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Chapter 2

The Impact of Armed Civil Conflict on Household Welfare and Policy Responses

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INTRODUCTION

Armed civil conflicts carry various costs which strongly affect the living conditions of households at the time of the conflict and for many years thereafter. Most households affected by armed conflict live in poor countries in Africa, Asia and Latin America, in conditions of extreme destitution, poverty and misery. Armed civil conflicts are likely to add new forms of vulnerability and exclusion, which in turn may feed into future outbreaks of violence even after the initial conflict has subsided. But while the household impact of shocks such as price changes, sudden climatic changes, loss of work or illness is the subject of an extensive literature, the impact of political shocks caused by the outbreak of armed civil conflicts is much less well-understood.

Outbreaks of armed conflict are likely to have severe effects on household welfare and the security of livelihoods. Violent conflict is typically associated with the destruction of essential infrastructure and social services, the breakdown of the rule of law, as well as with significant reductions in private and public investment.¹ Armed conflicts kill and displace populations, often limiting the access of households to employment and earnings (due, for instance, to the death or recruitment of young adult males) and increasing levels of instability and loss of trust. This situation can be aggravated once displaced and refugee populations and demobilized combatants return to their communities in post-conflict situations, particularly when food aid and medical help (at least for those that were in refugee camps) may no longer be available. Conflict, and subsequent times of insecurity and fear, may impact on the ability of individuals and households to fall back on known survival strategies. In poorer, more vulnerable areas, or amongst the poorest, more vulnerable households, these consequences of conflict add to already

difficult circumstances. Those who were not poor may well become so due to reductions in food security following market disruption, increased difficulties in getting to markets to sell and buy goods, and the loss of earnings capacity, savings and formal and informal risk-sharing networks.

Recent empirical literature has begun to document the costs that armed conflicts impose on the countries and the communities involved.² Those costs encompass the most immediate and observable consequences of war like damages to the national productive structure and the redirection of resources from productive to military uses, as well as the potential impact on the future production capacity of a country (via capital flights and emigration of skilled labour force). Considerable effort has also been put in to estimating mortality rates in conflict situations (e.g. de Walque, 2006; Guha-Sapir and Degomme, 2006; Lacina and Gleditsch, 2005), as well as the incidence of poverty (e.g. Justino and Verwimp, 2006). Comparatively less attention has been devoted to the estimation of the direct effects of violent conflicts on household welfare. This is to a large extent due to a paucity of useful, reliable data enabling researchers to explore the relationship between armed conflict and household welfare in a rigorous fashion and beyond either discussions of state agency or broad macro analysis.³

The overall goal of this chapter is to analyse key transmission mechanisms linking armed conflict and household welfare and discuss effective local, national and international policy options that focus on the improvement of the lives of those routinely affected by conflict-related violence. The chapter is divided in three sections. The first section discusses the impact of conflict-induced violence on household welfare, by identifying household-level variables that are shaped by conflict processes.⁴ The second section explores ways in which households respond to changes in their own characteristics and surrounding institutions, in other words the coping strategies undertaken by households affected by armed conflict. The final section explores and assesses the effectiveness of policy responses implemented, or that could be implemented, by local and national governments and the international community in post-conflict settings both to support effective strategies adopted by households as a response to the simultaneously idiosyncratic and covariant nature of conflict shocks and to mitigate their negative effects.

THE IMPACT OF ARMED CIVIL CONFLICT ON HOUSEHOLD WELFARE

Armed civil conflict affects households—both living in areas of combat or in areas indirectly affected by the fighting—through the intensity and types of violence it sets in motion (Kalyvas, 2006). The violence that results from

armed civil conflicts can affect directly certain households (for instance, those that supply fighters to different armed factions or household that are directly targeted by acts of violence). It can also affect households in both combat and non-combat areas through changes in economic, social and political institutions. These changes will impact on household welfare through a complexity of inter-related channels. Armed conflicts are rarely one-off shocks and often result from slower, structural processes of social transformation. They occur in non-linear cycles, where conflict and peace do not represent opposite ends of a continuum, but rather coexist in different degrees of intensity in different time periods. Individuals and households living in conflict settings often find themselves responding, acting and being affected by stages in between and must therefore adapt their livelihoods and build coping strategies to (re)build their social, economic and political capital accordingly.

Household welfare is affected by a myriad of factors and it is often very difficult to isolate the impact of a specific shock. Effects may depend on each household's initial welfare position (e.g. initial asset endowments will determine the household's capacity to respond to economic slowdown or reduced market access), but are also related to households' specific characteristics that may make them more likely to being a target of violence, being recruited into armed groups or being forced to leave their area of residence (e.g. belonging to a specific ethnic group, own targeted land holdings or property) (see Justino, 2009). These effects are unpacked below. This discussion does not intend to be an exercise in measuring the costs of armed conflict, but rather proposes a framework to think systematically about important channels through which armed combat impacts on civilian non-state actors living in conflict settings.⁵ Direct effects of armed conflict on the household being considered include changes in household composition due to killings, injuries and recruitment of fighters by either the government or the rebel groups, changes in the household economic status due to the direct destruction of assets and effects caused by forced displacement and migration.

Changes in Household Composition

The most visible direct impact of armed civil conflict on household welfare is the destruction of human lives. Violent conflicts kill and injure civilians and combatants alike and cause severe psychological damage to those involved in fights, to those living in war-torn communities and to displaced populations. These are often young men in prime working age, though violent conflicts are

typically accompanied by large violence against civilians, including children, women and the elderly (e.g. Lacina and Gleditsch, 2005). However, the levels of mortality and morbidity associated with armed conflict are explained only partly as outcomes of fighting. As illustrated in Table 2.1, the larger fraction of deaths associated with armed conflict result from indirect effects such as the spreading disease and malnutrition.⁶ These effects are often aggravated by a variety of factors, even after the end of the initial conflict. These include the breakdown of health and social services (which increase the risk of disease transmission such as HIV/AIDS, particularly in refugee camps), decreases in food security (possibly resulting in famines), increased insecurity in living conditions and the loss of social capital and political trust (Grein *et al.*, 2003).

Table 2.1: War deaths and battle deaths

Country	Years	War deaths (estimated)	Battle deaths	
			Number	Percentage
Angola	1975–2002	1.5 million	160,475	11%
Ethiopia (without Eritrea)	1976–1991	1–2 million	16,000	<2%
Mozambique	1976–1992	500,000–1 million	145,400	15–29%
Somalia	1981–1996	250,000–350,000	66,750	19–27%
Sudan	1983–2002	2 million	55,500	3%
DR Congo	1998–2001	2.5 million	145,000	6%

Source: Lacina and Gleditsch (2005).

There is, however, surprisingly little evidence-based analysis of the health consequences of violent conflict on household welfare. Some institutions such as Médecines Sans Frontières have conducted localized field surveys. But, in general, research on health issues in conflict areas is difficult to undertake due to limitations on the movement of researchers, the destruction of registration systems and the possible misrepresentation of politicized information on the true levels of mortality (Grein *et al.*, 2003). The direct impact of armed conflict on mortality and morbidity is further clouded by the simultaneous proliferation of malnutrition and epidemics in fighting areas and in refugee and IDP camps, due to food shortages and living under unsanitary conditions. Though research is sparse, major advances have been made during the past decade in the way the international community responds to the health consequences of complex emergencies. In particular, epidemiology has become an important tool for assessing health impacts during and after natural disasters and complex emergencies.⁷

In general, the death of household members of working age means that the household will be left with severely depleted earning capacity. This is

often enough to push previously vulnerable households into extreme forms of poverty (particularly amongst households with widows, orphans and disabled individuals), which may well become persistent if the household is unable to replace labour (see Justino and Verwimp, 2006; Brück and Schindler, 2006). Increased number of injuries, the spread of infectious disease and increases in permanent disabilities caused by violence and conflict may also result in large decreases in household welfare. Households may have to draw on existing savings to pay for medical bills, which will impose severe financial burden on already vulnerable households. Consequences in terms of household labour decisions can be equally dramatic and long-lived. In many circumstances, the household may choose to replace dead or injured males with children. Children are then removed from school, which may in turn restrict the future household stock of human capital.⁸ This is made worse when the health status of children is badly affected by the conflict. These effects may result in forms of poverty trap and contribute towards the reinforcement of structural, persistent forms of poverty since negative health and education shocks during childhood have significant negative impacts on the long-term performance of individuals. They can also be aggravated by the severe mental health and the psychosocial consequences of disasters and conflicts (amongst adult and children fighters, raped women, abused children and old age people), though these have not yet received as much attention in the relevant literature.

Destruction of Assets

During violent conflicts assets get lost or destroyed through heavy fighting and looting. These include houses, land, labour, utensils, cattle, livestock and other productive assets. The very poor are likely to be the worst affected. For instance, Verpoorten (2003) reports that the 12 per cent of households lost their house during the 1994 Rwandan genocide while cattle stock on average decreased by 50 per cent. Shemyakina (2006) finds that the homes and livelihoods of around 7 per cent of households were damaged during the 1992–1998 civil war in Tajikistan. The Burundi conflict in the 1990s was associated with severe asset depletion (Bundervoet and Verwimp, 2005). In Latin America, violence has significantly affected the efficiency of farm holdings due to the disruption of rural labour markets and limits imposed on the operation of larger farms (see Gonzalez and Lopez, 2007 for Colombia; Wood, 2003 for El Salvador). The number of deaths and injuries in these conflicts were extremely high (see Verwimp, 2005; Bundervoet and Verwimp, 2005; Shemyakina, 2006), with unaccountable impacts on individual livelihoods.

The destruction of assets by armed conflict, in addition to creating unstable economic, social and political environments, will impact significantly on the ability of affected households to recover their economic and social position in post-conflict settings. But armed civil conflicts take place because there is something worth fighting for. Some groups and individuals will benefit from violence through looting (e.g. Keen, 1998), redistribution of assets during conflict,⁹ and privileged access to market and political institutions for those that 'win' the conflict or support winning groups during the conflict. These effects are as important in understanding processes of armed civil conflict as other more negative effects since both will impact significantly on the effectiveness of peace agreement negotiations and post-conflict reconstruction policies.

Forced Displacement

Armed conflicts are typically accompanied by large population movements. Civilians are often targets for both armies and rebel groups trying to expand their territorial control, weaken population support for the opponents, increase their own support base and/or add to their resources through looting and appropriation of valuable assets and sites (see Kalyvas, 2007; Weinstein, 2007). This leads to population flights from areas of more intense fighting or areas where the outbreak of violence is expected. In 2002, almost 34.8 million people across the world were forced to seek asylum in another country or within the national borders due to violent conflicts (USCR, 2004). Twenty-five million people were displaced in 2004 (UNHCR, 2005), many within their own country (IDMC, 2006) (see Table 2.2).

By cutting off large numbers of people from economic opportunities, internal conflict can lead to a vicious cycle of displacement and poverty. This is made worse by the destruction of social networks and the consequent depletion of important elements of the social, economic and political capital of the poor. Refugees from conflict areas and displaced populations are found amongst those living under the most difficult conditions of socio-economic exclusion and deprivation (Chronic Research Centre, 2005).

The literature has distinguished between different types of displacement including forced migration, asylum seeking and refugees. Asylum seekers and forced migrants are, to a large extent, young and economically active household members. These have always been traditionally the most likely members in society to migrate. In conflict settings, this effect is compounded by the fact they are also the most probable targets for violence and forced recruitment

Table 2.2: Internally displaced and refugees populations

Internally Displaced Populations (in millions)						
	2002	2003	2004	2005	2006	2007
Africa	12.8	12.7	13.2	12.1	11.8	12.7
Americas	2.9	3.3	3.7	4.0	4.2	4.2
Asia	4.6	3.6	3.3	2.8	3.0	3.1
Europe	3.2	3.0	3.0	2.7	2.8	2.5
Middle East	1.5	2.0	2.1	2.1	2.7	3.5
Global Total	25.0	24.6	25.3	23.7	24.5	26.0
Number of Refugees in Destination Regions (in millions)						
	2002	2003	2004	2005	2006	2007
Africa	3.0	3.2	3.3	3.2	2.9	2.8
Americas	0.8	0.5	0.5	0.5	0.6	0.8
Asia	3.0	2.8	2.8	3.0	3.9	3.5
Europe	0.9	0.8	0.6	0.5	0.6	0.5
Middle East	5.3	4.3	4.3	4.9	5.9	6.4
Global Total	13.0	11.6	11.5	12.1	13.9	14.0

Note: Refugee numbers include those whom officials recognized as refugees, asylum seekers awaiting initial determinations, beneficiaries of more general forms of protection granted for similar reasons, and others.

Sources: www.internal-displacement.org and www.refugees.org, respectively.

into armies or rebel groups (see Czaika and Kis-Katos, 2007). Other displaced groups such as the elderly, women and children are overrepresented amongst refugees from conflict areas.

Despite the magnitude of population movements in conflict areas, there is little empirical evidence available on the effects of violent conflict on the experience of displaced households and individuals, the breakdown of societies and the destruction of social networks. Most research so far has focused on collecting event data based on counting numbers of refugees (but not necessarily internally displaced populations), or numbers of deaths amongst these groups (e.g. USCR, 2004). This is because most individual- and household-based datasets tend not to follow migrants, and even less internally displaced populations. Exceptions are Ibáñez and Moya (2006) and Kondylis (2007). Ibáñez and Moya's results, based on the analysis of household level data for 2322 Colombian displaced households, indicate that forced displacement entails significant asset losses, limits the ability of households to generate new sources of income, disrupts risk-sharing mechanisms amongst affected communities and forces households to rely on costly strategies in order to smooth consumption. Displacement entails in addition significant labour effects, which further limit the capacity of households to recover

from welfare losses during the conflict. In the context of displaced Bosnians during the 1992–95 war, Kondylis (2007) shows that displaced populations are less likely to work in the post-conflict period: during that time, displaced men and women were less likely to be in work by 7 and 5 percentage points, respectively, in relation to the remaining population.

These effects have important long-term impacts. The establishment of sustainable patterns of peace and conflict resolution depend largely on the successful integration of displaced populations into society (Walter, 2004; Sandler and Enders, 2004; Steele, 2007; see also section 4 below), as displaced populations (as well as demobilized combatants) may provide the basis for opposing political factions to continue expanding violence. The demobilization of troops and returned refugees and displaced populations may also exacerbate competition for available scarce resources (such as jobs, land, assets, available services like health care and so forth), which may, in turn, create new forms of exclusion and renew sources of instability.

Slowly emerging evidence has shown that productivity levels of returnees tend to be lower than those that stayed, which may cause difficulties in terms of reintegration of these individuals back in to their original communities (Kondylis, 2005), if their original communities exist at all after the conflict. In contrast, in the context of young Congolese men in Ugandan refugee camps, Clark (2006, 2007) shows that conflict may offer the opportunity of access to new forms of household dynamics, social decision-making and livelihood strategies as these young people were no longer bound by tradition and ways imposed by older generations. There is, however, no study that calculates the impact of these changes on household welfare.

In a pioneering study using a unique dataset, Deininger, Ibanez and Querubin (2004) analyse return patterns of displaced populations during the Colombian conflict. Their results show that the desire to return is very much influenced by particular characteristics of the household and the displacement process. In general, agricultural employers, in the origin and reception site, families with access to land or households with a dense social network in the origin will be more willing to return to their village. On the other hand, vulnerable families such as households with one parent, with female heads or large dependency ratios (often found overrepresented amongst the chronically poor), show a strong preference for settling in the reception site. Households tend to be less willing to return to their place of origin when displacement was caused by distressing events or if security fears are still present. These emerging results show a pattern of welfare fragility and high socio-economic vulnerability amongst displaced populations including amongst those that decide to return to their site of origin. This has enormous

implications for post-conflict reconstruction policies suggesting that these must not only be concerned with the adequate reintegration of these groups in society (either in new relocation regions or in sites of origin), but also need to create forms of assistance aimed to help returnee populations access new or renewed markets and employment.

HOUSEHOLD RESPONSES TO ARMED CIVIL CONFLICT

The very visible impacts of armed conflicts discussed above are likely to change the economic and social behaviour of households affected by violence. There is a large development economics literature on coping strategies adopted by households in times of economic crises. The literature has shown abundant evidence that households living in risky environments generally develop a complexity of (ex-ante) risk-management and (ex-post) risk-coping strategies. Townsend (1994) outlines five common strategies followed by households in developing countries¹⁰: the diversification of land holdings into several spatially separated plots and into various crops, the storage of grain from one year to the next, resorting to purchases and sales of assets such as bullocks and land that could have been accumulated as a precaution against the occurrence of a shock, borrowing from village lenders or other moneylenders and the use of gifts and transfers from informal mutual support networks (e.g. family, friends, neighbours, funeral societies, etc). Dasgupta (1993) reports increases in fertility amongst households living in uncertain environments. The increase in fertility rates is thought to compensate for the loss of children in the early years, as well as increasing household labour and creating an insurance mechanism for old age. Morduch (1990, 1995) and Dercon (1996) describe how households in risky environments choose to undertake economic activities with lower return but likely to involve a lower economic risk, such as subsistence agriculture or cultivation of safer traditional crop varieties rather than riskier but higher return varieties. This strategy is also popular amongst households with little assets that could serve as collateral for credit access. Dercon (2005) identifies the following coping strategies during the 1984–85 Ethiopian famine: cutting meals and portions, selling valuables, relying on wild foods and moving to feeding camps. Lokshin and Yemtsov (2004) show that in times of financial crises, the choices of survival strategies are determined by the level of human capital in the household. The higher the household human capital, the more likely is the household to choose active strategies. Households with low human capital, households headed by pensioners, and low-educated households

will face greater difficulties in responding to shocks implying that poverty is likely to be entrenched amongst these groups. Kazianga and Udry (2004) analyse strategies followed by households to smooth consumption during a period of severe drought between 1981 and 1985 in rural Burkina Faso. These include livestock, grain storage and inter-household transfers. They find that households rely almost exclusively on self-insurance in the form of adjustments to grain stocks to smooth out consumption, with little reliance on risk sharing or the use of buffer stocks such as livestock.

These strategies adopted by households in response to economic risks and shocks in peaceful regions may differ from those used in conflict settings. However, there is currently little understanding of differences between war-time and post-war coping strategies of households, though evidence is slowly accumulating.

Armed conflicts are distinguished from other shocks by their deliberately destructive nature, including the intentional destruction of common coping strategies adopted by households in economically insecure environments, such as social networks and family ties, accumulation of agricultural assets and land and so forth (see de Waal, 1997). Political shocks such as civil war have a covariate character, but households with characteristics that are salient to the conflict may be particularly badly hit by violence. For instance, while a high level of education may be a secure source of income in times of peace, it can become a liability in times of violence as was the case during the Cultural Revolution in China or the Khmer Rouge regime in Cambodia (e.g. de Walque, 2006), in which educated population groups were specifically targeted. As a result, males of school age during the period have lower educational level than previous or subsequent cohorts. Other known household insurance mechanisms and consumption smoothing strategies may fail in a situation of conflict (see below). These perverse effects of conflicts are likely to have severe negative long-term impacts on the accumulation of human capital and assets in households and communities affected by violence. This section analyses some of the slowly accumulating empirical evidence on coping strategies adopted by households in conflict settings when facing the loss of household members, the destruction of assets or forced displacement. In many instance, households in conflict areas face these effects simultaneously. We consider five main household coping strategies: accumulation of savings and buffer stocks, return to subsistence agriculture and low-risk activities, reallocation of labour supply amongst household members, self-recruitment of household members into armed groups and voluntary migration.

Accumulation of Savings and Buffer Stock in Conflict Settings

The ability of households to adapt their welfare status to shocks typically depends on the level of savings of the household and the efficacy of local insurance and credit markets. If the household is not able to insure its income against shocks or is not able to borrow when a shock takes place, it must resort to savings. As a consequence, households may fall into poverty or become severely destitute when accumulated savings are not sufficient to cover the shortfall in income.

Livestock is one common form of savings accumulation amongst rural households in developing countries (e.g. Binswanger and McIntire, 1987). During armed conflicts, livestock can however become a very risky form of savings since it can be easily stolen or killed. Bundervoet (2006) reports that during the Burundi conflict in the early 1990s the total number of livestock was reduced by 30 per cent, while almost 20 per cent of households in conflict areas reported to have lost livestock due to theft and pillaging. As a result, households in conflict areas do not resort to the accumulation and sales of livestock to protect their welfare levels in times of difficulty. They are rather more likely to adopt the cultivation of low return (and also low risk) crops that can feed their families. Verpoorten (2005) reports that, in Rwanda, households did not, in general, sell cattle in response to conflict as they would do as a response to other shocks (see Fafchamps, Udry and Czukas, 1998). This is because lack of road safety prevented the households most targeted by violence from accessing markets where cattle could be sold, and at the same time that cattle was seen as an insecure asset, likely to be targeted by violence. Households less affected by violence sold their cattle but suffered from overall lower prices (Verpoorten, 2005). This may in turn affect the ability of households to accumulate sufficient assets to escape poverty and reduce their economic vulnerability.

Return to Subsistence Agriculture and Low-Risk Activities

Minimizing risky activities is probably the most widely observed effect in times of conflict, in the run-up to a war as well as in the post-war period (see Brück, 2004; Bozzoli and Brück, 2009). Ex-ante, households that expected an occurrence of political violence—and the consequent potential loss of household members and assets and increased probability of displacement—will tend to hold a lower risk/lower return portfolio of activities in order to minimize their risk of serious income shortfall, even at the price of a lower average return. Similarly to the mechanisms outlined in Morduch (1995)

and Dercon (2002), in times of violence, rural households tend to return to subsistence farming (see Brück, 2004a; Deininger, 2003; McKay and Loveridge, 2005). This is true for both households that typically hold little or no liquid assets such as livestock and for those whose members are specifically targeted by armed groups as victims (to be killed or forced to displace or both) or potential recruits. Increased levels of socio-economic instability and loss of trust between different individuals and groups accentuate these mechanisms. Deininger (2003), for instance, shows that civil strife in Uganda during the 1990s reduced the propensity of individuals to start up new enterprises and increased the likelihood that those which had already been established had gone out of business, possibly back into subsistence forms of agriculture.

Brück (2004a, 2004b) discusses how war-time activity choices such as subsistence farming during the Mozambican civil war may improve the welfare status of vulnerable households living in extreme poverty when market and social exchange limit any welfare gains. McKay and Loveridge (2005) report that, in Rwanda, during the genocide in 1994 and subsequent insecure years, the retreat to more autarkic modes of production and the focus on subsistence crops was associated with the improved nutritional status of children in the post-conflict period. Reductions in income do not necessarily imply a worsening of the nutritional standard when the farm household substituted food crops for cash crops (McKay and Loveridge, 2005). Evidence on the potentially positive effects of autarkic modes of production in conflict and post-conflict situations must of course be balanced against the extent of income and asset losses due to the destruction of markets and market access.

Intra-Household Reallocation of Labour

The direct impact of conflict on the composition of households and social relations due to killings, injuries, recruitment of fighters and forced displacement can lead to severe human capital depletion resulting in significant changes of labour allocations within the household. Deaths, injuries and large population movements are some of the most visible effects of violent conflicts, requiring significant adaptation within the household. Donovan *et al.* (2003) analyse the effect of adult death on Rwandan households using self-reported coping strategies collected in interviews with 1500 rural households. They found that some households sell assets, adjust their crop mix, adjust area planted and hire more labour. The effect on farm labour supply was dominant: 6 out of 10 households reported a reduction in farm labour due to a male adult death and

5 out of 10 for a female adult death. Half of the households reported no effect on other income generating activities for a male death and 80 per cent did so in the case of a female adult death. In the case of Tanzania, Beegle (2005) did not find any increase in hours farmed by surviving household members after an adult death, but found decreased activity in the farming of maize, cassava and beans. She draws attention to the fact that households experiencing decreased income or farm output after an adult death do not necessarily experience a reduction of income, production or consumption per capita, as other household members may replace lost labour. These household members are typically women (widows) and children.

In times of stress, children are often needed for other activities. In particular, older children may be required to replace adult males that have become fighters, died or have been injured. Or they may be required to become fighters themselves. Deininger (2003) calculates that an increase of 10 per cent in the proportion of households affected by civil strife in a given community in Uganda decreased investment in schooling by about one year. This effect is due to a complexity of reasons, amongst which are labour substitution effects, feelings of fear and insecurity and changes in household preferences. Shemyakina (2006) reports a drop in female enrolment rates following the onset of the 1992–1998 civil war in Tajikistan, and throughout the conflict. At the end of the war, in 1999, school enrolments were lower for girls aged 12–16 living in high conflict intensity areas. The main reason was a decrease in returns to education of girls (but not boys) in high conflict zones, leading to an increased preference for educating boys rather than girls. Interestingly, school enrolments of girls were higher in rural areas where access to subsistence agriculture implied less reliance on outside income.

Self-Recruitment into Armed Groups

Given the high personal risks associated with fighting, recruitment into armed groups (including the state military apparatus) is not usually viewed as a natural welfare coping strategy. However, armed conflicts may forge new opportunities for many and a number of actors have used conflict and violence as a means to try to improve their position and to take advantage of potential opportunities offered by conflict. Despite the potentially high individual costs, many choose to participate in fighting due to the presence of significant selective incentives (Olson, 1965).¹¹ In several instances, becoming a fighter may be seen as a means to try to improve welfare and has been

used as a form of livelihood coping strategy. Individuals may be attracted to militias and armies by the possibility of looting and other material gains. Recruitment may also be viewed as a viable alternative to unemployment by many. When joining militias or military groups, young men may get access to food and clothing as well as recognition and sense of becoming valuable which may not be available otherwise. Low returns to agriculture and high rates of unemployment may push young men into militias but may also be used as a strategy for risk diversification for households that anticipate being affected by armed violence. They secure themselves by supporting the militias and benefit from possible economic benefits offered by the militias.

Some studies have shown that socio-emotional motivations (e.g. following community social norms or personal sense of justice) may matter as much or more than selective incentives in explaining individual participation in collective acts of violence (see Petersen, 2001; Wood, 2003). This has not ruled out strong evidence for individuals responding to economic incentives in armed conflict, particularly when such incentives act as a form of coping with economic, social and political insecurity (Justino, 2009), and of protecting those that join acts of violence and their families (Kalyvas and Kocher, 2006). Collier and Hoeffler (1998) stress the gap between the returns from taking up arms relative to those from conventional economic activities, such as farming, as the causal mechanism linking low income to the incidence of civil war. Humphreys and Weinstein (2008) report how RUF fighters during the recent Sierra Leone conflict were promised jobs and money as a form of alluring recruits. Another militia group, the CDF, helped to meet the basic needs of their members and provided increased security for their families. Material benefits were generally sufficient to satisfy basic needs but not much else, which may have attracted those individuals with little other livelihood options. Humphreys and Weinstein's analysis of fighters' profiles shows that more than 60 per cent of fighters belonging to both CDF and RUF reported 'improve the situation in Sierra Leone' as their main motivation to join the militias, followed by improved prospects of getting a job, more money and food in the case of RUF and protecting their families, jobs and money in the case of CDF.

In one of the few existing empirical analyses of economic profiles of conflict perpetrators, Verwimp (2005) shows that perpetrators of the 1994 Rwandan genocide are over-represented amongst the educated population of Rwanda, amongst those with a part-time or full-time off-farm activity and amongst those households with higher incomes and those eat more meat, milk and eggs. But they are also over-represented amongst the unemployed and quasi-landless households. In the words of the author: 'the interests for

members of both these groups to participate in the genocide is to be found in their respective relation to the land and labour markets. The landlords or employers had “something to defend”, meaning their job, their land, their farm or farm output and their overall privileged position in Rwandan society. The poor, landless group on the other hand, whose livelihood crucially depends on the availability of off-farm low skilled jobs (mostly working on someone else’s farm) and/or the chance to rent land from a landlord, were in a very vulnerable position. *They could expect to gain from participation* [author’s italics]: it has been widely documented that a large number of participants, mainly the rank and file among the perpetrators were very interested in the property of the murdered Tutsi. Among the property, land was a much desired asset’ (Verwimp, 2005: 29).

Voluntary Migration

Collier (2000) suggests that diasporas in OECD countries increase the risk of a post-conflict country falling back into conflict largely due to their funding of armed factions. This and similar evidence has resulted in large efforts being put into monitoring and limiting the international transfer of funds to conflict regions. But at the micro-level it is likely that at least some financial resources originating from nationals living and working outside the country may play a key role in mitigating some of the negative effects of armed conflict on livelihoods and household welfare.

Migration has been arguably the most common form of household coping strategy in times of distress. The development literature has long recognized the importance of migration (and resulting remittances) as a mechanism used by households in non-conflict settings to secure an income and improve their welfare (e.g. Taylor, 1999; House of Commons, 2004; OECD, 2005). Evidence on the importance of migration in contexts of armed civil conflict is scarce. Violence is a significant motivation for migration, specially forced migration (Moore and Shellman, 2004). But even in conflict areas economic incentives may lead households to migrate (Engel and Ibanez, 2007), either as an ex-ante reaction to the threat of conflict or an ex-post response to unstable economic and political conditions. Households with less outside options or households that value less the welfare benefits of potential reception sites are less likely to migrate (Czaika and Kis-Katos, 2007).

In recent years, there has been a large increase in remittances originating from economic and political crises in migrant- and refugee-exporting countries (Goldring, 2003). Yet little is known about the impact of these on

recipient households that return or are left behind in those countries. One reason is the difficulty in determining how migration and remittances are used as deliberate economic strategies on the part of households facing the outbreak of armed conflict (Lindley, 2007), either as an ex-ante security management mechanism or an ex-post reaction to violence. Other reasons are related to usual difficulties of doing research in conflict contexts: lack of data, insufficient official information on the flow of payments and transfers and difficulty of tracking remittances that are made through informal channels, such as *hawala* networks, or sending money through friends and relatives (Lindley, 2007). Remittances have, however, the potential to be important mechanisms of household security both during and after conflict. Justino and Shemyakina (2007) show that following the Tajikistan civil war in the 1990s, households in conflict affected areas are more likely to receive remittances as compared to the households in the lesser affected areas (40 versus 36 per cent), while the mean value of annual remittances is 12 per cent higher in regions of Tajikistan most affected by the civil war. Lindley (2007) examines the case of Hargeisa, Somalia. Her study also reveals that large-scale migration triggered by armed conflict has resulted in a valuable source of income for those left behind. A large fraction of these remittances are used for general living expenses and human capital investments, helping slowly to mitigate some of the economic and social effects of the conflict such as lack of access to markets, loss of livelihoods and removal of children from school. Remittances seem to play a particularly important role in women-led households where the breadwinner was lost to conflict (or migrated himself) (Justino and Shemyakina, 2008). In many circumstances, remittances can act as the channel through which otherwise vulnerable households may avoid the traps of poverty and destitution following the direct and indirect impacts of armed civil conflict on their welfare.

POLICY INTERVENTIONS AT HOUSEHOLD LEVEL IN CONFLICT SETTINGS

The micro-level processes of the type described in the previous sections are generally absent from most policy programmes aimed at preventing, managing, transforming and resolving violent conflicts. The difficulties associated with micro-level research processes of armed conflict and the resulting scarcity in empirical analyses means that such policies are being designed on the basis of very little hard evidence. There have been a few efforts to fill this gap but with little political impact thus far (see World Bank, 2005). The international development community has largely focused its attention on reactive, damage-limiting policy frameworks to reduce insecurity, bring

violent conflicts under control, and minimize their negative impacts on development (see Addison and Murshed, 2002; DFID, 2005). It has been less good at thinking strategically about how to cut through and reverse vicious cycles of armed conflict, how to build pragmatic and durable systems of local development and global peace that incorporate real assessments of individual and group behaviour and how to assemble synergies between local, national and international coalitions to support real change (see OECD, 2005). The ability to clearly identify how individuals and households behave, react and relate to other households and communities in armed conflict settings and a sound understanding of the consequences of resulting violence on their welfare and adjustment behaviour are critical to the design of effective post-conflict recovery policies, and essential to promote more proactive strategies amongst the development community in formulating adequate strategies to end armed conflicts, as well as prevent the eruption of new cycles of violence.

How can local, national and international policy interventions support and strengthen the positive aspects of coping strategies undertaken by households affected by violent armed conflicts and minimize the negative effects of such socio-economic choices? An emerging literature has argued for the need to combine traditional post-conflict policies, mostly concerned with state security, with structural development programmes that address important issues of human and economic security of individuals and groups, such as those examined in the sections above (see Addison and Brück, 2008; Picciotto, 2007). These measures are particularly important to reduce the risk of renewed conflict (Collier, 2000), as they can be designed to address social, economic and political risk factors—such as reduction in household welfare, changes in household behaviour, changes in social norms and local political alliances—that resulted in the outbreak of conflict in the first place and do not necessarily disappear after the conflict has ended. At the same time, successful poverty reduction policies, need to be conflict-sensitive by recognizing the specific conflict factors present in each country and attempting to redress these factors (see World Bank, 2005). These proposals are, however, still in an early stage of development. This section aims to provide a starting point for further discussions on post-conflict policies that may potentially have important effects on the welfare of households affected by violence. A large literature already exists that discusses reconstruction policies from a macro-level perspective. This section focuses on particular policies targeted at households, and intends to complement that literature.

We discuss the importance of two types of policies, which we have designated as *reconstruction policies* and *assistance policies*. Both types of

policies must recognize the fact that conflict entails both idiosyncratic risks for those intentionally or unintentionally selected as targets of violence, and covariant risks across communities selected as specific targets for killings, theft and displacement or as victims of indiscriminate violence. Reconstruction policies are intentionally aimed at strengthening or rebuilding the capacity of households to protect their welfare through processes that will encourage household and community cohesion and recover market access once violence has ended. This chapter considers two types of reconstruction policies:

- Policies aimed at restoring household and community cohesion, including the economic, social and political integration of ex-fighters and displaced populations, and the assimilation of young people and refugee populations as social and political actors.
- Policies to support market recovery, including income generation activities, strengthening of property rights and the regulation and reconstruction of credit and insurance markets.

Assistance policies, on the other hand, include safety net instruments and social protection mechanisms aimed at individuals, households and groups that were not able to rely on any form of welfare coping strategy during conflict, typically orphans, widows, old age people living in IDP or refugee camps, and at individuals, households and groups unable to adapt to new social, economic and political environments in the post-conflict period due to being severely affected by violence (e.g. injured and disabled people, households without access to productive labour supply and so forth) or are constrained by the new institutional processes from accessing livelihoods and socio-economic security (e.g. households with working-age members in prison, widows, orphans and other vulnerable groups).

Household-Level Reconstruction Policies

Despite the various strategies adopted by those living in areas affected by armed conflict, vulnerability, poverty and deprivation remain high amongst large numbers of households. This is to a large extent caused by a combination of the breakdown of households and of social, economic and political relations caused by fighting and displacement and severe market imperfections, such as limited opportunities to use assets and savings as insurance due to violence, as well as constraints in credit and insurance markets. It is also caused by restrictions to adopting effective forms of income diversification due to poor property rights, limited or no access to existing and new market opportunities, the breakdown of the rule of law and increases in physical security.

In the post-conflict period, the challenges of reintegrating ex-fighters and displaced populations, and of rebuilding institutions and infrastructure in communities torn by violence hinder further the process of reconstructing household welfare. We examine two types of household-level reconstruction policies: restoration of community relations and market recovery programmes. These policies combined may address the shortcomings of some coping strategies adopted by households in times of violence, and strengthen the positive outcomes of other economic decisions.

Restoring household and community cohesion. Policies aimed at promoting sustainable peace structures must address seriously the breakdown of families and communities caused by armed conflicts through localized fighting, (forced and voluntary) recruitment and forced displacement. While there is some research done on these issues at the community level, in terms of rebuilding institutions and infrastructure, less work exists at the individual and household levels. We discuss here policies aimed at four groups: ex-fighters, displaced people, young people and refugees. Successful integration of these groups into society is a key precondition to avoid the economic decline that makes it more difficult to bring civil unrest to an end (Walter, 2004) and that may provide the basis for rebels to recruit fighters or the incentives for self-recruitment into armed groups in the future. It is also a fundamental condition to support successful strategies to secure livelihoods and improved welfare as it is likely to promote community-level insurance mechanisms, mitigate the long-term effects of labour and production decisions within the households and channel more effectively the use of outside financial support such as remittances.

The restoring of social cohesion at the household and community level will have to be built upon a better comprehension of the strategies of fighters recruitment (see Weinstein, 2007) and the dynamics of displacement, as well as the resettlement patterns during and after conflicts (Deininger, Ibáñez and Querubin, 2004; Czaika and Kis-katos, 2007). In particular, the demobilization of troops and return of refugees and displaced populations to sites of origin (or their resettlement in new sites) may create competition for available scarce resources (such as jobs, land, assets and available services like health care). As discussed earlier, this may also create new forms of exclusion and sources of further instability.

While discussions on demobilization and reintegration of ex-soldiers feature prominently in the post-conflict literature, there is little evidence-based information on the processes that have led men, women and children to become soldiers, on forms of self-recruitment and abduction and on how

fighting and recruitment strategies have impacted on their lives, well being and the lives of their families during the conflict. While some emerging literature has started to address these important issues (see Weinstein, 2007; Blattman and Annan, 2007; Humphreys and Weinstein, 2008), these findings are only slowly being translated into effective policies of reintegration.

Similarly, very little evidence-based information exists on the choices (or lack of thereof) of displaced populations. Not everyone is willing to return to their regions of origin, either because they have lost all links to their former relations or because they still fear violence and criminality in the immediate post-conflict period. Deininger *et al.* (2003) in a pioneer study of displaced populations note that 'return programs should be particularly targeted to households with access to land, agricultural employers or families with strong links to collective actions organizations. Such households are less equipped to face the conditions of urban areas. Return programs should also focus on recently displaced households. As the displacement period increase, households adapt to the reception site and, therefore, may rather settle in the new place of residence than face an uncertain situation in their villages of origin. On the other hand, vulnerable households or families that flee after being the victim of a violent event reveal a lower disposition to return. Policies for this group of the displaced population should concentrate on supporting the settlement process in the reception place' (Deininger, *et al.* 2003: 26). Similar empirical evidence in other conflict contexts would be invaluable for the success of post-conflict policies of reintegration, the re-building of destroyed societies and networks and the prevention of new conflicts.

One issue of particular concern for post-conflict policies is the importance of young people as key actors both in peace and war times, and the need to channel their energy into productive activities (e.g. Urdal, 2006). Young people constitute an important target group for post-conflict reconstruction policies. Although large attention has been given to the thorny issue of child soldiers, less attention has been paid to the potential impact of young people's political views and activities, and the role of young people as political actors in the post-conflict period, with highly developed political views and experiences of politics (Clark, 2007).

The final group of interest addressed here is that of refugees who either remain in their new locations or return to their former communities. Their status often brings about tensions with those who stayed behind. At the same time, different experiences by different refugee groups can contribute to different conceptions of how to build or re-build citizenship (Clark, 2007). In addition, the increase in asylum applications and refugee populations from conflict zones since the late 1980s has led to considerable public

concern within the European Union. Their influence can be positive, through providing capital, skills and leadership for peace building. But many refugees and migrants from conflict zones suffer social exclusion in their resettlement regions, which can lead to radicalization and criminalization. This has been observed both in receptor countries in Europe (van Hear, 2003) and also in areas within the country where refugee and displaced population moved into new communities (see Steele, 2007 for Colombia). The success and sustainability of post-conflict reconstruction policies will depend greatly on the meaningful participation of these groups in decision- and policy-making processes.

Market recovery programmes. Post-conflict policies must create mechanisms to support those that suffered the greatest welfare losses, generate sustainable income generation processes, strengthen property rights and regulate (and in many circumstances rebuild) credit and insurance markets. The reconstruction of former and the support of new processes of income generation are fundamental to bringing households affected by armed conflict on to sustainable paths of recovery and to remove households from poverty traps. Of key importance for the reconstruction of household welfare is the generation of employment opportunities and the enhancement of the productive capacity of those households that lost productive members (such as those led by widows) and those that need to rebuild themselves once ex-fighters (including children) are demobilized and refugees return to original communities. This requires a strong focus of post-conflict reconstruction policies in guaranteeing the well-functioning of property rights and of credit and financial institutions. More effective property rights and credit and financial institutions may in turn play a considerable role in the welfare improvement of people affected by violence by strengthening their capacity to save and insure against risk through better regulated financial institutions, by facilitating employment and agriculture production options beyond subsistence activities (and self-recruitment into armies) and providing effective and secure means to channel remittances and other forms of public and private transfers and assistance.

Economic analyses have shown extensively how well-defined property rights influence significantly the potential for economic growth in any given country through investment incentives (resulting from larger certainty in future returns to capital and labour), improved credit market access and increased land productivity (see Deininger, 2003). The role of property rights in both the onset of armed conflict and in the post-conflict period is less well-understood. Accounts of recent civil wars have put land appropriation at the

heart of the main motives for the onset of violence (see discussion in Brockett, 1990; Wood, 2003 and Verwimp, 2005). Access to land is important for both rebel groups and state actors as it provides territorial control of populations and resources. For instance, massacres in Colombia often take place in order to terrorize the population into giving up land titles. Therefore, weak institutions may facilitate the appropriation of land titles, open opportunities for the capture of resources and ease the displacement of households and communities. Velasquez (2007) shows that in Colombia the introduction of greater formality of property rights led to an immediate increase in attacks by armed groups; but it reaches a point where the greater formality dissuades the presence of armed actors. This is because legality over land plots hinders military strategies of appropriation by armed actors, therefore deterring military attacks and decreasing the intensity of the conflict. In contrast, Velasquez's statistical analysis shows that the informality of property rights in key areas of combat in Colombia has influenced positively the decision to attack by armed groups, as well as the intensity of the attacks. Evidence-based research is still incipient but results show strongly that the implementation and strengthening of institutions that guarantee the formalization of land titles is crucial to the establishment of sustainable peace in post-conflict periods (see Ibanez and Moya, 2005; Velasquez, 2007).

Strengthening property rights is not a linear process that results inevitably in lower conflict. In a recent study, Butler and Gates (2007) show that simply increasing property rights without addressing equity issues can in fact increase the level of conflict in society, since it may add to existing grievances. Successful efforts to strengthen property rights in post-conflict settings must comply with issues of fairness and equity in order to address potential bias that either existed or may arise in property titles (for instance, granting land titles to small farmers that work the land but do not hold formal titles). This finding has significant implications for international organizations and peace treaties that encourage state governments to focus on strengthening property rights institutions without addressing central issues of equity, fairness and social justice (see Butler and Gates, 2007).

In addition to property rights, market recovery programmes must also address the challenge of rebuilding credit and other financial markets. A large literature has shown the importance of access to credit for households in developing countries and how credit constraints hinder development and contribute to the establishment of pockets of structural long-term poverty. Building credit market recovery into post-conflict policies to support incipient forms of economic activity is therefore of key significance to lift households affected by armed conflict from potential poverty traps and to avoid further

marginalization of excluded groups. Microfinance services, including savings, credit and insurance facilities, have been used in specific circumstances to address the economic security of households in the post-conflict period, support the return to farming of rural populations that may not have access to the formal financial sector (which may itself have been destroyed by the conflict), and aid the reconstruction of key financial institutions and capital and insurance markets at the community level. Venkatachalam (2006) shows evidence for the success of these policies in the period after the civil war in Tajikistan. The main findings of this research show that microfinance services have generated significant additional business income that enabled household members (particularly women) to spend more on meeting the basic needs of their household. Household-level post-conflict policies must consider the central role that this and other financial instruments can play in reconstructing livelihoods and spurring economic activity.

One of those additional instruments is remittances. Remittances can play a crucial role in rebuilding credit and other financial markets. The international community has paid enormous attention to limiting international income transfers in order to limit the funding of armed groups or terrorist groups by Diaspora. However, income or in-kind transfers from migrant, refugee or asylum-seeking populations may play a significant role in helping populations in post-conflict settings rebuild their livelihoods and recover their pre-war consumption levels, as well as moving out of poverty traps. Although the international community has focused on the role of aid in rebuilding livelihoods, the role of remittances should not be overlooked. It is clear that in many circumstances remittances are channelled towards supporting specific political and developmental agendas. However, establishing appropriate institutions to encourage the channelling of remittances to social services, and rebuilding of household capital (physical and human) and infrastructure may overcome other social and political constraints, may stimulate local credit and financial markets (when remittances are channelled through local banking systems) and may even allow access to new employment opportunities by those released from farm work, as well as encourage the creation of new jobs through the establishment of new economic activities.

Household-Level Assistance Policies

The standard approach to the provision of assistance to countries in conflict has been to focus on humanitarian assistance and emergency relief, while less effort has been put into more developmental approaches. In particular, the

potential use of compensatory policies, including social protection policies and safety nets has been largely ignored in post-conflict reconstruction programmes. Walter (2004) finds that higher life quality and greater access to political participation reduce considerably the likelihood of a renewed conflict in a sample of countries where a civil war ended between 1945 and 1996. Justino (2007), using state-level empirical evidence for India, shows that in the medium term (i.e. over a period of five years), public expenditure on social services and improvements in education enrolments are an effective means to reduce civil unrest and prevent the outbreak of violence, as they affect directly the level of poverty across Indian states. But little empirical evidence exists on the role of social assistance policies in re-establishing livelihoods and social cohesion in post-conflict settings.

The role of social protection policies and safety nets in supporting household welfare in stressful circumstances is well-known (see Dercon, 2004). Safety nets can be effective in lifting trapped households out of poverty, in particular those with enough capacity to accumulate assets but that were pushed into poverty by several factors including the direct effects of armed conflict (such as displacement, death of household members, and so forth). Their pre-conflict welfare could potentially be recovered by well-designed net asset transfer schemes. These can be combined with productive safety net policies to prevent them from falling below the poverty trap threshold (see Barrett and Carter, 2006). Social assistance programmes can promote risk-taking strategies which have the potential to boost production (Dercon, 2002). The increased viability of agricultural production also has the potential to reincorporate those individuals who have become dependent on the local war economy (e.g. cocoa in Colombia) and other harmful livelihood strategies.

Most conflict-affected countries that have successfully implemented peace processes have typically in place programmes of vocational skills training and demobilization allowances for ex-combatants, pensions for widows and orphans and compensation schemes for the disabled and ex-fighters. While important, these programmes are often criticized in terms of their coverage and effectiveness (see Darcy, 2004). These shortcomings could potentially be addressed by other instruments being implemented in developing countries affected by a variety of socio-economic risks including cash transfers, food security programmes and cash-for-work programmes. In particular, cash transfers can play a critical role not only in helping households to smooth consumption, but may also assist household in enhancing agricultural production (see Devereux, *et al.*, 2008). For instance, the *Oportunidades* (former *Progresa*) programme in Mexico and the *Bolsa Familia* in Brazil have had a substantial influence on investment in the productive activities of

participants including investment in animal production, increased land use, and increases in the number of agricultural products produced and consumed. These cash transfers are typically conditional on returning children to school (see Schultz, 2004), therefore reducing (even if partially) critical long-term consequences of household coping strategies in times of crises when children are removed from school to help with household chores or work in off-farm or on-farm employment. Conditional cash transfers may therefore constitute a way of reintegrating children in schools, both those children that were removed from school to work and those that were used as soldiers. In this latter case, conditional cash transfers may provide enough incentives to encourage a return to school rather than employment in low-productive activities or joining gangs. Conditional cash transfers can have a particularly strong effect on the education of girls, which are less likely to return to school after the conflict due to higher increase in returns to schooling to boys (see Shemyakina, 2006).

Similar forms of conditional cash transfers could help rural households affected by violence restore their productive capacity.¹² Evidence from cash transfer programmes in Africa reveals that such instruments are able to assist households in restocking household assets, which, as noted above, would have become seriously depleted during the conflict period. For example, a small cash-based programme in southern Somalia has increased significantly household investment in productive assets (see Mattinen and Ogden, 2006). In Kalomo District, Zambia households, on average, have invested almost 30 per cent of the cash they have received by purchasing goats for breeding, oxen to help with ploughing and seed for planting (GTZ, 2005). Guenther (2007) also finds evidence of substantial investment of cash transfers in his study of Ethiopia's Productive Safety Net Programme.

Though cash transfers may be helpful in smoothing consumption and engendering productive activity, if markets are weak as a result of high transaction costs due to underdeveloped financial institutions and the destruction of infrastructure, alternative measures such as public works schemes should be considered. Cash/food-for-work programmes can assist in the (re)construction of rural infrastructure, such as irrigation and water services, in addition to the construction of transportation infrastructure. These measures can contribute to increased income and the lowering of transaction costs for rural residents. They are usually useful in providing short-term relief against negative economic shocks at both community and individual level and helping long-term development recovery (see Barrett, Holden and Clay, 2004). Food programmes are likely to work better when targeted at areas affected by famine, where local markets are unable to

provide alternative employment or are non-existent. When employment opportunities are available, free distribution of food appears to perform better and creates lower market disincentives.¹³ Free food distribution may also be preferred in areas with high rates of chronic illness and injury as food-for-work programmes require able-bodied workers (Barrett, Holden and Clay, 2004). Cash transfers and similar programmes may only work if the funds are effectively invested in productive activities and not used to further support illegal activities or the continued support (voluntary or forced) for armed conflict. This requires close monitoring and careful targeting of the programmes. Also most of these programmes are short-term relief actions and there is a need for long-term safety nets as the end of the programme may re-create the incentives for further conflicts.

This of course raises less than comfortable questions on how best to support government social interventions when budgets are depleted, organizational infrastructure is weakened or non-existent, citizenship rights are not supported and state governments must compete in many areas of dispute with organizational arrangements established by rebel groups amongst communities that they controlled during the conflict. This is important though neglected area of focus for post-conflict policies as household insecurity and competition for local governance in the supply of local public goods may well influence the sustainability of peace and the potential for further rebellion in the future.

NOTES

- 1 See Collier (1999), Collier *et al.* (2003), Fearon and Laitin (2003), Stewart, F., Fitzgerald, V. and Associates (2001a, 2001b).
- 2 See Bilmes and Stiglitz (2006), Knight, Loayza and Villanueva (1996), Collier (1999), Stewart, F., Fitzgerald, V. and Associates (2001a, 2001b), Hoeffler and Reynal-Queirol (2003).
- 3 Significant evidence-based studies have slowly started to surface prompted by recent research programmes such as MICROCON (www.microconflict.eu), the Households in Conflict Network (www.hicn.org), the Program on Order, Conflict and Violence at Yale University (<http://www.yale.edu/macmillan/ocvprogram>), Centre for Research on Inequality, Human Security and Ethnicity (<http://www.crise.ox.ac.uk>) and the Survey of War Affected Youth (www.sway-uganda.org).
- 4 A more formal analysis is provided in Justino (forthcoming), where longer-term indirect effects are also discussed.
- 5 For an example of a comprehensive analysis of costs of conflict, see Bilmes and Stiglitz (2006). Bozzoli *et al.* (2008) propose an integrated framework to analyse the costs of conflict that combine both macro and micro units of analysis. For a more general discussion on macro and micro effects and causes of civil wars, see Blattman and Miguel (forthcoming).

- 6 See WHO (2002); Roberts *et al.* (2003); Guha-Sapir and Degomme (2006); Verwimp and van Bavel (2004).
- 7 See reviews in Roberts *et al.* (2003) and Guha-Sapir and Degomme (2006).
- 8 For evidence, see Ghobarah, Huth and Russett (2003), Alderman *et al.* (2004) and de Walque (2006).
- 9 For instance, Wood (2005) discusses the extent of land redistribution to rebel groups during the El Salvador conflict in the early 1990s.
- 10 See also Barrett, Reardon and Webb (2001), Eswaran and Kotwal (1989), Fafchamps, Udry and Czukas (1998), Grimard (1997), Hagglade, Hazell and Brown (1989), Rosenzweig and Binswanger (1993) and Rosenzweig and Wolpin (1993).
- 11 Mancur Olson (1965) lists the main selective incentives for participation in forms of collective action such as armed conflict as coercion, monetary incentives, insurance, price discounts, erotic incentives, psychological incentives and moral incentives.
- 12 Mesnard and Attanasio (2006) find an interesting side-effect of conditional cash transfers in Colombia: they seem to discourage household from migrating out of their municipality when violence is not too high. When violence is high, the costs associated with staying are higher than the benefits of the programme. An interesting implication of these findings is that perhaps conditional cash transfers could be used to retain populations in their communities or encourage them to return in post-conflict period.
- 13 Dercon and Krishnan (2004) provide a review of the effects of food aid on household consumption after economic crises.

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