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**Economic Rehabilitation
for Conflict and Counterinsurgency
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National Defense University**

**A Guide to Economic Growth in
Post-Conflict Countries**

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Main Messages

- Economic growth - Critical for success
- Reforms and programs need to:
 - Start right away
 - Be done differently
 - Achieve immediate widespread impact
- Short-term actions contribute to achieving long-term objectives



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Why Post-Conflict EG ?

- 40% return to conflict in < 10 years
- Traditional approaches often failed
 - Growth rebound inadequate
 - High unemployment persists
 - Ad hoc or no EG program
- Early, robust EG improves the odds



I. Approach to Post-Conflict Recovery

Political Context

- Weak and fragile government
- High expectations – a sense of urgency
- Powerful Old Interests; Ex-Combatants

Economic Context

- Destroyed Infrastructure, lost lives, IDPs, refugees
- High-cost, high-risk, fragmented economy

Nature of the Conflict

Nature of the Peace



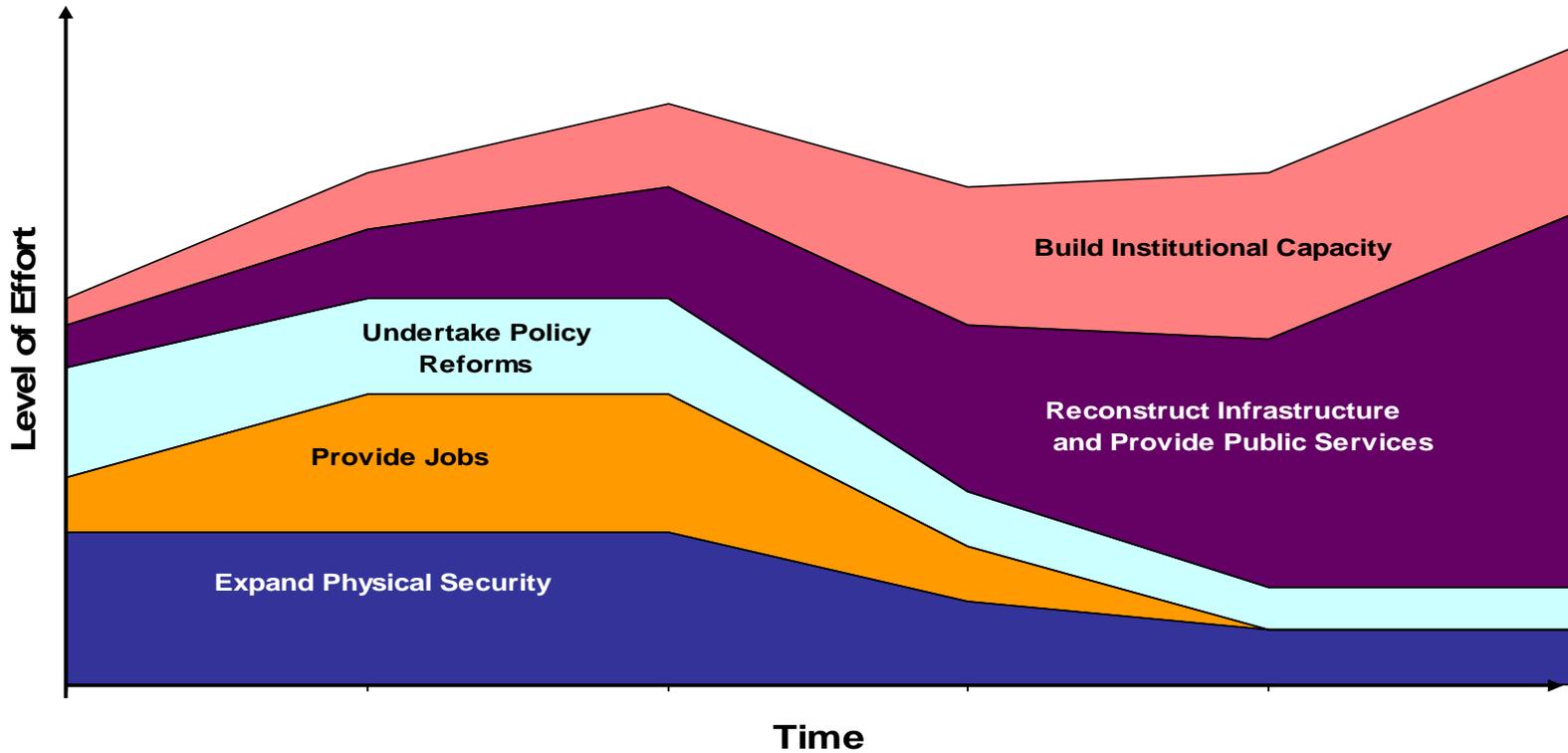
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Post-Conflict Goals

- Re-establish economic governance
- Restore legitimacy of government
- Boost employment and well-being
- Address root economic causes
- Stabilize the economy
- Position economy to grow rapidly



Post-Conflict: EG Program Emphases





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How should it be done?

- Focus on the basics
- Establish priorities
- Understand recurring trade-offs
- Pay attention to sequencing
- Anticipate transition to the long-term



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Four Recurring Trade-Offs

- Effectiveness vs. Efficiency
- Urgency vs. Legitimacy
- Short-term vs. Long-term
- Window of Opportunity vs. Absorptive Capacity



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II. Best Practices

Macroeconomic Foundations

Fiscal Policy and Institutions

Monetary Policy and Institutions

Employment Generation

Private Sector Development

Enabling Environment

Enterprise Development

Agriculture

Banking and Finance

Trade Policy and Institutions

Infrastructure



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Employment Generation

- Provide jobs through grants to many groups - employ both ex-combatants and civilians
- Stimulate the economy
- Knock down administrative barriers to formal and informal economic activity
- Make emergency repairs to key infrastructure
- Eliminate barriers to movement and commerce
- Get some SOE's working again
- Focus on local investment and local employers



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