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REPORT

EXPERT GROUP MEETING ON POLICIES FOR PEACEBUILDING AND CONFLICT PREVENTION IN WESTERN ASIA BEIRUT, 9-10 DECEMBER 2009

Summary

Countries suffering from conflict or political tension are very much dependent on successful peacebuilding interventions that are geared towards preventing a relapse into conflict and ensuring sustainable peace and development.

Security, safety and the rule of law are critical for socio-economic rehabilitation and development. Equally significant is the fundamental role of the public sector. A public sector that implements sound policies and mainstreams good governance practices within its institutions and functions creates the necessary conditions to prevent a relapse of conflict and to address effectively development challenges.

The Expert Group Meeting on Policies for Peacebuilding and Conflict Prevention in Western Asia (Beirut, 9-10 December 2009), which was organized by ESCWA in association with Friedrich Naumann Stiftung and the Lebanese Economic Association, gathered prominent experts from think-tanks, academic institutions, United Nations agencies and other multilateral organizations, as well as decision makers and civil society representatives, and from a multitude of disciplines and specializations. Their aim was to construe and examine policy recommendations that are primarily geared towards preventing conflict, mitigating its impact on development and enhancing peacebuilding efforts in a region where priorities are dictated by security and political considerations, and where socio-economic and other development issues continue to be marginalized. The resulting policy recommendations were based on their joint examination of the root causes and ramifications of conflict and political tensions, and aimed at inducing long-term development despite continuous instability.

CONTENTS

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1-4	3
<i>Chapter</i>		
I. RECOMMENDATIONS	5-23	3
II. PRESENTATIONS AND DISCUSSIONS	24-77	6
A. Conflict and instability in Western Asia: root causes and spillover effects	25-31	6
B. Social grievances as a root cause of conflict: reversing current trends for building sustainable peace	32-44	8
C. Tailoring economic policies for conflict prevention: setting the priorities	45-69	10
D. Public sector and good governance practices: the foundation for peacebuilding and conflict prevention.....	70-77	13
III. ORGANIZATION OF WORK	78-82	14
A. Venue and date	78	14
B. Opening	79-80	15
C. Participants	81	15
<i>Annex. List of participants</i>		16

Introduction

1. The Expert Group Meeting on Policies for Peacebuilding and Conflict Prevention in Western Asia (Beirut, 9-10 December 2009), which was organized by ESCWA in association with Friedrich Naumann Stiftung and the Lebanese Economic Association, gathered prominent experts from think tanks, academic institutions, United Nations agencies and other multilateral organizations, as well as decision makers and civil society representatives, coming from a multitude of disciplines and specializations. Their aim was to construe and examine policy recommendations that are primarily geared towards preventing conflict, mitigating its impact on development and enhancing peacebuilding efforts in a region where priorities are dictated by security and political considerations, and where socio-economic and other development issues continue to be marginalized. The Meeting was organized with the contention that countries suffering from conflict or political tension are very much dependent on successful peacebuilding interventions that are geared towards preventing a relapse into conflict and ensuring sustainable peace and development. Key ingredients for effective interventions in the aftermath of conflict include the provision of basic safety and security, an inclusive political process, the provision of essential services, restoration of core government functions and economic revitalization.* These priority areas span across several issues, namely, development, peace and security and human rights, thereby reflecting the interlinked and mutually reinforcing nature of these issues, as repeatedly emphasized by member States, including in the 2005 World Summit Outcome.

2. Security, safety and the rule of law are critical for socio-economic rehabilitation and development. Equally significant is a political process that incorporates inclusive dialogue and reconciliation among political actors, yielding a political system that is able to maintain the peace, resolve differences through nonviolent means and prevent the return to hostilities.

3. Furthermore, the public sector plays a fundamental role in maintaining sustainable peace. A public sector that implements sound policies and mainstreams good governance practices within its institutions and functions creates the necessary conditions to prevent a relapse of conflict and to address effectively development challenges.

4. The formulation of policies for peacebuilding and conflict prevention must take into account the root causes of conflict and instability as well as their spillover effects at both regional and national levels. These root causes have multiple dimensions that include economic, social and political factors which need to be tackled comprehensively. This entails tailoring economic policies for conflict prevention as well as addressing social grievances in an effort to reduce tension by providing equal access to essential services and reducing social and economic inequality. Among the main sources of instability are poverty, unemployment, conflict-driven displacement, abuse of basic human rights, lack of participation in the decision-making process and weak State institutions.

I. RECOMMENDATIONS

5. The Expert Group Meeting examined a number of recommendations that were viewed as catalysts to peacebuilding. These are set forth below.

(a) *The need for a strong and accessible judiciary system*

6. In order for peacebuilding efforts to be successful, there is a need for the rule of law, and a strong (and accessible) judiciary system. Legal frameworks need to be adequate and reflect the situation on the ground. Unfortunately, some courts are slow, inefficient and/or corrupt. They lack independence, transparency and accountability, and they are largely inaccessible and expensive. This often leads to non-enforcement of decisions, and constitutes a system that favours the wealthy and politically connected. Therefore there is a

* "Report of the Secretary-General on peacebuilding in the immediate aftermath of conflict" (A/63/881-S/2009/304), p. 8.

need to depoliticize the judiciary process: politicians should be liable to the law, and justice must have a legal basis, not a political one, which is often corrupt. Institutional reform is needed.

7. Prosecuting crimes is necessary for peacebuilding and conflict prevention. Accountability, truth commissions and reconciliation approaches can be very helpful in this sense, given that they are based on acknowledging past events, which encourages future progress. Amnesty, on the other hand, does not always work because it constitutes postponed acknowledgement.

(b) *State-building alone is not sufficient for peacebuilding*

8. Peacebuilding also requires building the capacity of State institutions. However, in some cases, it is recommended to shift away from the tendency to concentrate solely on State-building. State-building alone may not be enough for peacebuilding, conflict resolution, or economic development. While a national State-building project in post-conflict zones is essential, it must be rooted in and be the outcome of an internal political settlement, rather than a substitute for it. State viability in conflict-stricken areas will depend not only on building effective institutional capacities but also on internal political buy-in and legitimate settings. State-building in the Palestinian context, for example, needs to incorporate both the creation and maintenance of functional institutional capacities and the task of ending occupation and redressing Palestinian rights. State-building must be located within an organic and broad internal political process. There has to be more of a meritocracy and more encouragement for technocrats to implement policies and programmes. A strong State is needed, without being oppressive, which can be a challenge. Strong state institutions must be legitimate and bottom-up.

(c) *Leadership needs to be legitimate*

9. There is a need for legitimate (and transformational) leadership that is efficient, bound by solid frameworks and dedicated to addressing socio-economic challenges and disparities.

(d) *The State needs to be the institutional expression of national identity*

10. Sustainable social peace requires a strong and common belief and commitment to one binding overarching identity, namely, the larger society or nation. This prime binding identity needs to override all other specific identities and should be perceived by all groups as the binding framework of their development and welfare. The State or government, as the institutional expression and representation of the nation and as the institutional guardian of its interests and welfare, can be perceived as such by all groups and can command their overriding loyalty only if it continuously proves that it is a fair player and honest broker working diligently to promote and realize an egalitarian outcome in the economic, social, civil and political spheres and with adequate clout to check encroachments and to redress imbalances.

11. External post-conflict initiatives (peacebuilding, State-building and reconstruction) largely involve political rather than technical processes. Consequently, State-building must be located within an organic and broad internal political process. External involvement needs to be equipped with better understanding of and appreciation for the political realities and requirements of local legitimacy. For instance, in Palestine, the international community's approach to reconstruction and State-building, which misreads the political realities and underestimates the significance of legitimacy, is partly responsible for the current Palestinian schism. A more sensible strategy for donors, in addition to institutional support, can support enabling conditions for the Palestinian economy and polity with a focus on empowerment, coping strategies and the provision not only for institutional and economic efficiency but also resilience.

(e) *The need to include all segments of society*

12. Given that most conflicts stem essentially from a lack of inclusion, any policy to build peace needs to be based on the inclusion of all components of the heterogeneous makeup of the population. Minorities and

marginalized groups need to be given a voice. Moreover, if identity politics are not taken into consideration, there is a risk of increased fragmentation. Additional resources should be made available for organizations, such as United Nations entities, to enable them to enhance their capacity for direct conflict prevention by providing spaces that allow inclusion. In the Middle East, an approach to involve the middle class networks is essential. There is also a need to protect women and encourage their participation in peacebuilding. Additionally, policymakers need to acknowledge the psychosocial realities of conflict situations. Specifically, people are afraid, and there is a lack of individual capacity to participate given that many people in conflict-stricken countries and territories are more focused on survival.

13. Participatory policy planning and foresight methods, which are largely used in the West, could be used in the Middle East. Given weak political institutions, certain industries and political agendas are easily prioritized. An inclusive method to decision-making, which could be easily facilitated by external parties, can bring together people with different perspectives and priorities. This can create a much needed sense of ownership of the process. While such divisive aspects as ethno-sectarian identities must stop being exploited for political purposes, participatory decision-making could lead to less common ground.

14. Poverty alleviation and reducing inequalities cannot be sustained if these are not supported by commensurate development in the social and civil sphere and protected by an all inclusive political process. In other words, inclusion has to be comprehensive in its coverage and not limited to certain categories of rights and entitlements to the exclusion of others.

(f) *The need to address poverty and other socio-economic inequalities*

15. It is vital to accelerate economic and social development in post-conflict environments through civil institutions. Unemployment is a main factor in conflict. Widespread poverty and intergroup inequalities in the distribution of income and wealth are believed to be a vital component of grievances underlying social unrest. In order to address these challenges, economic resources need to be channelled to the poor and to disadvantaged groups through the social provisioning channel and the personal income channel. Growth and redistribution are the prime mechanisms for generating the required resources. Job creation also needs to be stimulated, ideally across all industries.

16. While local economic conditions may lie at the heart of some conflicts, other factors cannot be ignored, including, among others, injustice, social and political grievances, deprivation, the contest over such resources as oil and the resources of the State among political elites. An economic policy that promotes social peace must contain adequate measures and effective mechanisms to ease scarcity, reduce poverty and redress distributional imbalances in income and wealth. Moreover, policies need to ensure the accessibility of opportunities such that the newly created supply is matched by a proportionate increase in actual demand and vice versa.

17. The approach to designing economic policies has to be undertaken on a case-by-case scenario given that different types of conflicts have very diverse political, social and economic implications. Economic policy within a framework that fosters peace and stability needs to be clearly outlined.

(g) *The need to address negative external factors that hinder peacebuilding efforts*

18. Peacebuilding efforts by external actors often have a negative impact on conflict resolution, given that they usually favour one of the parties or are used by the conflicting parties for power balancing games, among other things. Moreover, external actors often seek to solve conflicts in a biased manner.

19. Military interventions and/or occupations are not a solution. They can aggravate conflicts rather than resolve them by, among others, causing divisions among the population, increasing military resistance, freezing economic activity, jeopardizing livelihoods and essential freedoms, contravening basic human rights, creating systemic insecurity and setting back human development. Military interventions also create

spillover effects in neighbouring countries, including, among others, displacement, human security, feeding the cycle of violence and perpetuating authoritarian rule. The United Nations must bear responsibility with regard to the fate of countries under occupation or subject to military intervention, given that it is sometimes the only actor able to provide an impartial framework for realizing human and national security. However, in order to make this feasible, global and regional powers must empower the United Nations politically and financially to remedy the extensive damage on the ground.

(h) *Other crucial factors*

20. There is an urgent need to address the root causes of tensions and conflicts, which otherwise will remain endemic.

21. Education is a crucial factor for peacebuilding, stability and development, especially in terms of history and lessons of the past. There is a need for youth leadership education, particularly given that young people are critical for change and post-conflict leadership. However, there is a need to distinguish between education and indoctrination. It is essential to create curricula that promote analytical thinking and perspective taking, rather than blind acceptance of power. Moreover, there is a need to educate political leaders on leadership, and to educate their followers as well.

22. Well structured monitoring and evaluation systems are crucial in the process of working for and cementing social peace. A timely and reliable database that is disaggregated by socially meaningful identities/traits is instrumental in correcting or substantiating preconceived ideas and perceptions, sounding the alarm with regard to threatening imbalances and inequities, and designing effective and appropriate policies. Policies, plans of action, programmes and projects for social stability need to be regularly and systematically evaluated in order to inform both their implementation and design.

23. Other factors for successful peacebuilding include a dynamic civil society, adequate confidence-building mechanisms, and mediation (international comparative expertise can be useful). Moreover, studying success stories and lessons learned from countries with similar issues can assist in facing current threats. However, countries and issues have to be dealt with on a case-by-case basis, and different types of conflicts need to be dealt with discretely. All of this requires political will, strong policies and long-term planning. Shortsighted politics cannot inform policies well. Moreover, the concept of political will needs to be disaggregated and explored. Reform depends largely on political commitment, which is even more crucial in crisis and conflict situations.

II. PRESENTATIONS AND DISCUSSIONS

24. The Expert Group Meeting comprised four sessions under the following themes: (a) conflict and instability in Western Asia: root causes and spillover effects; (b) social grievances as a root cause of conflict: reversing current trends for building sustainable peace; (c) tailoring economic policies for conflict prevention: setting the priorities; and (d) public sector and good governance practices: the foundation for peacebuilding and conflict prevention. The discussions during each session are summarized below.

A. CONFLICT AND INSTABILITY IN WESTERN ASIA: ROOT CAUSES AND SPILLOVER EFFECTS

25. In a post-conflict situation it is important to examine how conflicts end. Such cases as South Africa and countries in Eastern Europe represent the model of a smooth transition. In Iraq, the conflict was externally induced. The conflict entailed the removal of the regime, which resulted in a power and security vacuum. A managerial vacuum was created through the removal of the old ruling elite, which had little popular legitimacy. Moreover, tribunals with sectarian undertones were established to seek revenge. Other phenomena were the rise of militias that took control of the streets and a growing record of poor governance. Most State institutions had no capacities to deliver core government functions; and the resulting political process or system institutionalized the sectarian cleavage.

26. Yemen faces numerous challenges. It is decentralized and faces internal tensions, with the current Houthi rebellion in its sixth round. The crisis reignited for several reasons, including, among others, internal power politics, a succession crisis inside the region with several factions struggling for power, a war economy of profiteering and greed, resource scarcity and the lack of public means to engage in the reconstruction of the areas affected by previous conflicts. Foreign interference is threatening to increase regional tensions. Internal divisions could create new problems with the possibility of such radical groups as al-Qaeda taking advantage of rising internal and external tensions. Moreover, the sectarian component in this conflict remains very dangerous and needs to be focused on more thoroughly. Sectarian differences are also basic in the context of Iraq given that these are prevalent across both formal and informal sectors, which most Iraqis consider to be a negative factor. The United Nations should be empowered to tackle these sensitive issues.

27. Several lessons can be drawn from the two conflicts. Military intervention does not represent a solution to conflicts. Moreover, processes that influence the political system should not be rushed. The rushing of the elections in Iraq in 2005 led to their boycott by a large segment of Iraqi society, which led to civil strife. In retrospect, legal institutions should have been established and strengthened given the importance of a strong judiciary. The absence of a transitional justice system and mechanism has led to many injustices. The insurgency has been fuelled by sidelining members of the Baath Party even when individuals were innocent of any crimes. There appears to be a prevalent lack of trust, which demands time and confidence-building mechanisms. The provision of comparative external expertise and oversight mechanisms also remains necessary. In the case of Yemen, Qatar mediated a peace agreement that was signed by all parties. The agreement was broken owing to the absence of oversight mechanisms. Moreover, the United Nations was not involved in the process, which removed any additional mediation and other assistance needed to the parties of the conflict.

28. The issue of Arab insecurity was examined during this session. The concept of Arab insecurity is multilayered. Specifically, there is a need to explain Arab insecurity within existing theories without however sacrificing the specific situation of the Middle East. The idea of “intermestic” has been proposed, which combines internal and external factors that contribute to Arab human insecurity. Separating internal from external factors with regard to the political, social and economic challenges of the region does not render a sound analysis of the Middle East. Moreover, conflicts in this area have a multiplying effect as interstate wars and occupation significantly exacerbate the effects. The internal and external effects are reinforcing and cumulative.

29. Another significant factor is the substantial demographic growth with no concomitant growth in resources, which has created a wide frustration gap. Despite abundant natural resources, the ramifications of the huge demographic expansion have not been sufficiently analysed within the context of stability. Equally absent is an examination of best practices for the use of the region’s resources aimed at addressing the resulting demographic challenges. Environmental challenges as a result of climate change remain seriously sidelined, despite the considerable impact of climate change on such vital aspects as water, desertification, droughts and food security of the region. Food insecurity is also leading to Arab dependence on the outside.

30. The “Balkanization” of the region was feared. The legitimacy and credibility deficit of some States among their respective populations remains a cause of concern. The resource grab, that is assaults aimed at seizing land, is another source of concern. State actors are very weak and sometimes dysfunctional and the politics of stress and tension are prevalent. The way to face these phenomena is by accelerating socio-economic development. China and India could constitute model examples given that these countries are overcoming similar issues through socio-economic development.

31. The World Bank sees a critical need for a more thorough investigation of the drive of non-governmental actors and other external factors in conflict, prevention, mitigation and recovery. Additionally, it sees a need to address certain fragilities, including, among others, popular legitimacy, giving voice to the poor, strong structures and opportunities for development. These issues will be tackled through the *World*

Development Report 2011, which will deal with conflict, security and development. The goal of the report consists of generating more interest in the peculiarities of the area by establishing links between conflict and development. Thematic chapters include natural resource management, the role of the private sector and access to justice.

B. SOCIAL GRIEVANCES AS A ROOT CAUSE OF CONFLICT: REVERSING
CURRENT TRENDS FOR BUILDING SUSTAINABLE PEACE

32. Proactive prevention and deterrent approaches to conflict constitute complementary approaches. Conflicts do not occur in a vacuum as they are normally preceded by human rights violations. Several committees have considered the establishment of an early warning system. Early signs of discrimination may lead to conflict. These early measures include bringing early warnings to the attention of the Secretary-General. Human rights violations in any country need to be investigated and this concern has given rise to the “right to protect”. The prevention of genocide has also been established as another priority of the international community.

33. In order to prevent the recurrence of conflict, some elements are basic, including the rule of law and full development of democratic institutions of the State, equality in access to services and transparency in its delivery, the fight against corruption, and the maintenance of peace and security. Nevertheless conflicts do happen and in those cases a deterrence approach should be adopted.

34. The vast majority of victims in conflict have always been civilians. The threat of the possibility of prosecution represents deterrence to human rights violations. Ad hoc tribunals have been created to judge violations in the latest conflicts, such as the International Criminal Court has been instituted. While it is difficult to assess whether these measures have succeeded in preventing conflicts, these courts constitute the actual existing accountability mechanism. Truth commissions have emerged based on the idea that societies cannot continue living without acknowledging the past. In some cases, prosecutions have been set aside in favour of a future peace. What has been proven to fail are general amnesties, which only postpone solutions or hamper peacebuilding efforts.

35. The role of women is also decisive. Security Council resolution 1889 recognizes that women are not seen yet as actors in conflicts; and the empowerment of women in peacebuilding remains essential, particularly in early stages of conflicts.

36. Education should also be comprehensive so that future generations may avoid repeating the same mistakes. While human rights standards are political standards made by States, they are based on serious lessons learnt in the past. It was noted that very few human rights are absolute, with only the freedom against torture or discrimination falling within that definition. Consequently other, less absolute rights could result in a compromise.

37. In the case of the right of return, it should be considered an individual’s right to decide and be implemented voluntarily or on a case-by-case basis. Other options could be compensation and reparations. Within the context of the right of return of Palestinian refugees, individuals should be given choices as to how to exercise that right. Returning to the exact place from where they originate constitutes only one of the possible options. The South African model also differentiates between degrees of rights giving room to discussion. However, general amnesties, such as in Chile and Lebanon, do not work. Reconciliation efforts need to be made and political will for that is essential. Moreover, double standards are exercised by many parties. There is therefore a need to move on the basis of law rather than of political expediency, even where that is challenging.

38. In the context of compromising on human rights and peacemaking, the right of return of Palestinian refugees was examined. Undoubtedly, making peace requires compromise. The right of return of Palestinian refugees is unqualified albeit politically impractical. Compromise involves reconciling a respect for human

rights, the prevention of conflict and making the realization of rights politically feasible. Reference was made to Israel's success at eliminating all references to colonization of occupied Arab territories. With such double standards, the credibility of human rights standards, the United Nations Charter and other international norms are suffering in this region.

39. Long-term peace demands the rebuilding of structures that can guarantee equality and good governance. This can be done by reforming the judiciary aimed at guaranteeing rights. The reform process needs to be transparent and reform must be perceived to be strong. However, it should be noted that justice is not very popular politically given that it sets limits to politics. In addition, while some countries have good economic and social progress, they can still be prone to conflicts. Lebanon is a case in point. Economic development constitutes a possible way to justice but not the only one, and sometimes it does not represent a guarantee for justice.

40. A recurrent problem in this region is the access to courts and to the judicial system. The majority of cases make reference to boundary disputes, inheritance cases, ownership and title, displaced persons and restitutions. Prevalent problems include various levels of corruption within the court system, lack of independence, lack of transparency and the existence of religious courts where the personal status distinguishes individuals. Different models of alternative dispute resolution are not greatly used given that they are perceived to be a sort of competition by the existing court system. The handling of certain cases outside the normal system of courts is in some cases more efficient than the courts themselves, but the lack of oversight represents a problem. The lack of integration between civil and religious courts promotes a shopping mentality whereby claimants opt for the court they feel will be more receptive to their claims. Apart from being inefficient, such a system also favours the wealthy.

41. Other problems regarding the judicial system are the lack of effective government policies, the lack of effective management policies for land and lack of flexibility for addressing special cases. Corruption appears at its highest when it comes to buying or selling land. Freedom of information is not very well grounded, and it is still very difficult to obtain any type of information related to the judiciary or court systems.

42. State-building in the case of Iraq entails the inclusion and participation of different communities in a multi-ethnic, multicultural State. The various communities in Iraq, whose differences are mainly cultural, have been militarized since 2003. Specifically, religion has gained influence over domestic politics; and given that political Islam in Iraq is sectarian by nature, this has militarized and exacerbated sectarian differences. Recent processes in Iraq have been the Iraqization of political structures, amplified through a constitutional process. Iraq has moved from occupation to civil war and then to the so called "surge". One community was in favour of the surge, while another favoured the political process.

43. The participants at the Meeting dissected the motivations of a party in a conflict. It is greed rather than cultural grievances that build conflict. When attributing motivations to a party in conflict, sides are taken. Motivations cannot even be measured nowadays. While socio-economic deprivation can engender radicalization, this cannot be seen in isolation. This is not to say that a socio-economic analysis of conflict needs to be abandoned. However, there is a need for greater in-depth analysis. There is a perception that poverty contributes to the rise of radical Islam, and that Islamic groups are able to mobilize support from the poor and the economically deprived. However, evidence shows that this is not the primary motivation of such population segments given that many members of Islamic groups actually belong to middle classes and the poor have little relation with them. For example, many have argued that Hezbollah's social services in South Lebanon constitute a way towards buying the loyalty of the poor. There is, however, very little evidence that Hezbollah relies on a constituency that is poor and that depends on it for essential services. Rather, the evidence indicates that most of Hezbollah's constituency is formed by the middle class. The argument that poverty and displacement radicalize people is also not absolute given that, in Iraq, most-destitute people are internally displaced and there is very little radicalization among this group. This does not mean that socio-economic analysis should be abandoned but common-sense options should be rethought.

44. Political conflicts are more difficult to resolve. The highly political nature of conflicts in the region attests to the reason why they have not been resolved over such a long period. Peacebuilding efforts have hindered reconciliation. In some cases, including, for example, the policing efforts by Dayton forces in the West Bank, tensions have been exacerbated, especially taking into account the divergence of economic growth in the West Bank and Gaza Strip.

C. TAILORING ECONOMIC POLICIES FOR CONFLICT PREVENTION: SETTING THE PRIORITIES

45. Conflict imposes serious constraints on economic policy. Economic policymaking lies at the heart of dealing with conflict. Conflict is distortive in the short term but also in the long term, especially in the ability to push forward economic capabilities. Other effects of conflict include unemployment, poor governance and the existence of ineffective institutions, poverty, social exclusion and communal tensions.

46. Lebanon has been recently affected by three conflicts and external shocks, yet the economic performance has been strong. The first conflict was the sequence of bombings and assassinations; the second was Israel's war on Hezbollah of July-August 2006, which resulted in direct economic damage of \$2.8 billion; and the third conflict was carried out against the terrorist group Fatah el-Islam. While these conflicts have distorted growth, this has remained strong, especially in an economy in which services and trade sectors contribute to over 70 per cent of GDP. The domestic political and security shocks between 2005 and 2008 were compounded by external shocks, including the high rise of oil prices, wheat prices, and the global financial and economic crisis. Economic policymaking under these domestic and external circumstances was significantly difficult.

47. From 2007 to 2009, the Lebanese economy recorded its highest growth rate since 1990 (7 to 8.5 per cent). In 2006, the positive growth rate was 0.6 per cent, despite major forecasts that the growth would be minus 6 per cent in the aftermath of Israel's war on Lebanon. Inflation turned negative in 2009; and GDP per capita increased significantly from \$5,000 in 2005 to \$8,500 in 2009. Conflicts are very different in terms of their consequences and implied risks. The war of July-August 2006 had a devastating impact on infrastructure and longer-term productive capacity given that Israel targeted the Lebanese infrastructure. By contrast, the spate of assassinations and political tensions in 2007 did not entail infrastructural impact or damage.

48. The Lebanese model encapsulates the dynamics of sectarian and communal power-sharing. The period 1999-2000 witnessed political stability yet the worst recession in over two decades; while in 2007-2008, the political and security conditions were the worst since 1990 and yet the country registered the best economic performance in over two decades. Lebanon was also barely affected by the global economic and financial crisis.

49. In the case of Lebanon, confidence is the key word rather than stability. Owing to a large expatriate community with strong financial linkages, a parallel Lebanese economy has emerged. An estimated 12 million expatriates live outside the country, including some 400,000 in the Gulf subregion, whose income is significantly larger and with closer ties than those of Lebanese expatriates in other regions. A parallel economy has therefore been created that is as strong as the national economy.

50. A characteristic of the Lebanese system is the large size of the banking sector. Loans to the private sector have been growing, and this sector has managed to remain liquid. Bank deposits have also experienced growth.

51. The Government of Lebanon has sought to preserve the purchasing power of citizens and maintain the growth momentum of the economy. The Lebanese armed forces have been increased, which has created additional costs; and wages to administration personnel have been increased. Despite these changes, the Government has kept its commitment to fiscal restraint. The gross public debt to GDP has declined considerably. Foreign direct investment (FDI) inflows have increased and the balance of payment is an

estimated \$6 billion. Gross reserves have grown and interest rates have declined gradually. There has been a constant coordination and consultations among stakeholders in the Lebanese economy. This effective communication strategy has helped to boost Lebanon's image abroad and confidence at home and abroad. Coordination has also been carried out with international institutions.

52. There is therefore a need to understand why the economy performed so poorly in 1999-2000 under a stable political situation, and performed beyond expectation in 2006-2007 under an adverse political situation. Different types of wars represent distinct challenges. Some analysts, including Beasley and Persson, contend that external wars generate common interests while civil wars entail conflicting internal conflicts. Civil wars are more difficult because of the need to rebuild a country, the need to build fiscal capacity and the need to reconcile belligerent groups. Civil wars rooted in ethnic and/or sectarian differences tend to have a greater effect. Sectarian divisions also affect wealth and poverty. There is therefore a need to promote transparency and to carry out objective performance evaluations within State institutions. Incentives for mixing among different communities at the national level should also be provided. Rebuilding physical infrastructure tends to have high returns. It can be argued that the presence of rents leads conflicting groups to prefer peace to war. While privatization can be efficient, conflicts may recur if rents are eliminated. Among other recommendations, investing in education cannot be postponed, running deficits is not necessarily negative and taxes should not be increased but rather the capacity to collect taxes should be increased.

53. Best policies can take time to be implemented. It is widely commented that the gross national product (GNP) of Lebanon is twice that of its GDP, owing to remittances from Lebanese expatriates. Exploiting this group does not necessarily bring about positive effects. The Lebanese expatriate community is like a natural resource in that it represents a mixed blessing. The same is true for capital inflows. The explanation of growth in Lebanon is that the Lebanese economy is run by oil prices and by the appreciation of real exchange rates.

54. Economics works in a social space rather than in a vacuum. People align themselves in a series of groups. The group perceives this common identity as marking it different from other groups. While leaders mobilize their groups, identities can also change. The causes of conflict are multidimensional, and the economic factor is one of the causes. Factors that can lead to conflict are the severe scarcity of resources, widespread poverty and inequality.

55. In inter-ethnic conflicts, the basic challenge remains to diffuse tension. There is a need to improve the asset base and earning power of disadvantaged groups. Natural assets and agricultural development play a decisive role. In some cases and in order to attain growth, the redistribution of economic resources could be necessary. Policies need to be formulated such that they aim to break long-standing inequality traps, correct rapidly acute imbalances in economic and social outcomes and attainments, and ensure the accessibility of opportunities. The role of the State remains decisive in the collection of timely and reliable database and in the elaboration of policies, plans of action, programmes and projects for maintaining social peace. Plans of action need to start right after the cessation of hostilities.

56. An asset of Lebanon is the repeated capacity of the Lebanese system to find solutions to its repeated crises. This is because the economy managed to dissociate itself from the instabilities of the political realm. Moreover, Lebanon maintains a very vibrant private sector.

57. Important issues that deserve attention are those of job creation and internal inequalities that push most growth to take places outside of metropolitan Beirut. It remains also necessary to explain what maintains inflation low and the reasons why deposit rates in banks remain high. The growth in Lebanon is not equitable given that it remains very concentrated on the services sector. The calculation of unemployment is also difficult. Growth generates employment, albeit not to the desired extent. The Government therefore needs a plan aimed at making growth more equitable. Currently, inflation is low owing to the global financial crisis and the fall of oil prices. It was commented that confidence in the

banking sector persists because there are no restrictions on capital accounts. The Lebanese economy is risky by nature given that it is based on services. The inequalities and fragilities in the economy could degenerate into potential for conflict in the country.

58. Participants at the Meeting also highlighted the use of external aid in promoting growth in conflict-stricken countries. In some cases foreign aid adds to the patronage networks and corruption. It was argued that the reduction of debt could improve the conditions of the economy. Existing options were either to proceed with privatization, which constitutes a risky option, or to maintain the same levels of growth, which would help to reduce the debt ratio. External aid needed to be used to develop infrastructure and to bridge the gap between the current and desired fiscal situation.

59. The relationship between State-building, conflict prevention and economic development in the case of Palestine was discussed. State-building does not guarantee economic development in a situation of occupation. Millions of dollars in aid have been disbursed to Palestinian institutions, especially in the 1990s. However, it was argued, the Oslo peace process has collapsed. State-building in some cases does not constitute the driver for conflict prevention and economic development. In the first three years after the Oslo Accord, that is in the period 1994-1997, the Palestinian GDP per capita declined by one-third. The premise exists among donors that State-building depends on technocracies. The Israeli occupation has been instrumental in preventing technocratic government institutions from emerging. Significantly, a State can only be functional if it is seen as legitimate.

60. Legitimacy and achieving results are the most important aspects. However, this requires technical-bureaucratic capabilities. The choice of functions can enhance or damage legitimacy. Legitimacy and authority is required for functional effectiveness. It was argued that the international community has contributed to the erosion of legitimacy of the Palestinian Authority. Hamas won the elections not only because of corruption and mismanagement but also because of the issue of legitimacy, when the Palestinian Authority did not manage to achieve any national goal, including the creation of a State during the post-Oslo period.

61. Despite mismanagement, the Palestinian economy managed to grow at double-digit rates in 1997-1998. Currently, the growth is equivalent to minus 1 per cent in spite of the prudence of Salam Fayyad's Government. In Palestine, greater focus is given to the State-building process. It is understood that Palestinians find themselves at a preliminary stage of their national aspirations and that aid must serve to create the State. Israeli obstacles were always misinterpreted as being temporary in nature. Some carrots, both internal and external (creation of security forces, external aid, use of Palestinian labour force) would be used against some internal and external sticks (threats that there is no other option on the table). It is argued that donor assistance has to a certain extent assisted Israel in implementing parts of the agreement favourable to Israel, which has created a lack of legitimacy in Palestinian eyes.

62. Among the lessons that can be learned from the Palestinian case is that conflict resolution does not depend on institutional settings, but rather on legitimacy. Money or aid does not buy legitimacy. Fatah was defeated in the elections because of the lack of understanding of the requirements of legitimacy.

63. Activities that serve to encourage an environment of economic growth and ad hoc strategies to cope with conflict (Gaza Strip and home-grown agriculture) should be supported from an economic point of view. However, legitimacy constitutes the most important requirement from a political standpoint. The Palestinian case exemplifies the situation of creating mechanisms needed to change the framework from a pre-State to a State. However, freedom cannot be reduced to bare economic development. Freedom from fear and the freedom to live in dignity also constitute important requirements, which explains why the element of legitimacy is so decisive. In that sense, institutions will not be the miracle that will solve these problems without this most important requirement of legitimacy.

64. Cases of State-building in the Middle East represent different models with distinct characteristics. In the Palestinian case, a military occupation is trying to be eased by outside parties through the establishment of institutions. In the case of Iraq, a foreign presence is trying to rebuild the institutions that were in place seeking at the same time a way out. The United States does not want to stay in Iraq, does not maintain any claim to the land, and does not create settlements. This is different from the Israeli-Palestinian case in which the occupier wants to take over the land and is actively colonizing it.

65. In Iraq, the international effort has been based on strengthening institutions within the framework of an already existing albeit weak State. However, State-building in Iraq remains very difficult and requires popular support. In 2003, looting and de-Bathification took place; and the logic of decision-making based on consensus, which is necessary in the current state of Iraq's development, is not always a sound process for governance. It was argued that in the current situation, some institutions have become party fiefdoms based on sectarian affiliations.

66. The key issue is to seek a new political compact that reduces tensions at the political level. The system needs to become more of a meritocracy. Political parties have come to realize that they have enormous failings in terms of credibility. However, change will be protracted and if these fundamental issues are not resolved, this could lead to renewed conflicts.

67. The obsession with State-building should be transformed into other issues, including freedoms. Participants agreed that the need for a new political compact in Iraq is manifest. The issue was discussed in terms of the extent to which human rights could be supported in a State-making process and the degree to which a corrupt government would be able to guarantee non-corrupt elections. Other points were whether a State should concentrate only on the provision of services in order to achieve economic development. It was argued that while a State was in fact the main provider of services, its role was not limited to the provision of services. The problem in the Palestinian case is that in order to obtain a State, Palestinians have to prove their capability through their behaviour, as if their rights could be made conditional. A study proved that the Palestinian Authority in four years could produce institutions that were capable of doing the activities that middle-income states could perform. This does not mean that effective institutions should not be created; on the contrary, the need for effective institutions remains chronic and the core issue is one of legitimacy.

68. The problem with the new political compact in Iraq is the election boycott carried out by one community. The absence of one constituency means that they were cut from elaborating the constitution. When they were brought back, this constituency almost succeeded in defeating the passing of the Constitution. This means that most members of this constituency accept the political process but do not accept the Constitution. The exclusion of one of the communities and their interests from the political process constitutes a possible reason for future violence that needs to be addressed. The resolution of differences through compromise seems to be the only way to avoid conflict but it will take time maybe generations to achieve that goal.

69. Currently, the main priority for Iraqis is stability. The level of chaos is so high that most of the population longs for the period where there was security, even if the situation has improved with respect to 2004-2005. While a form of pluralism has been implemented, it does not contribute to State-building. A long-term solution is urgently needed.

D. PUBLIC SECTOR AND GOOD GOVERNANCE PRACTICES: THE FOUNDATION FOR PEACEBUILDING AND CONFLICT PREVENTION

70. There is a need to analyse how State-building relates to peacebuilding efforts at the local level. Among the important aspects in State-building is a national reconciliation process that incorporates all the political actors and their constituencies.

71. A definition for peacebuilding might be necessary for a broad term used interchangeably in numerous contexts. Among concepts that may be included in the definition of peace-building are capacity-building, disarmament, fight against crime, fight against illicit arms and human rights. If there is a lack of consensus on the definition of peacebuilding, there can be no consensus on the best practices for peacebuilding.

72. The capacity of individuals to participate in the peacebuilding process is key. In a post-conflict situation, the public's capacity to participate may be limited owing to fear. Other more important concerns at the immediate post-conflict stage may be the need for peace in survival mode, need for shelter and security. The quality or kind of leadership remains important and allows the portrayal of positive and negative models. Specifically, negative leaders are those who are paternalistic and/or authoritarian. A recurrent problem in the post-conflict cycle is the very little participation in collective processes.

73. In terms of technical assistance, experience has shown that common patterns in conflict-stricken countries include rigid centralized decision-making structures and the absence of minimal decentralization. Patronage, corruption and clientalism are also frequent along with inefficient State institutions/services and outdated administrative practices. In some cases, the gap between rich and poor becomes wider given that the political and economic system is unable to address political discord or economic grievances.

74. A way to break the vicious cycle is through capacity-building that can increase the efficiency of institutions and local governance structures. The goal is to increase the knowledge and skills of civil servants, which additionally serves to improve the national political and socio-economic system through the provision of services. The ruling elite needs to see political dividends, which in turn can lead to a political commitment towards implementing human and institutional capacity-building. In order to achieve success, advocacy remains crucial. Intervention should be fully comprehensive and tackle all major elements of capacity-building. In that sense, the involvement of national stakeholders in partnership with such international organizations as the United Nations, and the adaptability and ability to replicate capacity-building intervention in the local context create a multiplier effect. Comparative advantage constitutes the guiding principle in designing interventions and promoting good governance, with sustainability as the goal.

75. Protracted conflict has an impact on needs-assessment. If a needs-assessment is not conducted, this results in inadequate training curricula. Moreover, training needs to be performed in safe locations. An inadequate follow-up mechanism or lack of follow-up limits the impact of such endeavours. The training model needs to concur with local reality. Among lessons learned, the involvement of beneficiaries and officials remains essential. Setting clear goals, establishing selection criteria for beneficiaries and conducting impact evaluations also constitute important aspects.

76. Among success factors certain elements remain important considerations, including building on successful regional governance practices and expertise, partnering with the United Nations and treating project beneficiaries as partners. Member countries must be supported in their efforts aimed at identifying priority institutional capacity. Enhancing partnerships and promoting decentralization constitute equally important goals.

77. It was debated whether rules and guidelines for quality assurance were conducted and whether dealing with donors entailed additional problems. The problem of lack of coordination when tackling the problem of corruption was highlighted. Awareness of the problem does not mean that the problem will be addressed. Another recurrent problem was the lack of implementation of policies by those charged with implementing them and the arbitrary way of applying good governance in the region. Until 2002, good governance was not high on the priority agenda. However, when peace accords failed, attention turned to peace governance.

III. ORGANIZATION OF WORK

A. VENUE AND DATE

78. The Expert Group Meeting on Policies for Peacebuilding and Conflict Prevention in Western Asia took place on 9-10 December 2009, in Crowne Plaza Hotel, Beirut.

B. OPENING

79. The opening remarks were made by Mr. Jad Chaaban of the Lebanese Economic Association, Mr. Ralf Erbel of Friedrich Naumann Foundation, and Mr. Tarik Alami of ESCWA. The statements emphasized the purpose of the Expert Group Meeting, namely, to construe policy recommendations geared primarily towards preventing conflict, mitigating its impact on development and enhancing peacebuilding efforts in a region where priorities are dictated by security and political considerations, and where socio-economic and other development issues continue to be marginalized. Additional layers that further complicate the lives of analysts, peacebuilding practitioners and decision makers were outlined. Specifically, these practitioners operate amid extremely fluid situations and, increasingly, they are witnessing a convergence of conflict patterns. Aside from occupation, some countries are shifting to civil strife, while others are experiencing the rise of non-governmental actors or parallel states. A frightening dynamic has taken firm root. Local actors are dealing with external powers, instead of with each other, in order to resolve national disputes.

80. Over the past decades, particularly in recent years, this state of affairs has created a vicious cycle that continuously generates conflict and political tensions. Among the primary factors at play are geopolitics, occupation, weak government institutions and underperforming economies. It was emphasized that conflict remains the driving force of the development process, where conflict generates de-development, which in turn generates conflict. It was also stressed that conflict and political tensions have diverted scarce resources, from tackling population pressures, excessive urban growth, water scarcity, desertification and pollution. Large sections of the region's population, particularly conflict-stricken countries, face hunger, malnutrition, food insecurity and health security challenges. In conclusion, it was suggested that a solid entry point in breaking the vicious cycle feeding conflict and instability was to work on strengthening State institutions. Strengthening the capacity to deliver essential services was vital in terms of addressing the many ramifications of conflict and, moreover, of providing the necessary infrastructure for development that could also inevitably feed into peacebuilding if not conflict prevention.

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81. The list of participants is contained in the annex of this report.

Annex*

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