-1.51
Palestine	-	-	-	506	-	-	-	-	-
Egypt	0.24	-3	3	596	-1.12	5	0.09	3	-0.63
Jordan	0.31	-3	3	620	-0.85	5	0.58	3	-0.23
Syrian Arab Republic	0.26	-7	3	461	-1.63	6	0.85	4	-0.68
Bahrain	0.13	-7	2	-	-0.83	5	-	2	-0.09
Kuwait	0.40	-7	3	553	-0.54	4	0.15	2	0.42
Oman	0.00	-8	2	-	-1.08	5	0	1	0.81
Qatar	0.00	-10	1	-	-0.89	5	-	1	1.12
Saudi Arabia	0.00	-10	1	402	-1.78	6	0.17	3	-0.37
United Arab Emirates	0.28	-8	3	-	-0.87	5	0	2	0.91
Latin America*	0.80	7	6	-	.16	3	.15	3	-0.23
Sub-Saharan Africa	0.51	2	0	-	-0.60	4	.16	3	-0.60
South Central Asia	0.40	-2	-3	-	-0.98	5	.16	3	-1.06
East Asia and Pacific	0.57	2	5	-	-0.62	4	.11	3	-0.11

Sources: See sections A and B.

* For the regions, we report the mean across the region for continuous indicators, and the median for discrete ones.

B. POLITICAL EXCLUSION AND REPRESSION

Political exclusion is obviously intrinsically linked to the indicators of formal institutions discussed above. The study utilized two related indicators that capture somewhat different aspects of exclusion. The scores for ESCWA member countries are listed in table 1.

Political terror score. The study includes information about the repressive activities of the State, using the political terror score (PTS).¹⁶⁹ Using country reports by Amnesty International and other sources,

¹⁶⁷ Arab Reform Initiative. 2010.

¹⁶⁸ Ibid., p. 14.

¹⁶⁹ Gibney, M., Cornett, L. and Wood, R. 2008. Political Terror Scale 1976-2006; and Wood, R. M. and Gibney, M. 2010. The Political Terror Scale (PTS): A Re-introduction and a Comparison to CIRI. Human Rights Quarterly. 32: 367-400.

the PTS classifies countries on a five-point scale with one being least repressive and five being most repressive. To obtain the best score, countries must be “under a secure rule of law, people are not imprisoned for their views, and torture is rare or exceptional. [...] Political murders are extremely rare”. A middle score is given to countries where “there is extensive political imprisonment. [...] Execution or other political murders and brutality may be common. Unlimited detention, with or without trial, for political views is accepted”. Countries are coded as most repressive if murders, disappearances, and torture are part of life for the whole population, and “the leaders of these societies place no limits on the means or thoroughness with which they pursue personal or ideological goals”.¹⁷⁰

Ethnic exclusion. Cederman, Wimmer and Min¹⁷¹ have used country experts to systematically code several aspects of ethnic power relations.¹⁷² Table 1 presents the proportion of the population that are excluded from decision-making authority within central State power due to their ethnic affiliations.

WGI Political Stability and Absence of Violence/Terrorism. Perhaps closer to conflict than to the concept of governance, this index is capturing “perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism”.¹⁷³

C. THE RULE OF LAW

Rule-of-law indicators are reported for the ESCWA member countries in table 2.

WGI Rule of Law. This WGI captures “perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence”.¹⁷⁴

Economic Freedom (EF) Area 2. The Economic Freedom Network in collaboration with the Fraser Institute¹⁷⁵ publishes a set of indicators of economic policies¹⁷⁶ that are closely related to good governance. The Area 2 indicator covers “commercial and economic law and security of property rights”. It is an aggregate of indicators capturing the extent of military interference in rule of law and the political process, integrity of the legal system, regulatory restrictions on the sale of real property, and the legal enforcement of contracts.

Freedom House civil liberties. This index (see table 1) is developed by Freedom House.¹⁷⁷ The original index runs from one (low degree of civil liberties) to seven (high degree). There is a considerable overlap empirically between this index and the SIP index of formal political institutions, but a high score for the civil liberties index also requires an established rule of law. To be classified with top rating, countries

¹⁷⁰ See: Political Terror Scale website: <http://www.politicalterrorsscale.org/ptsdata.php>.

¹⁷¹ Cederman, L.-E., Min, B. and Wimmer, A. 2010. Why Do Ethnic Groups Rebel? New data and analysis. *World Politics*. 62 (1): 87-119.

¹⁷² Also see: <http://www.icr.ethz.ch/research/epr>.

¹⁷³ Kaufmann, D., Kraay, A. and Mastruzzi, M. 2010. The Worldwide Governance Indicators: Methodology and Analytical Issues. World Bank Policy Research Working Paper No. 5430, p. 4. Available at: <http://info.worldbank.org/governance/wgi/index.asp>.

¹⁷⁴ Ibid.

¹⁷⁵ Gwartney, J., Hall, J. and Lawson, R. 2010. *Economic Freedom of the World. 2010 Annual Report*. Vancouver: Fraser Institute.

¹⁷⁶ Fraser Institute. Free the World.com. Website of the Economic Freedom Network. <http://www.freetheworld.com>.

¹⁷⁷ Freedom House. 2010. *Freedom in the World 2010: The annual survey of political rights and civil liberties*. Rowman & Littlefield and Freedom House. Available at: <http://www.freedomhouse.org/template.cfm?page=15>.

must “enjoy a wide range of civil liberties, including freedom of expression, assembly, association, education, and religion. They have an established and generally fair system of the rule of law, including an independent judiciary, allow free economic activity, and tend to strive for equality of opportunity for everyone, including women and minority groups”. To achieve the lowest score, countries must “have few or no civil liberties. They allow virtually no freedom of expression or association, do not protect the rights of detainees and prisoners, and often control or dominate most economic activity”.

D. CORRUPTION

Large-scale corruption has several detrimental effects on a political system. It means a diversion of public funds, thereby decreasing the funds available for public spending that might reduce political conflict in the long run. The flow of corruption money also creates incentives for actors to use violence and other irregular means to obtain and hold on to office. Finally, as noted by the PRS Group,¹⁷⁸ corruption creates a risk of becoming so overweening that it results in the overthrow of a Government or a breakdown in law and order. Corruption scores are presented in table 2.

TABLE 2. GOVERNANCE INDICATORS II: RULE OF LAW, CORRUPTION, AND MILITARY IN POLITICS

Country	Growth		Rule of law		Corruption		Military
	GNI per capita	GDP growth	WGI rule of law	Economic freedom area 2	WGI corruption	TI corruption perception	Military expenditure % of GDP
Last year with data	2008	2008	2009	2008	2009	2009	2008-09
The Sudan	1 100	7.4	-1.34	4.5	-1.24	1.5	4.2
Yemen	950	3.9	-1.15	6.4	-1.03	2.1	4.4
Iraq	1 000-4 000	-11.4	-1.83	4.2	-1.38	1.8	6.3
Lebanon	6 780	4.0	-0.64	6.1	-0.80	2.5	4.1
Palestine	-	-	-	7.4	-	-	-
Egypt	1 800	4.7	-0.030	6.2	-0.41	2.8	2.2
Jordan	3 470	7.2	0.38	7.2	0.27	5.0	6.1
Syrian Arab Republic	2 160	4.4	-0.47	5.7	-0.96	2.6	4.2
Bahrain	-	-	0.51	7.2	0.3	5.1	3.0
Kuwait	43 930	8.4	0.59	7.8	0.43	4.1	3.1
Oman	14 330	4.0	0.68	8.0	0.48	5.5	7.7
Qatar	1 200	9.0	0.96	7.5	1.64	7.0	2.5
Saudi Arabia	17 870	4.1	0.12	8.2	0.15	4.3	11.2
United Arab Emirates	1 200	7.8	0.52	7.5	1.04	6.5	5.6
<i>Latin America</i>	5 600	7.8	-0.43	5.0	-0.18	3.56	6.8
<i>Sub-Saharan Africa</i>	1 920	3.6	-0.75	4.3	-0.63	2.79	6.83
<i>South Central Asia</i>	2 170	3.9	-0.83	5.0	-0.87	2.39	14.16
<i>East Asia and Pacific</i>	6 700	3.0	-0.24	5.7	-0.35	3.61	10.83

Sources: Kaufmann, D., Kraay, A. and Mastruzzi, M. 2010. Also see Sections C-E.

Note: GNI stands for gross national income.

ICRG corruption. The study utilized the corruption index from the ICRG.¹⁷⁹ The coding takes corruption in the form of demands for bribes into account, but “is more concerned with actual or potential corruption in the form of excessive patronage, nepotism, job reservations, favor-for-favors, secret party funding, and suspiciously close ties between politics and business”.

¹⁷⁸ Political Risk Services (PRS) Group. 2010. International Country Risk Guide Methodology. Available at: <http://www.prsgroup.com/PDFS/icrgmethodology.pdf>.

¹⁷⁹ Ibid.

WGI Control of Corruption. This indicator from WGI captures “perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as capture of the state by elites and private interests”.¹⁸⁰

Corruption Perception Index published by Transparency International. The Corruption Perception Index is one of the most widely used indicators of corruption. The measure is an aggregate indicator which ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. Transparency International uses a wide range of sources comprising 13 different surveys or assessments from several different institutions to construct the aggregate indicator. The Corruption Perception Index is among the most widely used indicators of corruption, used by policymakers, businesses and academics alike. The index ranges from zero (highly corrupt) to ten (very clean). In practice, no countries are lower than 1.4 (Afghanistan and Myanmar) or higher than 9.3 (New Zealand and Denmark).

E. MILITARY IN POLITICS

Heavy military involvement in government may often lead to poor governance, particularly as pertains to the risk of conflict relapse. In many cases, militaries seek military solutions.¹⁸¹ Militaries, moreover, are not accountable to the public, and likely to distort public spending in favour of military spending.

Military in Politics. The Military in Politics indicator from the PRS Group¹⁸² assesses the military participation in government in a country on a scale from zero to six.

Military spending. The military spending of a country as a share of GDP from the World Development Indicators issued by the World Bank is also portrayed in table 2.¹⁸³

F. BUREAUCRATIC QUALITY

Efficient bureaucracies are necessary to implement public policies and carry out day-to-day administration. This is particularly important in politically unstable situations. High-quality bureaucracies may also function as an informal constraint on the executive branch of the Government, thereby reducing the incentives for extreme policies. Some ESCWA scores are found in table 3.

Bureaucratic quality. This is also taken from PRS Group. It runs from zero to four, and high values are given to countries where “the bureaucracy has the strength and expertise to govern without drastic changes in policy or interruptions in government services” and tends to be somewhat autonomous from political pressure and to have an established mechanism for recruitment and training.

WGI Government Effectiveness. This WGI index captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation and the credibility of the commitment of the Government to such policies.¹⁸⁴

¹⁸⁰ Kaufmann, D., Kraay, A. and Mastruzzi, M. 2010.

¹⁸¹ That militaries tend to favour military solutions is not necessarily the case; militaries may often be more sensitive than civil politicians to political cleavages that run both within countries and within the military, and tend to avoid domestic conflicts. This seems often to be the case in Africa. See: Herbst, J. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton, NJ: Princeton University Press.

¹⁸² PRS Group. 2010.

¹⁸³ World Bank. 2010.

¹⁸⁴ Kaufmann, D., Kray, A. and Mastruzzi, M. 2010.

G. ECONOMIC POLICIES

Governments reduce poverty by a combination of redistribution and stimulating economic growth. Poverty reduction is maximized if economic growth is strongest among the poor population. In many cases, however, strong economic growth reduces poverty even without redistribution, and even if inequality increases. This is the case in China, for instance, since economic growth has been considerably weaker in the inland. Good governance includes effective management of public funds and pro-growth policies. Data from the World Bank and the Economic Freedom Network tap into these aspects of governance.

World Bank CPIA score. To tap into this dimension of governance, the World Bank CPIA score was used. Scores from 2005 onwards are publically available.¹⁸⁵ The index is based on an assessment of performance within four clusters: economic management; structural policies; policies for social inclusion and equity; and public sector management and institutions. The CPIA thereby assesses the extent to which the policy and institutional framework of a country supports sustainable growth, poverty reduction and the effective use of development assistance. Among the 16 criteria are assessments of property rights and rule-based governance, quality of budgetary and financial management, efficiency of revenue mobilization, quality of public administration, and transparency, accountability and corruption in the public sector (World Bank 2009).

TABLE 3. GOVERNANCE INDICATORS III: BUREAUCRATIC QUALITY AND ECONOMIC POLICIES

Country	Bureaucratic quality		Economic policies					Governance
	WGI Government effectiveness	WGI regulatory quality	Economic freedom overall	Economic freedom Area 1	Economic freedom Area 3	Economic freedom Area 4	Economic freedom Area 5	Governance index
Last year with data	2009	2009	2008	2008	2008	2008	2009	2009
The Sudan	-1.32	-1.28	-	-	5.6	6.4	5.9	0.07
Yemen	-1.12	-0.60	7.3	-	8.1	8.	6.4	0.39
Iraq	-1.26	-1.04	-	-	8.4	-	7	0.19
Lebanon	-0.67	-0.07	7.6	8.4	8.8	6.8	8	0.56
Palestine	-	-	-	7.2	7.9	-	7.4	-
Egypt	-0.3	-0.14	6.9	7.1	8.1	7	5.9	0.35
Jordan	0.28	0.36	7.4	6.1	8.4	8	7.5	0.44
Syrian Arab Republic	-0.61	-1.07	5.7	6.3	6.1	5.1	5.5	0.27
Bahrain	0.62	0.78	-	6.8	9.1	8.4	8.7	0.32
Kuwait	0.21	0.20	7.8	6.9	8.9	7.7	7.7	0.51
Oman	0.65	0.66	7.5	5.3	8.2	7.9	7.9	0.33
Qatar	1.13	0.62	7.4	6.4	7.7	8.2	7.4	0.31
Saudi Arabia	-0.10	0.22	7.3	6	8.6	6.9	8.1	0.27
United Arab Emirates	0.93	0.56	7.3	6.1	8	7.9	7.1	0.45
Latin America	-0.13	-0.10	6.7	7.3	7.9	6.7	6.8	0.63
Sub-Saharan Africa	-0.78	-0.71	5.9	6.0	6.7	5.9	6.4	0.46
South Central Asia	-0.75	-0.93	6.4	7.2	6.9	6.2	6.6	0.39
East Asia and Pacific	-0.11	-0.28	6.6	6.8	7.5	6.7	6.5	0.51

Sources: See sections F-H.

¹⁸⁵ World Bank. 2010. Older scores exist but are not permitted for disclosure other than as aggregated over regions. Coverage, moreover, is very limited for the ESCWA region.

EF Area 1: The Economic Freedom Network and Fraser Institute code countries along several dimensions of economic policies or economic freedom.¹⁸⁶ Indicators range from zero (poor) to ten (good). Codings are available annually from the late 1990s onwards. Economic freedom is defined as follows:

“Individuals have economic freedom when (a) property they acquire without the use of force, fraud, or theft is protected from physical invasions by others and (b) they are free to use, exchange, or give their property as long as their actions do not violate the identical rights of others. Thus, an index of economic freedom should measure the extent to which rightly acquired property is protected and individuals are engaged in voluntary transactions.”¹⁸⁷

Their rankings are based on various World Bank publications, the PRS group, the International Institute for Strategic Studies (IISS), and other sources. The data set also includes indicators for sub-components within each of the five areas reported here.

The Area 1 indicator captures “Size of Government: Expenditures, Taxes, and Enterprises”, based on sub-indicators for general Government consumption spending as a percentage of total consumption, transfers and subsidies as a percentage of GDP, Government enterprises and investment, and top marginal tax rate.

EF Area 3: Area 3 covers “Access to Sound Money”, as indicated by money growth, the standard deviation of inflation, inflation in the most recent year, and the freedom of citizens to own foreign currency bank accounts.

TABLE 4. GOVERNANCE INDICATORS IV: OUTCOMES

Country	Developmental			
	Infant mortality rates	Poverty head count	Access to potable water	Access to sanitation
Last year with data	2007	2005	2005	2005
The Sudan	70	-	69	35
Yemen	55	17	67	44
Iraq	36	-	77	75
Lebanon	26	-	100	-
Palestine	-	-	-	-
Egypt	30	2	97	65
Jordan	21	2	97	85
Syrian Arab Republic	15	-	88	91
Bahrain	9	-	-	-
Kuwait	9	-	-	-
Oman	11	-	-	-
Qatar	12	-	100	100
Saudi Arabia	20	-	-	-
United Arab Emirates	7	-	100	97
<i>Latin America</i>	21	13	88	75
<i>Sub-Saharan Africa</i>	85	54	62	32
<i>South Central Asia</i>	56	57	78	66
<i>East Asia and Pacific</i>	31	22	80	57

Source: World Bank. 2010.

¹⁸⁶ Gwartney, J., Hall, J. and Lawson, R. 2010; and Ben Nasser Al Ismaily, S., McMahon, F., Cervantes, M. and Karabegovic, A. 2010. Economic Freedom of the Arab World: 2010 Annual Report. Fraser Institute. Cairo: Al Mahrosa, p. 3. Available at: <http://www.freetheworld.com>.

¹⁸⁷ Ben Nasser Al Ismaily, S., McMahon, F., Cervantes, M. and Karabegovic, A. 2010.

EF Area 4: Area 4 covers “Freedom to Trade Internationally”. The index is based on indicators on taxes on international trade, black market exchange rates, and capital controls.

EF Area 5: The final EF indicator captures “Regulation of Credit, Labour, and Business”. It builds on indicators of credit market regulations, labour market regulations, and business regulations.

EF overall score: The Economic Freedom Network also publishes an aggregate of the five area scores, labelled EF overall score.

Development indicators: All the broad development indicators in table 4 are from the World Development Indicators issued by the World Bank. Infant mortality rate is the number of infants who die per 1000 live births. Poverty head count is the percentage of the population living on less than US\$1.25 purchasing power parity (PPP) a day. Access to potable water is the percentage of people with access to potable water, and access to sanitation is the percentage of the population with access to improved sanitation facilities. Data are taken from the World Development Indicators.¹⁸⁸ Coverage for World Bank data for the ESCWA region is poor.

H. COMBINED GOVERNANCE

Finally, a composite index of governance was created based on seven of the indicators reported above: SIP, FH civil liberties, ICRG corruption, ICRG military in politics, ICRG bureaucratic quality, the CPIA score and the WGI. These were chosen because they offer the best coverage temporally and spatially. This index runs from zero to one where one represents good governance and zero poor governance. All of these six measures are normalized to vary only between zero and one. The correlations for all countries in the world between the indicators are shown in table 5. Most indicators have a high correlation, and all correlate with more than 0.6 with the composite governance index. Most closely related are the civil liberties and SIP democracy index. Most distant are the corruption and SIP indices; this is related to the high prevalence of corruption in low-income democracies.¹⁸⁹

TABLE 5. CORRELATIONAL MATRIX FOR GOVERNANCE INDICES

Variable	Governance index	Bureaucratic quality	Corruption	Military influence	SIP	Civil liberties	Political terror scale	WGI
Governance index	1							
Bureaucratic quality	772	1						
Corruption	680	669	1					
Military influence	765	704	577	1				
SIP	881	513	431	549	1			
Civil liberties	924	594	507	614	844	1		
Political terror scale	-663	-567	-520	-653	-434	-623	1	
WGI	950	842	764	821	735	817	-712	1

Throughout the study, two measures of developmental outcomes are also reported. These measures are the logged infant mortality rates¹⁹⁰ and the proportion of the population that has attained secondary education.¹⁹¹ The education measure is a proportion varying between zero and one.

¹⁸⁸ World Bank. 2010.

¹⁸⁹ Fjelde, H. and Hegre, H. 2007.

¹⁹⁰ World Bank. 2010.

¹⁹¹ Hegre, H. et al. 2010. The education data is compiled from Lutz, W., Goujon, A., K.C., S. and Sanderson, W. 2007, and other sources.

Annex II

List of countries utilized for regional analysis for figures 4 and 5:

Latin America

Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay, and Venezuela.

East Asia and the Pacific

Cambodia, (China), Federated States of Micronesia, Fiji, Indonesia, Kiribati, Korea, Malaysia, Marshall Islands, Mongolia, Palau, Papua New Guinea, Samoa, Solomon Islands, Thailand, the People's Democratic Republic of Lao (Lao PDR), the Philippines, Timor-Leste, Tonga, Vanuatu, and Viet Nam.

Sub-Saharan Africa¹⁹²

Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Congo (Democratic Republic), Congo (Republic), Côte d'Ivoire, Eritrea, Ethiopia, Gabon, Gambia (The), Ghana, Guinea, Guinea-Bissau, Kenya, Lai, Lesotho, Liberia, Madagascar, Malawi, Mauritania, Mauritius, Mayotte, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

South Central Asia

Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Georgia, Kazakhstan, Kosovo, Kyrgyz Republic, Lithuania, Macedonia (Former Yugoslav Republic), Moldova, Montenegro, Romania, Russian Federation, Serbia, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan.

¹⁹² Being a member country in the ESCWA region, data of the Sudan was accounted for in the ESCWA grouping. It is important to note that data analysis for this study was performed prior to the cessation of the Republic of South Sudan, so the Sudan was analysed as one country.

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