Executive summary

Nine years after the Arab Spring, people in Iraq, Libya, Syria, and Yemen face tragic levels of death, destruction, displacement, and disorder. The breakdown of state governance coupled with the economic and social losses inflicted by conflict in these four countries have had a major impact on regional and international security, humanitarian, social, and economic affairs. From 2013 to 2017, the Middle East and North Africa (MENA) region alone accounted for 68 percent of global battle-related deaths.\(^1\) Yemen is facing the world’s largest humanitarian crisis, with close to 80 percent of the population in need.\(^2\) In Syria, the cumulative losses in gross domestic product have been estimated at $226 billion through 2017, about four times the Syrian GDP in 2010.\(^3\) The majority of the more than 5.6 million people who have left Syria since 2011 sought refuge in Jordan, Lebanon, and Turkey, where the disproportionate influx of people has had significant negative fiscal impacts, widened the service provision deficit, and strained the socioeconomic fabric of each country.\(^4\) The absence of the state in conflict areas has opened space for nonstate actors, including extremists, terrorists, and armed groups, competing for power and resources. The four conflicts have also drawn in various international and regional powers competing either directly or through proxies and spinning a complex web of intersecting conflicts that threaten regional stability.

These unprecedented levels of conflict and violence pose new challenges to practitioners and policymakers. In light of armed conflict, the systems that promised order—state structures, institutions, economic networks, and social fabrics—are fragile, fragmented, and stressed. State authorities struggle to provide even the minimum level of security to engender the trust and stability to end conflict or build sustainable peace. Where violence and displacement continue, people fearing anarchy and distress have sought security and basic services in informal networks with ever-shifting dynamics. New elite configurations—war lords, often armed, with strong and tangled vested interests in the conflict-driven informality—compete for power and resources nationally and locally. Competition among international and regional states only adds to the pressure. Urban areas have come under particular stress as targets of violence in a highly urbanized region—and locations of refuge for the millions of displaced.

The conflicts in Iraq, Libya, Syria, and Yemen in many ways epitomize a type of conflict that has been evolving since the end of the Second World War. These conflicts have become increasingly fluid in their unpredictable evolution—often localized in parts of a country, while creating regional and international spillovers. They have fractured relationships within and between communities, undermining social cohesion, and have drawn in multiple regional and global actors with different interests. They have also reconfigured the political economy in wartorn societies and their neighboring countries, with illicit and informal undertakings and economic activities flourishing domestically and regionally, prompting not just a change in the workforce but also feeding into the establishment of war economies. Last, they are protracted with no clear end and continuing cycles of violence, thus leading to ever more fragile situations (figure ES1).

Spawning insecurity, mass displacement, and disorder—these conflicts are testing the limits of reconstruction and peacebuilding approaches centered on state-building. Over the past 30 years, reconstruction and peacebuilding efforts have tended to follow state-building models, with a consolidated state centrally administering resource mobilization and allocation. The protracted conflicts in MENA, characterized by prolonged fragility, call this central state-building approach into question. In the four conflict countries, a presumed social consensus favoring a central state may have no basis, given an absence of trust that such a state would be accountable and inclusive. In fact, the 2011 uprisings across the Arab region were in many ways a protest against the existing social contracts and
a symptom of growing fractures among different social groups (figure ES1). The eroding legitimacy of reform and the ruling elites in MENA countries fueled the outbreak of civil wars, since the long-established power distribution excluded a large part of the population from economic opportunity and political participation. Moreover, the persistence of informal armed networks only reinforces the centrifugal forces opposing a strong central state apparatus and facilitating civil and intrastate conflict. Given the regional and international dimensions of these conflicts, approaches failing to engage beyond the territory of individual states will struggle to contribute to sustainable peace.

The Building for Peace report aims at strengthening the existing approach to sustainable peace by applying global knowledge in conflict prevention and reconstruction to the specific challenges and opportunities of reconstruction and recovery. Transitioning toward sustainable peace is a prolonged journey to remove violence and insecurity and to build social cohesion, equitable economic opportunities, and accountable institutions for all individuals. The report is grounded on the new FCV (Fragility, Conflict, and Violence) strategy for the World Bank and on past analytical and operational experiences. It combines recent development thinking with original research to propose a multidisciplinary approach to reconstruction and the transition to sustainable peace for conflict countries in the MENA region and globally.

The approach emerging from this report calls for first recognizing the multidimensional and idiosyncratic characteristics of each conflict context. It calls for new criteria and calculations for risk and results, for substantial tolerance for compromise and potential failure, and for necessary or expedient tradeoffs. The approach begins with an overarching focus on the people most affected and most vulnerable. It seeks to understand how to build their sense of security and trust, and how to create time and space for building inclusive institutions. It aims to shed light on the need to address grievances and conflict drivers, creating zones of accountability to replace informal, fluid zones of impunity, and to limit opportunities for spoilers while supporting the drivers of resilience. Grounded on an understanding of the structure and incentives of the actors affected and involved in reconstruction, the approach aspires to become specific in time and place—about the where, what, who, and how.

The report recognizes the difficulties of moving from abstract aspirational prescriptions to active engagement in very difficult and fluid environments. It is not an evaluation of all existing tools for peacebuilding and reconstruction but an inquiry into whether those tools are used to full advantage. To this end, the first step suggested is a more comprehensive and dynamic assessment process to planning interventions. The process emphasizes the use of existing tools and any modifications necessary to gain greater understanding of all actors, institutions, and structural factors on the ground. This understanding is critical because local reactions to ill-conceived interventions could prove counterproductive and undermine future peacebuilding. Further, the infusion of resources into a fluid, fractured, and informal environment could reinforce past power structures or informal and illicit networks, providing them resources to undermine the transition toward sustainable peace.

The report proposes an approach that forges partnerships to identify entry points and builds, incrementally, on the assets present. It calls for greater flexibility in engaging counterparts and key stakeholders, which in turn depends on effective partnerships and convening powers, and much broader
outreach to a wide range of stakeholders and informants. In a global environment fatigued by wars and displacement, traditional financing models continue to have their place. But today’s fluid, fractured, and informal contexts call for innovative resource mobilization and deployment with more calculated risk management. Meeting the new challenges of conflict and violence requires an integrated and comprehensive assessment of existing assets and opportunities, strategies focused on the people most affected, new technologies and innovations, more effective partnerships between different actors, and informed interventions driven by international commitment and backed by predictable resources.

Conflict traps and lessons from peacebuilding in MENA

Violence in MENA has erupted as a result of an accumulation of many unaddressed grievances. As the transitions to either peace or violence are gradual processes—rather than one-time breaking points—the persistence of underlying grievances such as exclusion of some segments of the population, injustice, or inequality and people’s strategies for coping with instability pushes a country to move into and out of violence. These cycles of violence sustain “conflict traps” that cannot be escaped until these underlying dynamics are addressed. In MENA, the most recent violence expresses the explosion of unaddressed grievances that have been accumulating for decades, leading to the protracted and often localized conflicts in the aftermath of the Arab Spring.

The track record of previous reconstruction and peacebuilding efforts shows that they have rarely managed to permanently break conflict traps, particularly in MENA. Breaking the cycle of violence can be achieved only if policymakers avoid rebuilding the institutions, networks, and dynamics responsible for and benefiting from the conflict, and instead focus on the key drivers and enablers of sustainable peace. The traditional reconstruction approach—applied after the clear ending of a conflict and focused primarily on a clear and stable central government as the key counterpart for implementing a top-down approach to reconstruction—cannot ensure sustainable peace in today’s conflict situations. Complementing top-down approaches with local and community-based bottom-up approaches will enhance the likelihood of achieving peace in the long term. While it may lead to a temporary stabilization, it does not address fully or effectively the conflict’s dynamics, causes, and consequences, which is crucial in building sustainable peace.

The example of Iraq illustrates the mismatch between a country’s needs as it seeks to transition out of conflict and the priorities identified by the international and local actors. Nearly US$ 60 billion was spent on reconstruction after 2003, according to the Special Inspector General for Iraq Reconstruction’s final report in 2013, mostly targeting the oil sector, which employed 1–2 percent of Iraq’s labor force, thus failing to diversify the Iraqi economy and create jobs outside the large public sector. Yet, in an anonymous online survey of 3,000 random internet users in Iraq in March 2019, 25 percent of the respondents cited “job opportunities” as the main issue lacking in previous peacebuilding work that could have guaranteed a better transition toward peace (figure ES2). In retrospect, this mismatch between local needs and the focus of the reconstruction programs seems to have left the drivers of conflict and fragility unaddressed for more than a decade.

The main motivation for this report is therefore to ask how to begin to meet these complex needs without repeating mistakes of the past.
challenges and support countries in their transition toward sustainable peace. What can we learn from the past, for use in the present, that will improve outcomes in the future for all citizens? This question is of particular relevance to development actors such as the World Bank, which have been engaging with increasing frequency in conflict settings in roles complementary to the main humanitarian actors. This question also cuts to the core of the objectives of the development actors in their mandates to improve people’s lives as each new conflict further erodes past development gains.

By focusing on sustainable peace as the final objective, this report speaks to humanitarian and development practitioners and policymakers and nests at the Humanitarian-Development-Peace nexus. Sustainable peace is a more encompassing concept than stability or development: It ensures physical, economic, and social security in the long run for all individuals and communities; rebuilds the social fabric and human capital destroyed by war addressing past and existing grievances; creates economic opportunities for all, while establishing inclusive and accountable institutions; and encompasses all actors—local, national, and international, both formal and informal, looking beyond national borders. In situations of protracted conflicts, there is a need to bridge short-term imperatives with long-term goals, requiring humanitarian, security, and development actors to work together as they seek to support transitions to sustainable peace. To do so, this report adopted a multisector and multidisciplinary methodology that combines insights and advances from numerous academic fields.

The World Bank’s efforts to improve outcomes in situations of Fragility Violence, and Conflict (FCV) over the past decade has culminated in the new strategy for engagement in these situations. Not only are past development gains eroded by conflict, sustainable development is not possible unless built on a foundation of sustainable peace. Going beyond the MENA region, it is estimated that around half the world’s extreme poor will be living in fragile and conflict-affected situations by 2030. To better position itself to tackle this challenge, the new FCV strategy articulates a framework for World Bank interventions in FCV situations. This report is anchored on the strategy and—more specifically—on two areas of engagement: remaining engaged during crisis situations and escaping the fragility trap. Applying this framework to the MENA context, it uses the cases of Iraq, Libya, Syria, and Yemen to develop an approach to World Bank engagement in situations of violent crisis and fragility.

The Building for Peace Integrated Approach: Linking past, present and future

In supporting transitions to sustainable peace, this report puts forward a dynamic and integrated approach linking the past, present, and future and actors’ incentives over time. Understanding the past and current political, social, and economic dynamics at the local, national, and regional level is the starting point to inform any intervention seeking to promote sustainable peace. Making sense of the past is crucial to tackling long-lasting grievances, while understanding the present allows for the identification of entry points. This approach goes beyond the past and the present by also taking into account individuals and their incentives in the future. It factors in how the design of policies today may affect the future shape of institutions and society, which is key for ensuring sustainability. Along this time continuum, it explicitly takes into consideration the different actors involved in and affected by the conflict on all levels, the way their incentives change over time, and how these changes affect the transition toward sustainable peace (figure ES3). The approach seeks to:

- **Understand the past.** The past allocations of power and resources among actors, past dynamics, and economic interests that may have contributed to conflict, institutional distortions, and unaddressed grievances.

- **Make sense of the present.** The power and incentives of existing actors, the existing allocation of resources, and the political and economic interests revolving around war. This requires assessing existing assets, including not only physical assets but also institutional, human, and social capital, in order to build on them—and to see them as starting points, not gaps.
Map the future. Developing a shared long-term vision that maps out alternative policy options and specifies how these policy options today could affect actors’ incentives, power, resource distribution, and institutions in the future. This requires identifying the spoilers and enablers of sustainable peace, their political and economic incentives, and their values, norms, and commitments.

Understanding past, present, and future actors and their incentives offers an effective way to avoid rebuilding the past structures and to create stronger incentives for peace. To manage fluidity, heal fractures, and address informality, interventions should focus on three main entry points: (1) building legitimate and inclusive institutions at all levels, (2) creating sustainable economic opportunities for all, and (3) building on resilient assets while addressing damages. The prewar and wartime arrangements that allowed predatory access to resources and rents to a small group of actors should shift toward an inclusive and open system that allows for the creation of more equitable economic and social opportunities. An integrated long-term vision and a flexible approach must be accompanied by efforts to restore or preserve functioning social and economic activities and spaces for formal exchange among all individuals. This has to be done in ways that support security and livelihoods for all and promote inclusive prosperity rather than exclusion, informality, and private rent-seeking.

Understanding the patterns of continuity and change in institutional structures in the wake of conflict, and those that can emerge from the peace process is crucial. Violent conflicts are likely to accentuate or alter the power balances between the different actors and especially the formal and informal institutional arrangements in place before the onset. As the MENA conflicts continue, a pattern of persistence and change coexist: most civil war contexts witness varying degrees of persistence of preconflict institutional features, even as other elements change radically to give rise to alternative social orders with new contenders for power. There are powerful echoes of this in the Middle East, where in Yemen and to some extent in Libya the current institutional realities represent both a capture and a reinforcement of the past institutional arrangements.

Interventions supporting sustainable economic opportunities should focus both on the actors benefiting from peace and on those losing from it. Creating economic opportunities in a fluid, fractured, and informal situation may require redistributing existing resources and adding more resources, inevitably leading to “winners and losers.” To avoid undermining the path toward sustainable peace at the hands of the potential “losers,” the interventions should provide incentives or alternative opportunities for those currently benefiting from the war economy, while supporting the emergence of new or expanded economic opportunities for those excluded. These economic interventions need to be grounded in a deep understanding of local systems. Without such understanding, efforts to transition toward sustainable peace are doomed, and initial stabilization efforts can be reversed. If such local economic opportunities cannot be credibly created and sustained, then (international) efforts are needed to find ways to reduce opportunities for profiting from the war economy. Only through the creation of viable economic opportunities for all can the existing allocation of economic resources and powers move toward greater equity and inclusion.

Last, the report proposes complementing the state-centered approach with a focus on local interventions that build on and strengthen the resilience of local assets and institutions. These assets
should include not only infrastructure but also formal and informal institutions as well as human and social capital. A transition toward sustainable peace requires moving beyond physical damages, to also include the destruction of the social fabric of the country and its communities. It also requires a change in focus toward existing assets that have survived the conflict or that have emerged as coping mechanisms in response to the conflict. Local communities and their social and human capital are assets that can support the transition toward sustainable peace, especially as they grew accustomed to surviving without the state, whether before or during the conflict, as in Libya or Yemen, or as the conflict cools off, as in Iraq and Syria.

The operationalization of this approach requires an engagement that is flexible and oriented toward a long-term vision for the wartorn countries’ transition toward sustainable peace. At each level, there is a similar set of questions to answer beginning with the simplest, should development actors engage at all? The answer to this first question will be unique to the different contexts and will also reflect the different mandates of the different actors. If the decision is to engage, a series of questions follows. Where to engage—across the country or in selected regions, cities, and towns? Whom to engage with—external actors? state actors? nonstate actors? local communities? What are the short and long-term objectives? And importantly, how should development actors work with each other and with counterparts in conflict contexts to develop and implement integrated strategies. Those strategies should be based on a good understanding of past grievances and situated within a shared long-term vision to address and overcome these grievances. They should also be based on an understanding of the tradeoffs that can arise between policies aimed at short-term stability and those addressing the long-term resolution of underlying grievances.

**Understanding paths taken and not taken**

Identifying the right policies, measures, and interventions in FCV environments is subject to serious constraints. Policymakers on all levels—local, national, and international—are forced to take decisions based on imperfect information, despite recent technological advances. Realities on the ground can change quickly, making it difficult to keep the available information up to date. Some areas may not be easily accessible, and the formal or informal lines of communication between authorities and the population may be impaired. A lack of information on actors’ incentives, needs, and interests makes anticipating their future evolution a challenge, aggravated by the multiplicity of actors involved in conflicts, particularly in the MENA region. Further, when the incentives of various actors are misaligned, or when a common planning horizon is lacking, garnering consistent and lasting support for a shared vision can be extremely complex.

Specifically, decisionmakers in fragile environments face tradeoffs when balancing the quest for immediate stability with long-term efforts to generate structural changes conducive to sustainable peace. As local, national, and international policymakers and practitioners seek a path toward sustainable peace, they face a dual challenge: They need to ensure stability by mitigating violence and by addressing its immediate consequences for the population. They also need to tackle the underlying structural and institutional causes of conflict, promoting long-term prosperity, social cohesion, and inclusive institutions to ensure sustainable peace (figure ES4).
Any short-term recovery efforts must be complemented by long-term strategies, which creates tradeoffs. As previous peacebuilding experiences have shown, promoting equitable economic opportunities, supporting inclusive institutions, and fostering social cohesion may take 30 to 50 years. Recovery efforts, by contrast, are targeted at ceasing violence, tackling immediate needs, introducing some level of security and stability, and generating quick wins. It is essential to understand how these two objectives are inextricably intertwined. The policies supporting one of them may at times undermine the other. From this tension arises a potential tradeoff: Pursuing the short-term objective of stability may at times come at the cost of the long-term objective of sustainable peace, as activities aimed at creating stability and meeting immediate needs often fail to address or even exacerbate the underlying structural issues causing grievances and conflict in the first place.

This time-specific tradeoff is associated with significant risks, as policy choices today create path dependencies that either steer the country on course—or veer it off course—to sustainable peace. When choosing between different policy options today, policymakers must be aware that each intervention introduced along a country’s path redistributes resources among actors, thereby altering the balance of power between these actors. Any intervention is thus likely to affect the evolution of actors’ interests and incentives and create path dependencies that may either steer unintended consequences and lock a society into cycles of conflict and violence or set it on a path to sustainable peace. Even a seemingly impartial intervention such as humanitarian aid can skew the incentives among actors, for example, by partly relieving the government of its responsibility to serve citizens through its own formal service delivery systems and institutions, which may hamper the development of these institutions over the long term.10

For policymakers and practitioners, the potential tradeoff between achieving short-term stability and setting the ground for achieving long-term sustainable peace manifests itself in the decisions they face today. When identifying priorities and flexibly seizing entry points, decisionmakers need to carefully evaluate options—with and for whom to engage, where and how, and in which sectors. Such an evaluation needs to consider the opportunity costs and potential negative consequences of each choice, the long-term vision of sustainable peace, and the fact that today’s policy choices could affect actors’ incentives and the distribution of power that ultimately shape a country’s future. Only when practitioners evaluate alternative paths can they manage the risks associated with their choices and—at a minimum—follow the “do no harm” principle.11

How to choose the way forward

Engaging in today’s fluid conflicts requires an informed assessment of local, subnational, and regional differences in actors and their incentives, institutions, and structural factors, and how they interact with political and economic dynamics over time. The assessment should go beyond a snapshot of conditions at one point in time and should be an ongoing, multidimensional process of analysis, a living narrative.12 It should focus not only on the preconflict conditions and the roots of conflict, but also on the dynamics of changes brought by conflict and how, in response, people and institutions adapt to the distribution of economic and political power. A viable strategy and effective implementation plan require a continuing understanding of the priorities of actors and communities, their incentives, their coping mechanisms, and their aspirations—and how these may change going forward. The assessment should seek to understand the political economy, the security dimensions, and the contingent risks and tradeoffs at different levels for successful humanitarian, development, and peacebuilding interventions.

Based on this context, the assessment should then identify policy options and entry points for the transition to sustainable peace. A strategy for identifying these policies and entry points can be likened to the strategy of playing a game of chess—a continuous and dynamic evaluation of the players, the board space, and the pieces on it (figure ES6). That includes their relative positions, capabilities, and power relationships, to guide each move in the short and medium term, maintaining flexibility, while anticipating the consequences of each move for the longer term. Well-informed policy options
and entry points are essential to implementing operations for a transition to secure stability and security in the short term and to strengthen and sustain peace for the medium and long term.

Applying the most recent advances in assessment methodology in the field to inform policy dialogue and operational design has been challenging. For decades, the international community has relied on assessments to understand the context and take the first steps in providing joint support for planning, mobilizing resources, and engaging in interventions geared to reconstruction and development in conflict-affected countries. Over time, assessment methodologies, processes, tools, and available information have broadened significantly with greater methodological complexity and depth. But “blinders” on assessment practice—restrictions or limitations that can prevent the full picture of the situation on the ground from emerging—can lead to information gaps and misinformed interventions.

Building on the integrated and dynamic approach introduced here, a complete assessment of the situation on the ground should seek to:

- **Understand the past** by developing an account of the historical grievances and institutional factors that have determined a country’s path to the present.
- **Make sense of the present** at all levels including the local context.
- **Map the future** through a careful understanding of the populations’ coping mechanisms.

Removing the assessment’s blinders could widen the humanitarian and security perspectives, recognizing that focusing on bottom-up people’s security (physical, economic, and social) will yield greater stability and results. And identifying possible entry points for a peaceful process at different levels and the associated incentives to draw stakeholders in may provide opportunities to begin establishing enduring public service delivery institutions and foster trust between local communities and the central and local governments (table ES1).

To identify opportunities, mapping should bring together different partners and sources of information and tools. Much information and data for structural factors can be gleaned from international and national sources, including the World Bank (infant mortality rates, labor force participation rates), while other information is collected through qualitative interviews and focus group discussions with actors. During conflict in all or part of a country, completing the mapping may not be feasible, but new tools are available to remotely collect the voices of actors we cannot reach. The map would become a framework for a dynamic assessment process to underpin operational flexibility and adaptation and would help all actors and policymakers identify their comparative advantages and potential areas of partnership and coordination.

For the World Bank, this report is a regional complement to the newly adopted Strategy for Fragility, Conflict, and Violence, which will enhance the
organization’s effectiveness in conflict contexts by guiding decisions on policies, programming, personnel, and partnerships. How other policymakers, practitioners, and development actors will translate the findings of this report into their activities ultimately depends on their mandates, priorities, policies, and the governance structures. However, what is clear is that strategic partnerships that bring together humanitarian, developmental, and security actors are indispensable for achieving results. Only when siloed project-driven approaches are left behind and peacebuilding efforts are united behind one holistic vision, can people’s dignity and security take center stage.

### TABLE ES1 Removing the blinders on assessments

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<tr>
<th>Blinder</th>
<th>Specific information gap</th>
<th>Way to remove the blinder</th>
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<tbody>
<tr>
<td>Collecting information only from accessible areas</td>
<td>Omits relevant and up-to-date information</td>
<td>Use intermediaries, partners, and proxies with access</td>
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<td></td>
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<td>Use advanced technological tools</td>
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<td>Assuming that a peace agreement ends a conflict</td>
<td>Omits key factors that could perpetuate instability or cause resurgence of conflict/violence</td>
<td>Adopt during-conflict tactics to map out possible entry points for interventions and opportunities for early recovery, taking into account the actors and incentives for continued conflict/violence</td>
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<tr>
<td>Considering people’s physical security only</td>
<td>Omits security factors that drive diverse affected stakeholders’ incentives and coping mechanisms</td>
<td>Adopt a comprehensive security lens and use a bottom-up people’s security orientation that accounts for all aspects of their security environment</td>
</tr>
<tr>
<td>Missing key actors</td>
<td>Omits key (internal/external, informal/illicit/nonstate) stakeholders that could perpetuate instability or cause resurgence of conflict/violence. It could also compromise the understanding of the parameters of people’s security undermining stabilization and sustainable peacebuilding.</td>
<td>Build selective partnerships to leverage comparative advantage. Focus on conflict-affected individuals, institutions, and the economy at the local level, taking a holistic view of how individuals and communities assess their present and future security in their day-to-day lives</td>
</tr>
<tr>
<td>Ignoring structural factors</td>
<td>Omits factors that influence the overall context (such as climate, geography, resources, demography, and political and cultural heritage).</td>
<td>Assessment design should be based on a thorough analysis of structural factors prepared as an assessment threshold that would begin an asset mapping exercise</td>
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Notes

2. UN News 2019.
4. UNHCR 2019.
5. Loewe, Trautner, and Zintl 2018.
9. In Syria, local committees have taken over local administration in the areas held by the opposition. Chapter 1 stresses how the disappearance of the state in many places forced local communities to administer and to protect themselves, as in the Lebanese civil war (1975–91) [Balanche 2018; Trautner 2018]. A common objective and some level of local social cohesion were sufficient to ensure the functioning of local communities despite a weak social contract between citizens and the central state.