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

**October 16, 2007**



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## Why Post-Conflict EG ?

- **40% return to conflict**
- **More frequent occurrences**
- **Traditional approaches failing**
  - **High unemployment rates**
- **Ad hoc or no EG program**
- **Early EG improves the odds**



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## **Post-Conflict Context**

- **Physical destruction, loss of lives**
- **IDPs, refugees, and unemployed**
- **Demobilized ex-combatants**
- **Weak and fragile government**
- **High expectations – a sense of urgency**
- **Regional, ethnic, other tensions**



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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**



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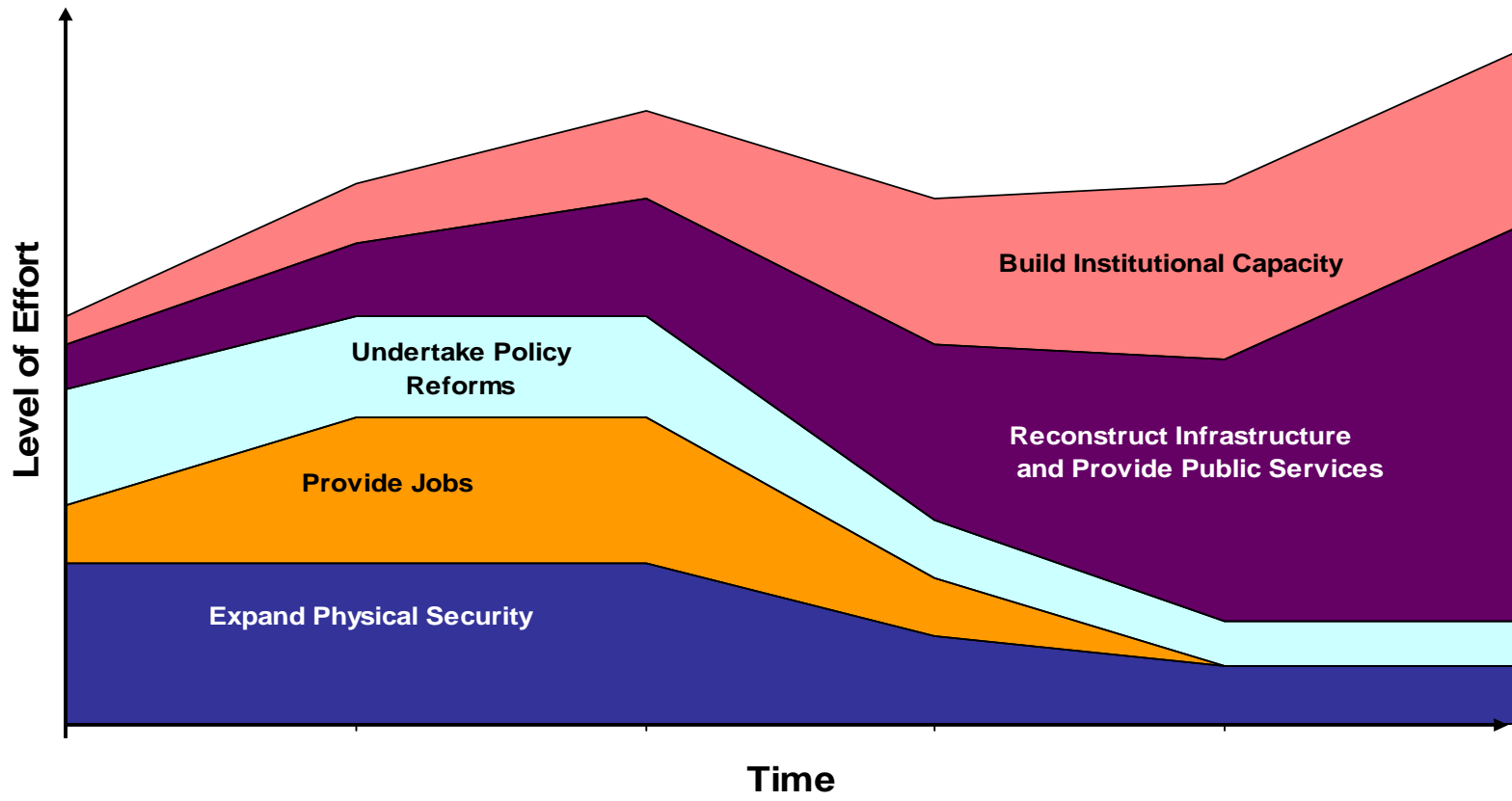
## What's required for success?

- **Clear goals**
- **Sensitivity to political and social context**
- **Pragmatic approach**
- **Host country ownership**
- **Do EG early!**
- **Do EG differently!**



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## 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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## Key Trade-Offs

- **Effectiveness vs. Efficiency**
  - Jobs versus restructuring the economy
- **Urgency vs. Legitimacy**
- **Short-term vs. Long-term**
  - Revenues versus opening the economy (e.g., by cutting tariffs on imports)
- **Window of Opportunity vs. Absorptive Capacity**



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# **Part II: Best Practices**

## **Macroeconomic Management**

**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**