A STRATEGY FOR ADDRESSING CONFLICT IN EASTERN EUROPE AND EURASIA

Bureau for Europe & Eurasia (E&E)
U.S. Agency for International Development

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OVERVIEW

Since the collapse of the former Soviet Union and the disruption of its hegemonic relationship with its satellites, violent conflict has been pervasive within the transition region. In the past decade, twelve of the twenty-seven transition countries have been plagued with conflict. The Balkans, the Caucasus region, and the Central Asian Republics, in particular, continue to be very conflict prone. Though violence may be largely absent now in some of these countries, it could quickly reappear.

These conflicts have resulted in widespread death, destruction, and large numbers of refugees and internally displaced persons. They have disrupted livelihoods, exposed persons to unheard of cruelty and violence, intensified fear and hatred between different ethnic and religious groups, and challenged the territorial integrity of some of the smaller emerging nations in the region. The prevalence of conflict obstructs any realistic prospects to move forward on transition reforms, thus perpetuating hardships.

The root causes of conflict are directly related to the absence of democracy and the failure of the economic system to provide appropriate freedom and prosperity. Democracies do not go to war against their citizens because they have the systems to handle disagreements peacefully; this of course was a key premise behind the creation of the European Union. When groups within a country lack channels to voice their issues and petition for equal access, the potential for conflict exists. Often "bread and butter" economic issues provide the spark that unleashes conflict, particularly where ethnic divisions and religious acrimony are present. The presence of conflict, in other words, is one of the most salient indicators that democratic and economic systems are not working.

Any time there is conflict, U.S. national security is potentially at risk. Hence, addressing conflicts in this transition region ties into broader U.S. Government national interests-- and the absence of democracy and a viable, free economic system, is directly related to national security concerns. A seedbed for terrorism potentially exists where democratic and economic freedoms do not exist. Addressing the root causes of conflict, in other words, is a good investment, certainly cheaper (and more responsible) than primarily dealing with the forces and damage unleashed by conflict.

USAID and, more specifically, the E&E Bureau are uniquely suited to play a key leadership role in addressing conflict-related matters within the U.S. foreign policy establishment. The Departments of State and Defense often find themselves responding to immediate crises, "fire-fighting" in the true sense of the term. Within the interagency

context, USAID has the responsibility of taking a longer-term perspective. It can play a key leadership role in helping to develop a coherent strategy for economic and political well being in conflict- prone areas of the world. E&E's programs that pursue the dual objectives of fostering the transition from totalitarianism to democracy and from centrally planned to market-driven economies are essential for mitigating conflict and preventing its recurrence.

In the context of sometimes seemingly intractable conflicts, a focus on manageable interests is a prudent approach. USAID cannot do everything, but it can do some things. USAID's comparative advantage in dealing with conflict is enhanced by its field presence that provides the requisite knowledge and institutional base to identify those activities that can be pursued successfully. Field presence means that USAID can avoid a cookie-cutter, one-size fits all approach, instead tailoring its programs to meet the specific conflict-related requirements of client states.

Within the interventions that USAID pursues, it needs to strike a balance between specific, immediate, practical steps to be taken as soon as possible, and further research and analysis. USAID needs to move forward now to support what it is doing that is on the mark while concurrently evaluating existing interventions to discern where improvements can be made. At the same time, USAID also needs to carry out further research to expand its expertise in this critical area. It is not an either/or proposition; USAID needs to do both, recognizing that conflict management is a long-term proposition.

In this context, as elaborated below, the primary objectives of this strategy are to: (a) increase our understanding of the roots of conflict, including differences within E&E's sub-regions; (b) put into place a system to monitor conflict, thus helping to prioritize USAID interventions; (c) validate approaches that USAID Missions are taking to address conflict, contributing to adjustments in those approaches as necessary; (d) disseminate best practices and lessons learned among USAID Missions; (e) consider building additional institutional capacity in the region to further manage conflict (such as centers of excellence); and last, but in no way least, (f) explore new approaches to conflict prevention. Foremost among the new initiatives will be the development of programs that address the cultivation of values aimed at building constituencies for peace and disarming "conflict entrepreneurs."

A THEORETICAL CONSTRUCT

Some conflict is constructive, such as that found in the political domain in advanced democracies. Moreover, the democratization process in transition societies in the best case scenario is likely to lead to a certain level of acceptable tension; much of this may be a matter of letting vent rather than trying to prevent, and may in fact serve as an alternative to violent conflict. The focus of this strategy, however, is on violent conflict. Further, it may be helpful to differentiate between internal conflict and international or trans-border conflict since each may require different considerations and interventions.

While there are only a few countries where conflict between states has reached the point of armed hostilities (such as between Armenia and Azerbaijan), there are many areas where trans-border conflicts are latent or simmering (such as in the Ferghana Valley, and between Armenia and Turkey, and Russia and Georgia).

Violent conflict has at its foundation four broad categories of causation. These consist of: (a) root causes; (b) access to resources that facilitate mobilization and expansion of violence; (c) institutional capacity to deal with conflict; and (d) regional and global forces. Root causes provide motives for violent behavior. The second category refers to whether those groups with an incentive for violence have the means at their disposal to organize and execute violence on a wide scale. Institutions, particularly political institutions, can work to be responsive to the needs of their citizens or they can fuel discontent through repression, poor governance, corruption, and inefficiency. Finally, regional and global factors can increase or decrease the possibility of conflict. When a variety of these factors are in play, there will be windows of vulnerability, moments when events such as elections, natural disasters, riots, or assassinations, can trigger the outbreak of full-scale violence.

Root Causes. Root causes comprise factors such as ethnic and religious divisions, economic (access to land and poverty), environmental scarcities, and population pressures. Ethnic or religious tension and hatred is one of the most commonly offered explanations for violent conflict in the post-Cold War era. However, despite the clear and devastating role that ethnic and religious hatred has played in recent conflict, the evidence suggests that these dynamics are seldom the primary explanation for conflict. In many cases, ethnic groups that have fought recently, e.g., Serbs and Croats, lived previously side-by-side in relative peace for generations.

However, one factor that enhances the emergence of conflict is ethnic domination. A number of statistical studies have shown that if the largest group in a country constitutes between 45 and 90 percent of the total population, the risk of conflict for that country doubles (Collier, 2001; Gurr, 2000). If the dominant group holds political power, the smaller group may be marginalized or excluded. If the dominant group does not hold power, it may be relegated into minority status – a development that is likely to lead to conflict. The general consensus is that the greater the competition, inequality, and discrimination among groups in a given society, the greater the salience of ethnic or religious identities and the greater the potential for conflict. This situation can lead to widespread conflict if elites foment ethnic or religious violence in an attempt to gain, maintain, or increase their hold on political or economic power. For example, in Yugoslavia, Slobodan Milosevic exploited anti-Albanian sentiment and Serbian nationalism in his efforts to topple his former mentor and leader of the Serbian League of Communists – Ivan Stambolic.

Not surprisingly, economic issues are key. A stagnant or contracting economy is highly correlated with the emergence of civil conflict. This is one of the most robust findings in recent research on conflict. An economy that is growing by five percent is roughly 40 percent less likely to have conflict than one that is declining by five percent. In addition,

systemic poverty implies limited state capacity to make economic concessions to opposition groups or to exert military or police control over violent contenders to power or criminal elements. Moreover, if access to state power is viewed as the only route to wealth and the exclusion from these institutions implies abject poverty, competition for control of these institutions is likely to be intense, protracted, and deadly. Lack of access to resources and wealth in this setting increases the risks of violent conflict.

Some studies have shown a strong, positive correlation between primary commodity exports and increased risk of civil conflict. One analysis found that countries with a quarter or more of their national income derived from these sources were four times more susceptible to conflict than countries without this level of dependence. Also, a common theme in many current conflicts is the prevalence of unemployed young men. These men view the theft, smuggling, and banditry that accompany violence as a route toward personal enrichment. Researchers view this dynamic of unemployed young men, alongside nationalist appeals of ethnic demagogues, as a key motivation for much of the violence in the Balkans (Woodward, 1995; Mueller, 2000). Indeed, youth unemployment levels in the Balkans are striking, including Macedonia (70%), Yugoslavia (60%), and Bulgaria (32%).

A number of authors have contended that devastating future conflicts could stem from increased competition over a dwindling pool of natural resources. However, after a decade of research, systemic evidence for a direct connection between the environment, population, and widespread conflict is still limited. The role of environment scarcity is more enhanced where two mechanisms are seen as contributing. Environmental scarcity feeds into grievances by heightening tensions between groups who are forced to compete over a dwindling pool of resources, causing chronic poverty and eroding the state's capacity to respond to outside threats. The other mechanism is the fomentation by elites of violence through their attempts to control access to natural resources.

Population growth and pressures, in themselves, also are not causes of widespread conflict. However, certain demographic shifts can enhance the prospects for conflict. Similarly, where urban growth is not matched by an increase in economic growth, the risk of conflict increases. Other issues that bear close scrutiny include: (a) an expanding agrarian population where arable land is scarce or controlled by large landholders and/or where clear land ownership is absent; (b) the migration of distinct groups into regions already settled by groups with a strong sense of identity; and (c) the presence of diaspora groups that can provide resources to sustain conflict (or resources to mitigate it). In general, significant demographic shifts have been a key characteristic in much of the transition region, and hence the impact of migration on creating conflict may need further exploration.

Access to Conflict Resources. In the presence of incentives to engage in violent conflict, potential participants must have the means to do so. They must be able to organize for collective action. One factor that complicates efforts to organize is that it is not always easy to tell whether someone is truly participating or if they are merely paying lip service to the cause. A number of scholars have suggested that one reason why ethnically or

regionally based violence is so common is that these types of groups are able to overcome these types of barriers to collective action. Specifically, when an ethnic group is concentrated in one region of a country and when it makes up a majority of the population living in that region, such barriers are more easily overcome, making conflict much more likely than if a group is widely dispersed or does not have a regional majority.

As noted in USAID/DCHA's draft strategy for conflict management and mitigation, a case in point is the Chechens who demanded full sovereignty and mobilized for mass violence against Russia. The Chechens are overwhelmingly concentrated in Chechnya, and they make up the clear majority in that region. Yet, Tatars, which have similar grievances and a similar sense of separate identity, have not reacted similarly through violence. Tatars are widely dispersed throughout Russia, and do not constitute a majority in their homeland of Tatarstan.

The availability of financial and human resources also is a requirement for the initiation of violent conflict. While the desire to capture and control valuable natural resources is an incentive to initiate violent conflict, the resources derived from these activities can sustain the violence once underway. The income from these natural resources plays a critical role in purchasing weapons, paying recruits, and buying the compliance of corrupt government officials. Another important source of funding comes from diaspora communities, particularly those located in the West that are relatively better off than their counterparts in the developing world. There is a strong statistical relationship between the existence of large Western diasporas and civil conflict in their homeland, e.g., Armenia and Ireland (though this group can also play a positive role by providing critical development capital). Finally, another important resource is the availability of recruits, often drawn from pools of young people with few options for legitimate political or economic advancement.

Institutional Capacity. Political, social, and economic institutions can either effectively address or exacerbate the factors contributing to violent conflicts. Institutions successfully or unsuccessfully work to: (a) address the grievances of citizens; (b) block access to conflict resources through crafting policies limiting the flow of arms; (c) find economic alternatives for potential recruits; or (d) constrain the behavior of those opportunistic elites that see violence as an effective means for retaining or gaining a hold on power. Qualitative and quantitative evidence demonstrates that both well-established democracies and entrenched authoritarian regimes are relatively successful in the management of internal conflict. In both democracies and autocracies, there is a certain basic acceptance of the rules of the game. In democracies, political inclusion and effective participation guarantee continued engagement in a political search for solutions, and institutions -- both formal and informal -- are in place that promote values that go beyond enlightened self interest, providing for social capital. In autocracies, mechanisms ranging from patronage networks to the coercive apparatus of the state impose constraints on incipient political challenges. In a statistical study of over 160 cases of internal conflict, a significant negative correlation was found between democracy and civil war (Elbadawi and Sambanis, 2001) . Also, using measures of good governance in 113

countries, 70 percent that score well in terms of good governance experience no violence where only 37 percent of countries with bad governance remain conflict free.

Violent conflict can arise in the transition from autocracy to democracy. Many of the internal conflicts that erupted at the end of the Cold War occurred in countries poised on the brink of movement away from authoritarian rule. Worse yet, in a number of cases, the resulting instability did not remain within the borders of the affected state. For instance, Russian troops were actively involved in conflicts on the periphery of the former Soviet empire in Azerbaijan, Georgia, Moldova, and Tajikistan, and conflict in the Balkans continues to draw on external actors and spills over borders. There are inherent political contradictions in most partial or transitional democracies, tensions between demands for greater and more effective participation on one hand, and on the other, the desire of entrenched political elites to maintain or enhance control. Moreover, corruption and organized crime are often given greater opportunity to flourish in an environment of emerging political liberalization, in some sense serving to fill a political void. In general, states sharing a mixture of authoritarian and democratic features, including those in transition, are highly prone to conflict. An analysis of 152 countries found that partial democracies were four times more prone to civil war than full democracies (Hegre et al, 2001). It is important to underscore the clear need to "think outside of the box" as to how best to promote and sustain democratization in the transition region while simultaneously addressing the likelihood for conflict to emerge during the transition.

In a number of cases, the trigger point for conflict has been actions by entrenched political elites seeking to maintain their hold on power and forestall the movement toward a full-fledged democracy by inciting violence, often along ethnic lines. Examples include Tajikistan and former Yugoslavia. Milosevic may have viewed conflict as inherently useful. Violence against Albanian Kosovars (and Bosniaks and Croats in prior years) not only rallied faltering domestic political support by deflecting attention from pressing political and economic issues, but also provided a pretext for suppressing the media and elements of the opposition. In addition to political gains, violence can produce financial benefits that can be used to buy support of key elements within a ruling coalition. For example, international sanctions made the control of illicit trade by a small circle around Milosevic extremely profitable. And ethnic outbidding -- "playing the ethnic card" -- can translate into violent conflict. One condition for its occurrence is the existence of an ethnic or religious community that can serve as a convenient scapegoat, e.g., Albanian Kosovars. And ethnic outbidding is far more effective if there is a history of tension between the group that is targeted and the group(s) with whom elites are seeking to curry favor, e.g., the Albanian Kosovars and Serbs. Ethnic outbidding also played a key role in Russian politics: during the 1999/2000 elections in Russia when fear of the Chechen population was at its highest after the apartment bombings in Moscow, the ethnic card was played and this greatly contributed to Putin's rise to power. Finally, a trigger point may simply be the death of an autocrat (Yugoslavia).

The military also is a key institution, particularly during a political transition. Force may be utilized if the military views the political transition as inimical to its interests or if the targeted group has taken actions that constitute a legitimate threat to national integrity or

security. For instance, the peaceful transition effected in the recent Serbian elections can be attributed in large part to the non-confrontational stance of the Yugoslavian military. Notwithstanding its reputation outside the country, inside Serbia the military still commanded respect, respect that it was in danger of losing the longer it backed Milosevic's attempts to hold on to power.

Regional and Global Forces. While forces outside the domestic realm do not necessarily have to be present for internal conflict to occur, they almost always are. Many of the networks that sustain conflict – economic, ethnic, religious, and military – are transnational. These transnational networks have worked in tandem with their counterparts at the sub-national level effectively to sidestep the authority of the state, leading to a radical process of nation-state deconstruction. While globalization has not induced conflict, it has made it easier for warring parties to establish the trans-border economic networks that help them survive, e.g., monies secured through trade in both legal and illegal commodities. Also, rebel groups have exploited information technologies (web sites) to support their cause.

Another critical external factor fueling many internal conflicts is the easy availability of arms, particularly small arms and light weapons. The freeing up of massive surplus arsenals in many states following the Cold War, together with a thriving black-market trade, has contributed to a global surplus of weapons that has the potential to transform group tensions into major wars and minor incidents into massacres. "Bad neighborhoods" such as the Balkans are awash in weapons. Some argue that the violent conflict in Kosovo can be attributed in large part to the looting of a large number of armories in Albania during the 1997 riots, more so perhaps than any changed level of grievance among Albanian Kosovars.

Finally, refugee or exile populations fleeing instability at home can bring political, ethnic, or religious ideas that threaten the governments of their host nations. They also impose an economic burden and generate security problems.

Windows of Vulnerability. If a variety of these factors are in place, there will be windows of vulnerability, moments when particular types of events can trigger the outbreak of full-scale violence. Many of the more predictable windows of vulnerability or "triggers" concern events that threaten rapidly and fundamentally to change the balance of political and economic power between key players. Elections are the most obvious example; they can catalyze widespread conflict rather than prevent it. Other examples include: (a) decentralization; (b) legislative changes that alter the power of key players; (c) anti-corruption programs that threaten to strip incumbent elites of their main source of income; and (d) the death of a dictator. Another type of trigger stems from large-scale disasters, such as an earthquake; i.e., destabilizing events that demonstrate weakness, inefficiency, or corruption of an existing regime.

PROGRAMMATIC APPROACHES

Conflict management and mitigation is defined as the development of institutional arrangements that are relevant to and accepted by the general population of a society for resolving issues in a manner that minimizes recourse to collective violence. To manage conflict within the region, the E&E Bureau will employ a multi-faceted approach. The most important element will continue to comprise specific programs developed and implemented by field Missions based upon the considerable experience that the Missions have developed to date. In designing future programs, all field Missions will be encouraged to look through a "conflict prism"-- to ensure that activities are consistent with conflict management and mitigation.

Bilateral programs will be complemented by a system to track and prioritize conflict areas. This will be administered within the E&E Bureau's Program Office (EE/PO). In addition, E&E will develop regional initiatives that address cross-border conflict issues. The initiatives also will have a significant component to support Missions, furnishing them with technical assistance to help them improve their management of conflict. Finally, E&E will explore new regional approaches. A key emphasis will be the cultivation of values aimed at building constituencies for peace and disarming conflict entrepreneurs.

Bilateral Approaches

EE/PO carried out an inventory of conflict-related activities in which field Missions were asked to self-select those interventions in their portfolios from FY 1997 to the present that address conflict. The list of identified programs and activities is impressive in its breadth, including a variety of program elements that run across almost all Agency goal areas. Overarching themes include community development, civil society advocacy, youth, rule of law, the media, economic growth, local governance and decentralization, and assistance for war-traumatized victims. The inventory reveals a rich amalgam of experience that E&E will use to help shape future programmatic decisions.

Community development. E&E will promote community development that focuses on conflict resolution, building on the Bureau's landmark work in, amongst other countries, Albania, Bosnia and Herzegovina, Kosovo, Bulgaria, Macedonia, and Serbia. All these programs included strategies for promoting the resolution of ethnic divisions, through community rebuilding and civic engagement. Casual empiricism suggests that these programs have produced exceedingly good results, an assertion to be tested through subsequent evaluations.
- Albania's community relief efforts, designed to improve the capacity of communities to address the heavy influx of refugees from Kosovo, included three components -- Municipal Infrastructure Support, Social Sector Rehabilitation and Support Program, and a Weapons in Exchange for Development intervention. Via these three components, nearly 100 discrete economic and social infrastructure projects have been carried to fruition, ranging from improved roads, street lighting, libraries,

primary health care facilities, secondary and high schools, water supplies and irrigation systems, to community centers.

- To assist refugees and internally displaced persons (IDPs) to come back to their homes and return to normal life, USAID in Bosnia & Herzegovina has reconnected 45,000 homes to electricity; built 52 water supply systems and rehabilitated 14 road segments and 15 bridges that are used by over 30,000 residents daily; and constructed 21 primary schools and six secondary schools benefiting over 20,000 children.

- In Kosovo, 132 projects have been completed, serving the priority needs of over 700,000 people; 55 of the projects were completed in ethnic enclaves or mixed communities.

- In Bulgaria, a comprehensive Ethnic Integration and Conflict Resolution Program builds sustainable structures to promote inter-ethnic and inter-sectoral cooperation in three Bulgarian cities with significant Roma population by facilitating the creation of conciliation commissions and by funding community initiatives to improve their economic, education, and social situation. Ethnic conflict has been mitigated and ethnic integration has also been assisted through implementation of the Partners in Local Economic Development and Government Efficiency (PLEDGE) Program. This program supports local economic revival and enterprise creation in poor, underdeveloped municipalities with high levels of unemployment and often with high minority (mostly Roma) populations. At the core of the program is the formation of strategies for economic growth and local resource maximization by citizens from the public, private, and NGO sectors. In 2001, as a result of 334 new partnerships formed in 29 communities, a total of 42 economic development projects were launched, 6 new businesses were started, 105 businesses were assisted or expanded, and 381 new jobs were created for low skilled, unemployed, mostly Roma.

- In Macedonia, USAID's efforts have focused on easing ethnic and social tensions in the wake of the insurgency of ethnic Albanian extremists in February 2001. Several activities have focused on bringing citizens of different ethnic groups together to work on joint activities to increase incomes and rebuild infrastructure, e.g., schools and water supply systems. On a broader level, the program has been successful in energizing communities to identify their own problems and priorities and in creating partnerships to find practical solutions. Activities have included 105 local development projects providing benefits to over 200,000 residents or 10% of the population, focusing on improvements in the quality of life, development of small infrastructure, and economic development and income generation, and generating more than 2,000 full-time and seasonal jobs. With a national unemployment rate or around 35% of the Macedonian labor force, the lack of employment opportunities is a particularly significant pressure point for conflict.

- The Community Revitalization for Democratic Action (CRDA) program was active in 300 communities throughout Serbia within 90 days of the August 2001 launch of the project. Broad-based representative citizens' committees are engaged in improving the quality of residents' lives through 343 projects they have chosen. The strong involvement and support of the communities in CRDA activities is demonstrated by the funding of over one-third of project costs from non-USAID resources. CRDA beneficiaries have commented widely that this is the first time they have been asked what they really wanted and were directly assisted in achieving those

needs. Local government officials have embraced the CRDA methodology and begun to allocate some of their meager municipal resources to help provide local contributions

Civil society advocacy. Another key theme of conflict work will be civil society advocacy via the use of U.S. PVOs and local NGOs. USAID's experience with such programs appears to have been very good so far. Such programs have been carried out in Albania, Hungary, Croatia, Kosovo, Romania, and Serbia with the activities in the last four states the most impressive in scope.

- In Croatia, grants to NGOs resulted in the mobilization of legal assistance and human rights protection for over 100,000 refugees and IDPs and their reintegration within the country, in addition to the organization of a network of 26 NGOs in the four war-affected areas and the creation of a formal coalition in year 2000.
- In Kosovo, grassroots development activities undertaken by 13 NGOs benefited 694 civil groups and institutions, affected positively the lives of more than 59,000 people, created 350 full-time jobs, helped over 4,000 farmers increase production, reached over 15,500 youth, and encouraged 324 multi-ethnic exchanges.
- Finally, a network of 39 NGOs that operates across borders in Romania and Serbia was established to work on issues related to the Roma minority.

Youth. Youth will continue to be an important focus of USAID's conflict-related work, given the role that young, disenfranchised men have played in so many episodes of violent conflict. Youth development was the subject of conflict programs in Bosnia, Bulgaria, Croatia, Georgia, Kosovo, Macedonia, Romania, and Serbia.

- When appropriate, we will make use of the Displaced Children and Orphan Fund. The mechanism, which reaches vast numbers of war-affected children, including former child soldiers or those suffering from trauma, abandonment, or separation from their families, was utilized in Bosnia, Croatia, Kosovo, and Macedonia.
- USAID will make use of best practices that have been demonstrated successfully in past conflict work such as youth houses, peace camps, young leader networks, parents and youth councils, student radio stations, and children's television series. These "best practices" have been employed in conflict programs in Georgia, Romania, Serbia, Bulgaria, and Macedonia.
- In Georgia, 7,680 vulnerable youth were provided with sustainable opportunities for personal growth and psychological rehabilitation via four youth houses; a companion measure was the summer Peace Camps.
- For both Romania and Serbia, a network of young leaders was established to enhance cooperation in the political arena and encourage regional stability.
- In Bulgaria, youth activities focusing on the Roma population emphasized extra-curricular activities to encourage children to attend schools, the launch of a student radio station, the establishment of a childcare center, and job training for women.
- In Macedonia, television programs for children were utilized to promote inter-ethnic understanding.

In general, USAID will work closely with the youth cohort to keep it in school or assist with vocational and skills training and job placement.

Rule of law. In rule of law, the E&E Bureau will pursue alternative dispute resolution to reduce caseloads and expedite judgments with the overall aim of reducing ethnic tensions. USAID will look to the program in Romania as a model. The Romanian program, the most comprehensive, produced a draft law on mediation that was submitted to Parliament, created a mediators' association, and trained 100 lawyers, Ombudsman staff, and NGO representatives in mediation.

Media. E&E will utilize media programs and outlets where feasible to reduce the potential for future conflicts.
- One model will be the program in Azerbaijan and Armenia where television programming comprised some 143 productions, including "Space Bridges." This weekly-televised exchange between the two countries promoted mutual understanding and tolerance, reached an estimated five million viewers, and initiated a lively public dialogue.
- In addition, E&E will encourage independence in the media to enable it to play a key watchdog role on issues of government corruption and war crime prosecution, e.g., the existing program in Bosnia & Herzegovina.

The media can play a key double-edged role in conflict settings, with the capacity to affecting either positively or negatively the stability of society. More creative thinking (if not more resources) may be merited in terms of using media for conflict management.

Economic growth. The E&E Bureau will pursue economic growth activities in geographic areas where ethnic tensions are pervasive and actual physical combat has taken place. Examples of ongoing work include:
- The BDP commercial loan program undertaken in Bosnia & Herzegovina that has provided for over 17,000 jobs in areas of the country hardest hit by war and ethnic cleansing
- The additional resources allocated by the Mission in Macedonia to assist ethnically-mixed agricultural associations in the region of the country where fighting took place
- The micro-finance work undertaken by USAID/Macedonia in conflict affected areas through which 5,653 individual and group loans in the amount of $16 million were extended and a new branch lending office of the Moznosti micro-lending NGO was established.
- E&E will strengthen institutions to make the economic system more accessible to all ethnic groups, e.g., the Institute for Mediation and Arbitration that was established in Bulgaria that provides for democratic trade union development, increasing workers' protection and allowing for peaceful resolution of disputes.
- E&E will work across countries to resolve issues that are constraints to economic growth and employment generation and that have the potential to produce future conflict. A good example is ongoing work with Armenia, Georgia, and Azerbaijan that aims to provide for sustainable water management and closer cooperation in electric power and natural gas development.

Local governance and decentralization. Building on past success, E&E will encourage local governance and decentralization to provide for empowerment of minority populations. Several ongoing programs will serve as models for this work.

- The Bosnia and Herzegovina program is promoting the creation and growth of multi-ethnic citizens associations with the aim of increasing collaboration with local governments as well as strengthening the administration and management systems of these governments to benefit all ethnic groups. A key accomplishment is the creation of six multi-ethnic Development Centers that are operating successfully with the collaboration of five municipal governments. A companion program is working to amalgamate three formerly ethnically separate municipalities into one integrated municipality (Brcko); the key intervention is the establishment of a civil service selection model through which civil servants are no longer selected based on ethnicity or party affiliation.

- USAID/Macedonia's local governance program is decreasing ethnic tensions at the local government level by improving the delivery of municipal services, increasing public participation in local decision-making, and providing for decentralization of government as stipulated in the Framework Agreement that ended the recent conflict in the country. Already, a new law on Local Government has been passed and seven Citizen Information Centers opened.

- USAID/ Serbia's Local Government Initiative (LGI), initiated in September 2001, is providing 50 municipalities within the country training and technical assistance in financial management, municipal services, and utility and information management. It also is working with local governments, citizens, and NGOs of 25 municipalities to increase citizen and NGO involvement with and access to local governments as well as training municipal officials in customer focus and responsiveness techniques. Finally, the LGI is providing technical assistance at the national level to carry out policy reforms that will decentralize many government responsibilities and decision-making to the local level.

- Since 1995, USAID/Bulgaria's Local Government Initiative has delivered extensive technical assistance and training in areas such as municipal budget management, municipal property management, citizen participation, and customer service. USAID programs have also trained over 4,000 municipal government employees in areas such as municipal property management, service based budgeting, and solid waste fee setting. More recently, the program has shifted its focus towards training of trainers. Facilitated by USAID assistance, indigenous local government support organizations have increased their capacity to provide technical services and training in many key areas to local elected officials and municipal administration, in addition to increasing their capacity to lobby and advocate before the central government. Further, more than 35 municipal customer service centers have been established with USAID assistance.

E&E will pursue dialogue, both within and between competing groups. Intra-elite dialogue, including civilian members of the government and opposition, civil society, and the military, will comprise a longer-term strategy that may be most effective in precluding the emergence of acute violence. However, once violence is imminent or has erupted, inter-group dialogue will be essential to preclude the hardening of ethnic

divisions that often accompany violence. E&E will review the ethnic and religious tolerance assessment that USAID/Russia is pursuing to see if it can serve as a model for future work on this most important of topics.

Assistance for war-traumatized victims. Finally, the immediate needs of war-traumatized populations will not be neglected. One model that will be utilized is Croatia's multi-dimensional program that combines a number of strategies. The principal element is an NGO-strengthening component that worked with 43 organizations to carry out 77 projects reaching approximately 50,000 beneficiaries. Other elements included therapeutic, recreational, and cultural activities for children and adolescents; telephone hot lines for war-affected populations; psycho-social services and human rights advocacy for women and their families; training to educators to help them work with traumatized populations; tracing and tracking unaccompanied children and reuniting them with their families; youth vocational training and leadership and conflict resolution workshops for youth; and the identification of employment opportunities for refugee populations.

Regional Programs

Support from EE/W will focus on building USAID field mission and indigenous capacity to manage conflict. Such activities will range from providing analytical support and technical assistance, to promoting dialogue on the cultivation of values and facilitating institution-building among indigenous networks of NGOs related to conflict management. In carrying out this rather ambitious agenda, the E&E Bureau will coordinate and collaborate closely with the new Democracy, Conflict, and Humanitarian Assistance (DCHA) Bureau, field Missions, and the State Coordinator's Office. E&E will look to existing technical assistance vehicles within DCHA and DCHA staff for help. In the event that they prove insufficient, E&E will seek to have the DCHA Bureau issue an RFA or RFP on its behalf.

Analytical Support. In large part as a means to help the E&E Bureau prioritize its efforts, conflict-related trends in the twenty-seven transition country region (or twenty-nine entities, including Montenegro and Kosovo of Yugoslavia) will be tracked and analyzed. This will take the form of an annual report, similar in format to the Bureau's *Monitoring Country Progress in Europe and Eurasia* report. It will draw from the conflict analysis literature, including the ongoing work of USAID's DCHA Bureau. More specifically, two types of data will be monitored.

First, indicators related to structural or root causes of conflict will be tracked. This will include: (a) key economic indicators of macroeconomic performance, income, and production structure; (b) social indicators related to unemployment, inequality, and health; and (c) demographic data related to ethnic and religious groups and more general population pressures and flows. Structural conditions of conflict exist in many transition countries. Such conditions provide an incentive for conflict and are necessary, though generally not sufficient, in themselves for violence to occur. However, they help provide much of the logic as to why conflicts occur, and why, in particular, the transition region is so susceptible to conflict.

The second group of indicators to be tracked include institutional and/or political factors that help us better understand how sustained conflicts unfold or, in some cases, why, despite the presence of structural conditions for conflict, violent clashes remain latent or subdued. These indicators attempt to measure: (a) the various catalyzing or triggering factors, generally in the political domain, as well as the counteracting forces, such as civil society forces of moderation; and (b) the institutional capacities to trigger and sustain violence versus those forces that work to contain or mitigate conflict. These indicators will provide a basis to analyze the conflict implications of the role of the political elite, the strength and capacity of the state, the stage of political liberalization and scope of political competition, and the extent and role of both "conflict entrepreneurs" and civil society.

These indicators will be utilized to carry out cross-country analysis that will include an effort to differentiate the prospects for and the nature of conflict within the transition sub-regions, focusing on the Balkans, the Caucasus, and the Central Asian Republics. Drawing from existing methods in the literature, the twenty-seven transition countries will be classified by risk of conflict, and an assessment of trends over time will be conducted. This analysis will seek to respond to the following question: Does the current risk status represent an improvement or deterioration in each country?

Overall, the expectation is that the level of effort for this tracking system will be relatively modest. Much of the data are already being tracked in the Bureau's *Monitoring Country Progress*, though they will need to be analyzed in a new light. Moreover, several of the Missions have supported "early warning" analyses by the UNDP; EE/W's report will also draw directly from these efforts.

In addition, in line with the E&E Bureau's analytical and evaluation agenda and contingent in part on findings from the cross-country analysis of conflict, more in-depth research efforts may be pursued. Current considerations include Islam and democracy, authoritarianism in Central Asia, the role of education systems in the Balkans in perpetuating ethnic divisions and stereotypes, narcotics trafficking and other illicit activities, the promotion of values via "true heroes" and their use to defuse conflict entrepreneurs, and others to be identified.

Technical assistance. EE/W technical support to the Missions will derive in part from the analytical agenda. The objective is to build Missions' capacity so that they are better able to address conflict in their countries. At least in the short-term (until hopefully Missions can build adequate in-house capacity), TDY assistance from Washington (with collaboration between EE/W and DCHA) will provide both country assessments of conflict as well as the means, through workshops and training, for Missions to apply the analysis towards program implications. Mission portfolios will be examined through a "conflict analysis lens" to ensure at the very least that programs are not exacerbating structural and/or proximate conditions for conflict in the country. By and large, such an examination on the basis of previous exercises is likely to reveal more a need to do things differently than to do different things. However, gaps between what is being done by the

donor community at large to manage conflict and what needs to be done will also be identified. Another important aspect may be better collaboration with the World Band the IMF, in part to try to ensure that the broader assistance efforts (and with it, conditionality) does not exacerbate social tensions. EE/W support to the Missions will be prioritized in part by the cross-country analytical agenda.

Technical assistance of this nature has been ongoing. Full day workshops by EE/W staff have been given to USAID staff in Macedonia, Serbia, and Montenegro, and USAID-sponsored conflict vulnerability assessments have been conducted in a number of transition countries, including Georgia, Kyrgyzstan, and Bulgaria. Conflict vulnerability assessments also will be carried out in the very near future for Armenia and Kosovo. USAID missions in Armenia and Kosovo, as with the USAID/Georgia, will begin work on new strategy documents in the near future. As part of the strategy development process, the Automated Directives System requires the conduct of conflict vulnerability assessments unless waived by the Bureau's Assistant Administrator, an unlikely development given the propensity for conflict across the E&E region, including these three entities.

Future workshops will follow a similar format. Three models of conflict analysis are presented (advanced by Paul Collier, James Fearon and David Laitin, and Michael Lund), and participants attempt to apply them to their individual country situations. This is followed by an examination of implications for USAID's program portfolio. *Dissemination of Lessons Learned*. A critical role for EE/W will be to centralize and disseminate the analytical component of the Bureau's conflict strategy and the programmatic lessons learned. In this regard, E&E proposes to undertake a series of evaluations that are either theme-based, e.g., community development, or country-focused. One likely focus on USAID/Macedonia's programs, which include a plethora of conflict activities; the mission explicitly employed a conflict management prism in the design of its activities, and its portfolio may be a model to follow.

Examination of the E&E inventory of conflict activities produced a number of interesting concepts and ideas. Whether these constitute "best practices" in the true sense of the term will be the subject of future evaluations and research. To summarize, these programs include a focus on: (a) youth (youth houses in Georgia, youth clubs in Croatia, peace camps in Georgia, young leaders programs in Bosnia & Herzegovina, and parents and youth councils in Kosovo); youth & media (student radio stations in Bulgaria and children's television series in Macedonia); (b) community development (weapons in exchange for development program in Albania); (c) war trauma (telephone hot lines for war-affected populations in Croatia); (d) economic growth and education (ethnically diverse sheep-breeders' associations in Macedonia and multi-lingual private universities in Tetovo, Macedonia); (e) local governance and decentralization (multi-ethnic development centers and the civil service selection model in Bosnia & Herzegovina, conciliatory commissions to mediate community problems in Bulgaria and citizen information centers in Macedonia); and (f) inter-group dialogue (Russia's ethnic and religious tolerance assessment and Romania's "white book" on minority issues). To the

extent that E&E finds that they have merit, E&E/W proposes to share these "best practices" with its field Missions.

Promoting Dialogue on the Cultivation of Values. Foremost among the new initiatives will be the development of programs and activities that address the cultivation of values involved in supporting democracy and viable economic systems and overcoming the irrational forces of bitterness and hatred. This will involve discussion of enlightened self-interest and "beyond," i.e., values consistent with the promotion of the common good as an end in itself, with an aim of building constituencies for peace.

A key part of this effort will be a joint public-private sector alliance to promote and support an indigenous program to encourage ethical behavior in transition societies. This might begin by bringing together a relatively small group of respected public and private leaders from the United States and the transition region for a multi-day retreat to discuss the challenge of promoting ethical behavior in society, with the aim of announcing a major forthcoming effort in this area. The E&E Bureau will consider using an RFA or RFP to solicit proposals on this initiative.

The retreat needs a compelling topic to pull together the respected regional voices that would be needed to promote this effort. No doubt many topics are possible. One might be: "The Application of the Universal Declaration of Human Rights to Modern Eastern Europe and Eurasia." This topic has the advantage of beginning with universally recognized principles upon which a focus on ethical behavior could build.

An Advisory Council predominantly composed of voices from the region would be formed to promote, counsel, and inform the initiative coming out of the retreat. Members of the Council might also sponsor continuing dialogues on this and related subjects with local USAID support. The activities supported under this program might include curriculum reform in the education systems, media programs, e.g., helping to disseminate the same message in different languages to different ethnic groups, the adoption of codes of conduct by business associations, and self-imposed regulation of practices by political parties.

Building Indigenous Institutional Capacity to Manage Conflict. Much of what USAID does promotes building indigenous institutional capacity to manage conflict. As previously observed, USAID's programs directly address the salient root causes of conflict. USAID's mandate and overarching focus in the region is to facilitate the transition to market-oriented democracies. In addition, much of the conflict literature underscores the key role of "conflict entrepreneurs" in catalyzing conflict in the presence of structural conditions for conflict. By facilitating the transition to market-oriented democracies, USAID's efforts directly promote constituencies for peace, which in turn serve to counteract political forces for violence.

In addition to enhancing Bureau support for economic, political, and social transition programs which reduces the risk of violent conflict, new initiatives are needed to promote regional capacity building. This is necessary because conflicts can and sometimes do

spill across national boundaries. Hence, this strategy will use an RFA to solicit applications from organizations interested in establishing regional or sub-regional centers of excellence in conflict prevention or networks of local organizations interested in building their capacity to engage constructively in peace building. Local actors may include NGOs, business and professional associations, and local governments. Organizations will be encouraged to utilize East-to-East approaches and innovative technologies such as the internet to maximize impact while minimizing costs. It is important that efforts are made to help ensure that these centers of excellence go beyond merely academic endeavors with uncertain tangible results.

RESULTS

The overall objective of this strategy is to have in place a more rigorous system for the reduction and management of conflict within the E&E region, with the overall aim of reducing the political, economic, and social toll of conflict.

This will be achieved by accomplishing the following results. In the near term:
- Lessons learned and best practices will be disseminated to Missions with the aim of improving the effectiveness with which they manage conflict. The principal means will be several impact evaluations, and the principal venue will be a series of seminars conducted with the participation of field Mission staff.
- Within one year of preparation of this document, there will be in place a conflict tracking system for the region. This will take the form of an annual report that will monitor and analyze the salient conflict-related trends among the 27 transition countries. This analysis will help provide the basis to prioritize EE/W's ongoing in-country technical assistance of conflict vulnerability assessments and workshops.
- Conflict vulnerability assessments and workshops for all high conflict risk countries will be pursued. This is in addition to those assessments that will be carried out for Armenia and Kosovo as inputs for strategy development.
- Measurable strides will be made in the definition of new program initiatives toward encouraging ethical behavior in transition societies.   A public-private sector dialogue will be initiated on the cultivation of values; an alliance of public and private sector leaders will be formed; a multi-day retreat will be convened; an Advisory Council will be established; and a series of follow-on activities will be defined.

Over the medium- and longer-term:
- USAID's E&E Missions will continue to address the root causes of conflict through their bilateral programs emphasizing democracy strengthening and building of market economies.
- Research will be carried out on key themes that cut across a number of our recipient countries, e.g., Islam & Democracy. This research will be utilized to inform the design and implementation of future field programs.
- All of USAID's bilateral programs in the region will be examined through a conflict analysis lens, with program adjustments implemented as needed. This will take

center stage in the new strategies under development or about to be designed, including Armenia, Azerbaijan, Bulgaria, Georgia, and Kosovo.

- USAID will succeed in building additional indigenous institutional capacity to manage conflict. Some of this will take place through the creation of networks of local organizations interested in building their capacity to engage constructively in peace building and/or the establishment of regional and sub-regional centers of excellence in conflict prevention. The geographic focus of these linkages will be in the Balkans, the Caucasus, and the Central Asian Republics.