Lessons from the use of aid conditionality in peace processes

Siân Herbert
University of Birmingham
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Questions

What are the lessons learned on the role of aid conditionality in inducing conflict parties to enter into a peace process, and stay at the table?

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1. Summary

This rapid literature review collates lessons from the literature on peace conditionality. This is a companion paper to Herbert (2019)[1] which looks more specifically at lessons related to aid (conditionality) and non-state armed groups (NSAGs).

While there is literature on peace conditionality more generally – e.g. being used for a range of purposes, and at different stages of a peace process and implementation of a peace agreement – there is little literature that focusses specifically on using conditions to get, and keep, conflict parties at the negotiation table. Where possible, this rapid review attempts to focus on the latter, but most of the findings come from articles looking at the broader use of conditionality. This may also be complicated by the fact that most aid is conditional (to some degree), and the term and understanding of conditionality is not clear, and is often not used in the literature. This all complicated the search for literature for this paper, and the criteria for inclusion.

Peace conditionality was a popular focus of analysis in the 2000s, however, since the late 2000s there has been much less published on this issue. In view of this limitation, this query includes literature from the 2000s, particularly drawing on the 2008 articles published in Conciliation Resources' Accord. There is a range of academic and policy/practitioner literature on this subject. One gap in the literature identified by Sindre (2014) is that despite of aid conditionality being used, little is known about how rebel groups respond to it and strategise to further their interests.

External actors use aid conditionality in conflict and peace contexts to try and shape the cost-benefit calculus of conflict actors by providing or withdrawing benefits upon changes in behaviour or policy. The international community began to push for the use of aid conditionality in conflict and peacebuilding contexts following several failed humanitarian interventions from the 1990s onwards. To some extent, most aid can be considered conditional, however, the term peace conditionality tends to refer to stricter forms of conditionality for the recipients of aid – e.g. when formal performance criteria and monitoring are set up, and used, to ensure that the aid conditions are met.

Conditionality can be used throughout all stages of the conflict, peace-making, peacebuilding and peace process implementation cycle. The aid used in peace conditionality can employ a range of incentives - economic, political, and security. And typically employs a mix of persuasion, support, and pressure. Conditionality can be explained as forming a spectrum of policy approaches alongside incentives and sanctions (Griffiths & Barnes, 2008).

Lessons

Coordination/fragmentation of donors and agendas - Conditionality is more likely to be effective if it is exercised coherently by donors, yet the fragmented donor landscape and donor incentive structures complicate this. Donors are often reluctant to coordinate and cooperate, preferring to pursue their own objectives, and preferring not to implement the agreed conditions if

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[1] Herbert, S. (2019). Aid and non-state armed groups. K4D Helpdesk Report. Brighton, UK: Institute of Development Studies.

they contradict their objectives. When donors do not have a united stance on aid conditionality, the strength of conditionality is undermined.

The conflict parties' interests, power, and motivational structures - Conditionality is more likely to be effective when it designed according to an in-depth understanding of the conflict parties, including their incentive structures, the decision-making processes of the leaders, and the wider socio-political context. However, donors' lack of sufficient knowledge about the local context is "perhaps the greatest obstacle to the effective use of conditionality" (Manning & Malbrough, 2010). Donors cannot create a peace process, they can only support one where the key protagonists want one.

Unintended consequences - The use of peace conditionality is fraught with dilemmas and risks, particularly as groups or individuals may feign commitment just to secure benefits, or to meet international expectations. External incentives can negatively distort the group and individual motivations for peace-making, and can trigger armed groups to fragment. Effective conditionality requires donors to have a good understanding of the potential consequences of donor actions (intentional and unintentional), and the linkages between peacebuilding and other reform agendas (e.g. economic reforms, governance reforms, etc). The use of sanctions can lead to particularly adverse unintended consequences, as: they are rarely designed as part of a strategic conflict resolution framework; due to their bluntness and inflexibility; and due to perceptions of bias and inconsistency

(In)effectiveness - There are diverse positions within the donor and academic community with regard to the desirability, feasibility, and effectiveness of conditionalities. E.g. Sindre (2014) finds that peace conditionalities may encourage peace talks, and ceasefires, and can encourage rebel strategies that enhance the civilian, non-military aspect of the insurgent organisation, but they are "poor tools" in reducing rebel predatory behaviour, and in encouraging peace settlements. Barnes, et al. (2008) find that while, in theory, conditionality is thought to be useful in encouraging a peace settlement by changing the cost-benefit calculation of conflict and peace, in practice, it appears to have been ineffective, and even to have actually done harm in exacerbating conflict dynamics. While Boyce (2003) finds that conditionality affects different conflict parties in different ways – e.g. it is not very effective in influencing rebel groups that cannot directly receive aid, whereas it can be influential when used with governments with high aid-dependency.

Inconsistencies and political motivations with conditionality can exacerbate conflict - Peace conditionality in the Occupied Palestine Territories (OPT) has contributed to the breakout of conflict, the undermining of the two-state roadmap to peace, and huge reductions in the living conditions of the Palestinians (Brynen, 2008). Conditionality in Palestine has been used sporadically and inconsistently.

Ethical considerations - Conditionality poses serious dilemmas related to ethics, neo-colonialism, and sovereignty – e.g. the morality of withholding aid from communities in need during humanitarian and conflict crises.

2. What is aid and peace conditionality?

External actors use aid conditionality in conflict and peace contexts to try and shape the cost-benefit calculus of conflict actors by providing or withdrawing benefits upon changes in behaviour or policy (Boyce, 2002; Griffiths & Barnes, 2008, p.18). Conditionality aims to

change the incentive structures of the actors, encouraging the momentum and consolidation of peace-making and building (Boyce, 2002; Dahi, 2019)

The international community began to push for the use of aid conditionality in conflict and peacebuilding contexts following several failed humanitarian interventions from the 1990s onwards (Boyce, 2002). Typically, peace and conflict studies' scholars "have contrasted the potential positive impact of peace conditionality with the dubious legacy of economic conditionality" (Dahi, 2019). Yet the idea of aid conditionality tends to be associated with the economic conditionality that multinational institutions and donors have used from the 1980s onwards, with their policies of structural adjustment (Dahi, 2019).

To some extent, most aid can be considered conditional, in that it is usually given alongside a purpose and a promise – e.g. to deliver services, to use technical assistance, to improve governance, to use in the health sector, to produce a report, etc. "Whether formal or informal, conditionality makes access to assistance contingent on actions by the recipient. Foreign aid seldom is a blank check" (Boyce, 2003, p.2). And whether aid is considered conditional, or not, can depend on the actor (Goodhand, 2006).

Frerks (2006, p.17) defines peace conditionality as "the use of aid as a lever to persuade conflicting parties to make peace, to implement a proposed peace accord, and to consolidate peace". The term peace conditionality appears to be used in the literature mostly when referring to stricter forms of conditionality – when formal performance criteria and monitoring are set up, and used, to ensure that the aid conditions are met, with the aim of encouraging the implementation of peace, peace agreements and in consolidating peace (Boyce, 2002). Conditions may be based on process, input, output, and/or outcome indicators (Goodhand, 2006; Klimesova, 2015). These forms of conditionality could be considered as "hard" forms (Goodhand & Sedra, 2007). In theory, aid may be given or stopped if specified terms, agreements. or rules are met/not met (Ehrenfeld, Kogut & Hove, 2003). However, in practice, donors often do not follow through and enforce their conditions, thus making the conditionality less useful - both in practice, and also in normative power.

"Conditioning can vary in several dimensions including the degree of local ownership, the 'hardness', specificity and level of the conditions" (Goodhand & Sedra, 2007). Goodhand and Sedra (2007) use a broader understanding of conditionality which includes "softer, informal forms of conditionality", so as to be able to analyse the more "subtle (and sometimes invisible) forms of disciplining or signalling that take place in the conditionality game".

Conditionality can be used throughout all stages of the conflict, peace-making, peacebuilding and peace process implementation cycle (Boyce, 2003).[2] E.g. "first, prior to the outbreak of violent unrest, external actors can mitigate tensions by conditioning the granting of external aid on peaceful resolution of the tensions. Second, during peace-making and/or peace enforcement, external parties can use conditionality when exhorting parties to cease armed operations and embark on a peaceful resolution of the existing tensions. And finally, in the peace consolidation stage, conditionality can be employed to encourage parties' commitment to an implementation of the peace agreement" (Klimesova, 2015, p.37). E.g. conditionality was used in Sri Lanka to incentive: the conflict parties' to implement the ceasefire commitments they made during the 2003 Tokyo Conference on Reconstruction and Development; the participation

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[2] Although initially peace conditionality was only referred to in the post-agreement period (Goodhand, 2006).

of a Muslim delegation in peace talks; and the promotion and protection of human rights (Smith, 2008).

Conditionality has typically been used and viewed as a state-to-state tool, however some authors e.g. Goodhand and Sedra (2007) have broadened this to look at state-to-non-state actors too. The state-to-state focus is because of the logic of aid conditionality – the more dependent a recipient is on the aid, the higher the chance for influence is. Therefore, the biggest aid donors – the multilaterals or the bilaterals – have the biggest influence, particularly when their aid makes up a bigger percentage of the total aid budget, unless the donors are coordinated. For this reason, nongovernment organisations (NGOs) also have less leverage (Chong, 2002). NGOs also tend to have less leverage with conditionality as they are less coordinated and as they take more responsibility for protecting populations during conflict (Chong, 2002).

The aid used in peace conditionality can employ a range of incentives - economic (e.g. development aid), political (e.g. diplomatic relations, recognition in international/multilateral institutions), and security (e.g. protection guarantees) (Griffiths & Barnes, 2008; Haider, 2014). The term peace conditionality is typically used to describe the use of economic incentives, rather than political or security incentives (Griffiths & Barnes, 2008). It can take many forms, e.g. capital, resources, institutional and technical assistance, development of justice and security systems, etc (Ehrenfeld, Kogut & Hove, 2003). It typically uses a mix of persuasion, support, and pressure (Ehrenfeld, Kogut & Hove, 2003). Goodhand and Sedra (2007) conceptualise conditionalities as creating a triangular relationship between international actors, domestic elites and societal groups, rather than just a bipolar relationship between the international actors and domestic elites receiving the aid, as the "(dis)incentives applied by international actors may have a critical effect on the capacities and legitimacy of domestic elites and their relationships (and bargaining processes) with societal groups".

Conditionality can be explained as forming a spectrum of policy approaches alongside incentives and sanctions. Figure 1 depicts this spectrum (Griffiths & Barnes, 2008). Each explanation reflects "a different logic of how change can be achieved and what degree of 'leverage' is required to achieve it" (Griffiths & Barnes, 2008, p.13). The approaches that use conditionality are highlighted in blue in Figure 1. Conditionality can be structured in a positive way (do x), a negative way (stop doing x), or as a deterrent (don't start doing x) (Schelling in Griffiths & Barnes, 2008). Griffiths and Barnes (2008, p.18) explain the logic of the categories:

- **Force** – the most coercive measures are listed at the top, these range from outright force to different forms of restrictions or punitive pressures.
- **Sanctions and other pressures** – these are less coercive, and are based on the logic of reward and punishment, encouraging change through positive incentives, and/or increasing the cost of intransigence. They can be threatened or applied, and include a range of activities from formal sanctions to symbolic penalties.
- **Incentives and rewards for cooperation** – these are again less coercive measures, and are based on the logic of encouraging or persuading through the use of rewards and incentives for compliance. They aim to foster favourable conditions for engagement, encourage progress in a peace process, support the implementation of peace agreements, and generate wider support for peace. These incentives can be economic (peace conditionalities), political and/or security related.

- **Facilitation** – these are non-coercive measures that support the conflict parties' negotiations. They encourage changes in relationships and mindsets, they build capacity to negotiate, facilitate dialogue and provide forums, training, and tools.

Figure 1: A spectrum of influence (Source: Griffiths & Barnes, 2008, p.13; emphasis/colour added. Reproduced with kind permission from Conciliation Resources)

		Examples of instruments
Most coercive ↑	Force change	**Military intervention** • Unilateral military intervention • Non-consensual deployment of peacekeeping forces
	Pressure for change through punishments and threats against non-cooperation	**Formal sanctions** • Economic sanctions: e.g. comprehensive trade embargoes, selective trade embargoes (especially on the commodities essential to war economies such as diamonds or timber) • Arms embargoes (on arms supply, training, military cooperation etc) • Targeted financial or diplomatic sanctions such as asset freezes, travel and visa bans • Proscription (i.e. outlawing and blacklisting) of individuals and organisations **Other forms of pressure** • Non-centralised diplomatic and political sanctions, such as suspending diplomatic relationships (e.g. recalling / expelling diplomats or representatives), withdrawing recognition • Cutting off valued support and resources, suspension of trade preferences or development aid • Sports or cultural boycotts • Referral to international criminal courts on war crimes investigations • Condemnatory statements or 'internationalising' issues (e.g. by putting situations on intergovernmental agendas)
	Encourage change through rewards for cooperation and progress	**Economic and institutional benefits** • Reconstruction or development aid • Debt relief • Favourable trade-related or financial measures (tariff reductions, direct purchases, most-favoured nation status, extending subsidies to exports or imports, providing export or import licenses, guaranteeing investments, encouraging capital imports or exports, etc) • Support for institutional, political and judicial reforms (e.g. training of public officials, decentralisation of power, political party-building) • Election reform, support and monitoring (often part of a package of political guarantees) • Human rights promotion, monitoring and institution-building • Security sector reform **Engagement, legitimisation and recognition benefits** • Diplomatic recognition, official visits or receiving representatives (including normalising relations / ending isolation)

		• Access to international organisations (membership, association, favourable status)
	Encourage change through resources and guarantees to support engagement	**Resources for enabling dialogue** • Material or technical assistance for confidence-building and for dialogue and negotiation processes (e.g. hosting conferences and dialogue processes) • Material or technical assistance to help settle key issues (e.g. support for land reform, reforms of armed forces) **Assurances and guarantees** • Security guarantees (e.g. monitoring and peacekeeping) • Assistance with demilitarisation and security sector reform (e.g. demobilisation and reintegration of armed forces, professionalisation of armed and other security forces, compensation schemes) • Political guarantees (commitments to support implementation of substantive agreements)
↓ Least coercive	Enable change through facilitation	**Facilitation of dialogue** • Ideas to settle key conflict issues or reframe the means of concessions • Capacity building for parties to engage in negotiations • Mediation / facilitation / problem-solving workshops

3. Lessons

Coordination/fragmentation of donors and agendas

Conditionality is more likely to be effective if it is exercised coherently by donors, yet the fragmented donor landscape and donor incentive structures complicate this (Barnes, McKeon & Griffiths, 2008; Smith, 2008). However, the donor landscape is fragmented with numerous actors and agendas which may overlap or contradict each other, and often combine to "generate strategy gridlock" (Barnes, McKeon & Griffiths, 2008, p.7). Donors' incentive structures and ideological approaches shape their organisational dynamics and interagency rivalries (Boyce, 2002). "These can undermine agency effectiveness even in pursuit of more familiar development objectives, let alone in responding to the novel challenges of building peace" (Boyce, 2002). Examples of donor coordination arrangements include: contact groups, groups of friends, friends of a country, implementation and monitoring groups, and coordination mechanisms for assistance (Whitfield, 2008).

Donors are often reluctant to coordinate and cooperate, preferring to pursue their own objectives, and preferring not to implement the agreed conditions if they contradict their objectives (Manning & Malbrough, 2010). Peace is often one objective among many for donors, e.g. alongside geopolitical aims, economic and commercial interests, and the repatriation of refugees (Boyce, 2002). These competing objectives tend to militate against the use and effectiveness of peace conditionality, e.g. by conditions not actually being enforced (Boyce, 2002). E.g. while the US used peace conditionality to stop aid to the Palestinians under the Hamas government, it has not used it to stop or restrict aid to the Israelis, despite Israeli non-compliance with the Oslo agreement, other various interim agreements, the Quartet Roadmap, and despite its continued expansion of illegal settlements in the occupied West Bank (Brynen, 2008; Boyce 2002). Another example is the lack of enforcement of conditionalities following the

Sri Lanka 2003 conference: despite the context in Sri Lanka deteriorating, major donors (with a few exceptions) continued with their aid programmes (Smith, 2008).

"Most aid and diplomatic actors (albeit not all) have been unwilling to seriously engage in a discussion of how their own interests could be reframed within a wider, more concerted approach, in which the carrots and sticks might be complementary and thus mutually reinforcing. The notion of strategic complementarity has occupied a marginal place in discussions about the role of international actors" (Smith, 2008, p.91). Smith (2008) concludes that for international actors to play a positive role, supporting peace must be at the core of their strategy; and that donors must analyse their responses to identify their explicit or implicit biases to ensure conflict sensitivity (Smith, 2008).

When donors do not have a united stance on aid conditionality, the strength of conditionality is undermined (Boyce, 2002). E.g. it was impossible for donors to reach a coordinated position on their support to Sri Lanka, promised during the 2003 Tokyo Conference on Reconstruction and Development, with widely diverging support for peace conditionality, and on whether conditionalities should be negative, positive or structured as milestones to monitor progress (Smith, 2008, p.90). Smith (2008) identifies this ineffectiveness as resulting from: the wide variety of political and organisational agendas; the pressure on aid organisations to disburse committed funds regardless of conflict trends; and pressure from immigrant Sri Lankan constituencies in the donor countries in support of reconstruction; and the reluctance of donors to engage deeply in a country of modest strategic importance vis-à-vis other priorities (Smith, 2008). Another example of lack of donor coordination undermining conditionality is the reconstruction of the Bosnian city Mostar's electricity grid (Boyce, 2002). While the EU made its support to the reconstruction conditional on the electricity grid being shared between the Bosniacs and the Croats, before this was signed off, the World Bank agreed to repair the grid on just the Bosniac side, resulting in Mostar now having an electricity grid split between the two sides (Boyce, 2002, p.1028).

Frerks (2006, p.32) summarises the major impediments to donor coordination for peace conditionality:

- Multitude of actors
- Transient actors
- Costs in time and money
- Need to satisfy own constituencies
- Need to serve national interests
- Donor competition
- Unwillingness
- Competing financing structures
- Differing mandates, policies or specialisations
- Differing timeframes
- Differing 'cultures'
- Differing assessments of the situation (root causes) and of feasibility of solutions

The conflict parties' interests, power, and motivational structures

Conditionality is more likely to be effective when it is responsive to the incentive structures of the conflict parties, the decision-making processes of the principal leaders, the interests, incentives and power of the NSAGs, and the wider socio-political context (Barnes, McKeon & Griffiths, 2008; Barnes & Griffiths, 2008; Dudouet & Galvanek, 2018). As Dudouet and Galvanek (2018) explain this includes not just knowledge of the NSAGs' demands and/or political grievances, but "rather a much more in-depth understanding of the nature of the group and its sub-units, its specific and general interests, and the potential incentives that its members would respond to, specifically in terms of bringing them to or keeping them at the negotiation table". Donors' understanding of these incentive structures must be based on analysis of the context – of what the underlying causes are, and what is likely to modify the conflict's course (Smith, 2008). This analysis also needs to understand the full spectrum of conflict stakeholders – e.g. enemies, allies, affected parties, and disinterested others (Barnes, McKeon & Griffiths, 2008). The pros and cons of whether to impose strict fundraising regulations in ceasefire arrangements with NSAGs needs to be carefully weighed according to what is realistic and achievable for the NSAG (Dudouet & Galvanek, 2018). "Constructive ambiguity" in ceasefire provisions may allow for looser limitations on NSAG fundraising – e.g. with the 2015 Nationwide Ceasefire Agreement in Myanmar (Dudouet & Galvanek, 2018). And ultimately conditionality only works if the aid recipient cares about the people that the aid will affect, e.g. in South Sudan conditionality is limited as, according to a diplomat quoted in a news article, "the South Sudanese authorities seem to feel immune to conditionality because they seem to think if you don't feed our people that's fine" (Oakford, 2017).

However, donors' lack of sufficient knowledge about the local context is "perhaps the greatest obstacle to the effective use of conditionality" (Manning & Malbrough, 2010). E.g. in Sri Lanka, key issues undermining the effectiveness of conditionality include the lack of donor understanding of the conflict causes, and how conditionality would impact on the political interests of the main protagonists (Smith, 2008). This resulted in the use of incentives and disincentives with little relevance – e.g. economic incentives mattered only in how they impacted on the core political interests of the conflict parties (Smith, 2008).

The decision whether to include certain non-state armed groups (NSAG) in peace talks is complex as inclusion tends to bestow legitimacy on the NSAG. Podder (2013) suggests donors consider the following factors in deciding whether to include a NSAG: "the existence of political institutions, strong command and control over military forces, clear political vision, disciplined organizational structure, popular support, capacity to deliver basic services in the territory under their control, respect for the rule of law, and a leadership hierarchy that is strong, progressive, and able to offer a more positive governance experience as an alternative to weak and corrupt governments". Podder (2013) also emphasises that despite the tendency to view all NSAGs as threats to security, spoilers, terrorists, and as negative for peace, it is important to "differentiate between armed groups in order to understand their potential for positive roles and partnership in state building by establishing the resources and support channels that constitute their socio-political legitimacy". See the companion helpdesk query on NSAGs for more detail on this (Herbert, 2019).

Donors cannot create a peace process, they can only support one where the key protagonists want one (Smith, 2008). There needs to be a more realistic understanding of the limits of international community engagement, in terms of what it can and cannot contribute, and key concerns around the appropriateness of interventions and sovereignty (Smith, 2008; Griffiths

& Barnes, 2008, p.19). External influence can play a key role in getting conflict parties to decide to engage with each other – e.g. in Sudan and Côte d'Ivoire (Barnes, McKeon & Griffiths, 2008). And conditionality appears to be most effective if it can help to shift the underlying conflict dynamics and build momentum towards a resolution (Barnes, McKeon & Griffiths, 2008). However, ultimately, "efforts to 'buy peace' rarely succeed because aid is seldom a pre-eminent factor in the transition from war to peace, operating at the margins of the political economy of war. The measures on offer may not be as attractive to the targets as anticipated. Incentives such as reconstruction and development assistance rarely trump political aspirations. The request to give up longheld values in exchange for an economic benefit can risk being interpreted as a bribe" (Griffiths & Barnes, 2008, p.19).

Unintended consequences

The use of peace conditionality is fraught with dilemmas and risks, particularly as groups or individuals may feign commitment just to secure benefits, or to meet international expectations (Griffiths & Barnes, 2008). Griffiths and Barnes (2008) talk of a "dysfunctional over-incentivisation" to participate in peace talks when per diems are high, or when agreements include lucrative financial opportunities. External incentives can also negatively distort the motivations for peace-making (encouraging a process of bargaining for concessions from third parties), and they can trigger the fragmentation of armed groups (Griffiths & Barnes, 2008).

Effective conditionality requires donors to have a good understanding of the potential consequences of donor actions (intentional and unintentional), and the interlinkages between peacebuilding and other reform agendas (Ehrenfeld, et al., 2003; Manning & Malbrough, 2010). E.g. in Sri Lanka while donor reconstruction funds had aimed to incentive the north-east (and the rebel group the Liberation Tigers of Tamil Eelam (LTTE)) to come back into the mainstream, the funds were framed by Sinhalese nationalist groups as outsiders' support for the LTTE, with an aim to split the country (Smith, 2008). Meanwhile, not all of the aid that was promised was delivered, fostering scepticism by LTTE hardliners about a negotiated settlement (Smith, 2008).

The use of sanctions can lead to particularly adverse unintended consequences, as: they are rarely designed as part of a strategic conflict resolution framework; due to their bluntness and inflexibility; and due to perceptions of bias and inconsistency (Griffiths & Barnes, 2008). Case studies published in Conciliation Resources' Accord publication found examples of sanctions that have inadvertently escalated conflict dynamics, while also not supporting behavioural change (Griffiths & Barnes, 2008). E.g. terrorist listings "are typically perceived by the proscribed group as an attempt to de-legitimise their goals rather than their methods. This can sometimes entrench militant positions and weaken factions willing to explore a political strategy leading to conflict settlement by sealing off choices and avenues for dialogue" (Griffiths & Barnes, 2008). Griffiths and Barnes (2008) suggest that the effectiveness of sanctions as a tool of persuasion seems to depend on:

> "(a) how the leaders of the belligerent groups respond and whether they are concerned about the consequences of the sanctions on the public or themselves;
>
> (b) the credibility of the threatened sanctions and whether they will be implemented and enforced;

(c) the credibility of the sanctioners and particularly whether important allies will cut off their support; and

(d) the wider political context and how it has shaped the expectations of the parties."

(In)effectiveness?

There are diverse positions within the donor and academic community with regard to the desirability, feasibility, and effectiveness of conditionalities. While some believe that aid can be an effective incentive to negotiate and to reduce social tensions, particularly when tied to specific steps to build peace, others assert that aid alone cannot affect conflict dynamics or transform conflict. The effectiveness of aid as an incentive in a peace process also depends on the level of aid dependency of the country in question (Haider, 2014). Sindre (2014) emphasises there is limited analysis of the impacts of conditionality, particularly due to the "difficulty in identifying the processes that are actually affected by international aid and the specific kinds of outcomes that these processes produce".

Frerks (2006) highlights that ultimately that donors' use of aid has a limited ability to change the dynamics of a conflict, and the aid package needs to be substantial enough (vis-à-vis other resources) to incentivise peace. Yet, "this is rarely the case, given long-term socially and culturally embedded differences between the parties involved, often exacerbated by a history of war compounded by mutual hate and fear. There is a strong and largely well-founded perception that peace cannot be imported or imposed, but must be made by the people concerned" (Frerks, 2006, p.31). Svensson (in Frerks, 2006) finds that on average aid does not seem to influence policy, which is at the core of how conditionality should work.

Sindre (2014) finds that peace conditionalities may encourage peace talks, and ceasefires, and can encourage rebel strategies that enhance the civilian, non-military aspect of the insurgent organisation, but is a "poor tool" in reducing rebel predatory behaviour, and in encouraging peace settlements – this is based on a comparative analysis of the Free Aceh Movement (GAM) in Indonesia to the Tamil Tigers (LTTE). It was in Sri Lanka where conditionalities contributed to securing temporary ceasefires, but this aid did not have the expected transformative effects on the overall conflict dynamics (Sindre, 2014). It also found that "in the absence of a peace agreement that addresses the core political questions of the conflict, the use of aid conditionalities such as promoting joint collaborations in the administration of aid between protagonists to encourage conflict resolution heightens tensions while taking attention away from the core issues of the conflict" (Sindre, 2014). Conditionality did contribute to positive outcomes in post-settlement Indonesia, where the inclusion of rebels into the formal aid bureaucracy may have helped transform its militarist structures and strengthen its civilian capacities to become a politico-bureaucratic organisation.

Barnes, et al. (2008) find that while, in theory, conditionality is thought to be useful in encouraging a peace settlement by increasing the cost-benefit equation of conflict and peace, in practice, it appears to have been ineffective, and even to have actually done harm in exacerbating conflict dynamics, as illustrated by case studies in the 2008 Accord publication (Barnes, McKeon & Griffiths, 2008, p.4). Ultimately, they find that unless the conditionality is applied coherently and strategically by external actors, the potential for leverage is blunt (Barnes, et al., 2008). Further, the usefulness of rational choices about costs and benefits is questionable as conflict causes are rooted in ideology and grievances, and the

complex interaction of conflict dynamics, both of which are not easily influenced by external pressures or incentives (Griffiths & Barnes, 2008, p.18-19).

Conditionality affects different conflict parties in different ways – e.g. it is not very effective in influencing rebel groups that cannot directly receive aid (e.g. those classified as terrorists), whereas it can be influential when used with governments with high aid-dependency (Boyce, 2003). In the latter case, conditionality can be beneficial to rebel groups (Boyce, 2003). Conditionality is more useful when aid flows/aid dependency are large so that aid can provide the donors leverage for encouraging peace (Brynen, 2008). However, Brynen (2006) notes that according to this logic, Palestine and Israel would present good cases for the use of conditionality, however in practice, conditionality there has not been enforced due to the donors' political agendas.

Inconsistencies and bias with conditionality can exacerbate conflict

Peace conditionality in Palestine has contributed to the breakout of conflict, the undermining of the two-state roadmap to peace, and huge reductions in the living conditions of the Palestinians, finds Brynen (2008). Palestine has experienced peace conditionality in a variety of forms – "the 'carrot' of present or future aid has sometimes been used to entice parties into an agreement, or to cement elite or popular support for an agreement once it is signed. Conversely, the 'stick' of withdrawing or withholding aid has been used (less frequently) in an effort to punish, and ultimately change, behaviour" (Brynen, 2008, p.75). E.g. when Hamas won a majority in the 2006 Palestinian Legislative Council election, it won partial control over the Palestinian Authority (PA) from Fateh (Brynen, 2008). Yet Hamas' political win meant that the PA lost most of its aid budget, as many donors had categorised Hamas as a terrorist organisation (e.g. the US, the EU, and Canada), and thus could not continue to fund the PA with Hamas at the helm (Brynen, 2008). Similarly, the taxes that the Israelis had collected on the PA's behalf before were suspended (Brynen, 2008).

Conditionality in Palestine has been used sporadically and inconsistently. E.g. It was not used much during the Oslo era (1993-2000) due to the lack of consensus on: donor responsibility, steps to advance peace, a unified donor position, and due to the reluctance to withhold aid for fear of weakening Fateh (Fateh being pro-negotiations), and due to reluctance to put pressure on Israel (Brynen, 2008).

This changed dramatically in 2000/2001, as the conflict dynamics changed significantly with the 2000 failure of the Camp David Summit, the *intifada* (uprising), the unsuccessful Taba negotiation, and the election of Israeli Prime Minister Ariel Sharon. Israel and the US began to isolate and pressure the then President of the Palestinian National Authority Yasser Arafat to reform his constitutional powers, and to strengthen governance capacity and fiscal transparency (Brynen, 2008). New donor coordination mechanisms, and the Performance Based Roadmap to a Permanent Two-State Solution to the Israeli-Palestinian Conflict, set out the reform agenda, and donor pressure pushed through some reform successes. The plan was that these steps would "be followed by the establishment of a transitional 'independent Palestinian state with provisional borders and attributes of sovereignty' by December 2003, with subsequent permanent status negotiations leading to a final agreement and full statehood by the end of 2005" (Brynen, 2008, p.76). However, increased violence and harsher Israeli restrictions (which led to a severe recession in the Palestinian territories and the creation of the separation wall and checkpoints) meant that aid had to move away from development programming towards emergency humanitarian programming, and grievances spiralled (Brynen, 2008). Moreover, no

real progress was made on the Roadmap or the establishing of a Palestinian State (Brynen, 2008).

Aid conditionality was used again after 2004 with Arafat's death, as US$3 billion per year was promised to the West Bank and Gaza. Yet the "focus on aid came at the expense of a focus on the real political issues at the core of the Palestinian-Israeli conflict", e.g. while aid was delivered, donors did not pressure the Israeli government to reduce its restrictions on trade and movement, the latter being much more significant for Palestine's development and conflict dynamics (Brynen, 2008, p.77). The focus on providing aid was easier politically than diplomacy efforts to address the causes of the conflict (Brynen, 2008). Few of the obligations in the Roadmap were met, and the target dates were passed and forgotten (Brynen, 2008).

Ethical considerations

Conditionality poses serious dilemmas related to ethics, neo-colonialism, and sovereignty (Ehrenfeld, et al., 2003; Boyce, 2002). These include the morality of withholding aid from communities in need during humanitarian and conflict crises and conditionality as blackmail or coercion in furthering the political objectives and ideologies of donors. Ultimately, as "conflict and peace is extremely political and normative", donors need to assess the appropriateness and ethics of interfering in the political struggles of other communities and countries (Frerks, 2006, p.31).

Yet, as Goodhand and Sedra (2007, p.43) point out, "aid has political impacts whether there are strings attached or not. Therefore, donors, by providing aid unconditionally, do not render themselves politically neutral". Issues of power relations, the asymmetries of power, information, ideologies and preferences are central to study and use of conditionality (Goodhand & Sedra, 2007).

Post-conditionality approach

"In development circles conditionalities have increasingly fallen out of favour. There has been a shift away from notions of 'hard' conditionalities towards ideas of streamlining or selectivity. Some donors such as the UK's Department for International Development (DFID) are said to have adopted a 'post-conditionality' approach, which emphasises policy dialogue and 'ownership', alignment and harmonisation. While a 'post-conditionality' position may be tenable in a stable context where there is 'incentive compatibility', it is unclear whether or how this can be translated into a realistic policy in conflictual settings. Meaningful policy dialogue and domestic ownership may not be possible where the state is fractured, and unconditional aid runs the risk of fuelling conflict" (Goodhand & Sedra, 2007, p.42-43; Boyce, 2004).

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