

## Investing in development: an investment in security

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In comparison with the turbulent year of 2003, marked by the Iraq War and the ensuing crisis within the United Nations, 2004 passed without similarly news-making man-made disasters. In fact, some good news can be reported from 2004. The overall number of wars and armed conflicts continued to decline. A number of conflicts were brought closer to peace, including long-lingering wars such as that in the Sudan. The report from the UN Secretary-General's High-level Panel on Threats, Challenges and Change<sup>1</sup> received widespread support. Another testimony to the UN's recovery was its central position in mitigating the consequences of the tsunami disaster at the end of 2004.

However, a number of worrying trends continued in 2004. One was the increase in the incidence of HIV/AIDS. Another alarming development was the increase in military expenditure—particularly in the countries with the largest militaries. A third was the decreasing capability of governments in a number of regions to provide security, welfare and order for their citizens: while the number of wars and armed conflicts continued to decline, physical threats to the lives of ordinary people seemed to be increasing in many countries. A fourth was the shortfall in development assistance, particularly when compared to the levels promised in the early 2000s, on occasions such as the Millennium Summit in 2000 and the 2002 International Conference on Financing for Development (known as the Monterrey Conference). Those promised funds are needed to substantially reduce poverty, which is a root cause of crisis and conflict. More than one billion human beings live on less than US\$ 1 per day, more than two billion on less than US\$ 2 per day. One can summarize these trends in pointing out that the security and livelihoods of billions of people remain highly precarious. Human security is still highly endangered in many parts of the world.

Each of these trends is worrying in itself. However, in combination they undermine the attainment of what is arguably the most important policy objective of the first part of the twenty-first century, namely the eradication of poverty. This is the core of the Millennium Development Goals (MDGs) to be reached by 2015 as agreed by heads of state at the UN Millennium Summit in 2000. Unfortunately, the MDGs are in danger of not being reached.

One reason for this potential failure is that development and security are often seen as distinct issues to be acted upon in isolation from each other—with the MDGs regarded as “development”, and thus largely unrelated to security issues, and security issues seen as a prerogative of high politics, having little overlap with development issues. On the contrary, however, they are closely related. This is often

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recognized in principle; it is more often than not ignored in policy implementation. Hardly anyone objects to the idea of “no development without security and no security without development” but governments seem to have a hard time acting accordingly. A striking illustration is the priorities of powerful countries as revealed through spending increases in recent years.

Resource allocation in rich countries is one link between security and development. Conversion—the transformation of military processes, activities and resources—is another. An effective and efficient transformation can support conflict prevention, post-conflict rehabilitation and economic development.

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In particular, it will be argued below that conversion can make a substantial contribution to reaching the MDGs. The potential of conversion is often underestimated and underexploited by political decision makers. In fact, it seems unlikely that the MDGs can be reached unless issues of security and conflict are brought into the diagnosis of the obstacles hindering their attainment and conversion is used as an instrument to achieve them. Luckily there are some recent signs of recognition of the links between security and development, particularly in the High-level Panel’s report and in the report of the Millennium Project, which was commissioned by the UN Secretary-General to advise the UN on strategies for achieving the MDGs.

### *The MDGs and human security*

None of the eight MDGs, or the indicators attached to them, address conflict, security or peace. Rather, their goals are to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce child mortality; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability; and develop a global partnership for development. All these are important and worthy goals. And one can well argue that there are sufficient other statements, programmes and processes that address peace and security, beginning with the United Nations Charter itself, where, after all, the organization states its objective to “save succeeding generations from the scourge of war”.<sup>2</sup>

Still, it is important to recognize the relationships between hard issues of security and conflict and the MDGs. The attainment of the MDGs is influenced by, if not dependent on, progress in increasing security, particularly through conflict prevention and resolution. There are several facets to this link, discussed in more depth below. However, it should also be noted that measures taken to achieve the MDGs have the potential to reduce security.

It is not a new or revolutionary idea to link security and development. Indeed, the Millennium Declaration adopted in September 2000 and from which the MDGs emanated has chapters on peace, security and disarmament, development and poverty eradication, protecting the environment, human rights, democracy and good governance, protecting the vulnerable, and meeting the special needs of Africa. The statement “We will spare no effort to free our peoples from the scourge of war, whether within or between States, which has claimed more than 5 million lives in the past decade” stands beside the statement “We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want”.<sup>3</sup> What is lacking, however, is a concrete programme, similar to the ones developed through the MDG process, for leveraging conflict prevention, post-conflict peace-building and conversion, for the attainment of the MDGs.

Not only is it important to understand the contribution of security to achieving the MDGs, the MDGs are also key steps for increasing peace and security. Empirical research has demonstrated the close correlation between the level of economic development and the incidence of internal war.<sup>4</sup> The likelihood of a war is more than twice as high for countries with an annual per capita income below about US\$ 500–1,000 than for countries with a higher income. The argument that reaching the MDGs is vital for international and national security and peace is emphasized in both major reports previously mentioned. The report of the High-level Panel on Threats, Challenges and Change particularly stressed the security threats emanating from state failure. The final report of the Millennium Project argued that “Achieving the Millennium Development Goals should therefore be placed centrally in international efforts to end violent conflict, instability and terrorism”.<sup>5</sup>

### *Where we stand with respect to the MDGs*

Not all news about the MDGs is bad. In a progress report published by the United Nations in late 2004, 20 indicators were evaluated for 10 subregions in the developing world, using a simple traffic light system of red for “no change or negative change since 1990”, yellow for “progress at a range insufficient to meet the target by 2015” and green for “predicted achievement, or near achievement, of targets in time”.<sup>6</sup> Green, yellow and red each fill about one-third of the 200 boxes in this matrix. Reducing child mortality and increasing primary education enrolment are among the goals least likely to be met. Also, little has been done to address gender aspects of the MDGs. One of the most disturbing elements of the 2004 progress report is that sub-Saharan Africa is not on track with respect to a single indicator. There appears to be no change in the region since 2000 and thus little chance to reach the goals of halving extreme poverty and hunger by 2015 without major policy shifts.

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The United Nations, the World Bank and the Organisation for Economic Co-operation and Development (OECD), as well as many other organizations and experts, agree that the MDGs can still be achieved. In fact, this is the core message of the Millennium Project report. However, they also agree that there needs to be a major increase in scale and ambition in terms of resources as well as priorities, effectiveness and targeting of measures. For some of the crucial regions, the first five years since the adoption of the MDGs have been largely wasted. The Millennium Project’s final report urges that “the Millennium Development Goals are too important to fail” and that it is “time to put the Goals on the fast-track they require and deserve”.<sup>7</sup>

### *Countries in crisis and conflict*

One of the obstacles to achieving the MDGs is the difficulty of improving the lives of people in countries in crisis and conflict. Conflict is a great destroyer of resources, values and futures. The effectiveness of development assistance decreases inversely in relation to the level of conflict. Similarly, weak and instable state structures lower the effectiveness of development assistance. On the basis of these truths, development donors have increasingly focused their assistance on the “good performers”, those countries where development assistance is effective. While such a focus makes much sense, it is unlikely that the MDGs can be reached with it. About one-quarter of all countries in the developing world experienced war or armed conflict at some point during the last ten years. A number of countries

Bank's Low Income Countries Under Stress (LICUS) initiative. But more and different approaches need to be applied to address causes of conflict and achieve conflict resolution. Support for capacity-building of societies and governments is crucial, and this—at least in some cases—should build more on traditional structures, procedures and agents than has been the practice in the past.

One promising suggestion in this vein was made by the High-level Panel on Threats, Challenges and Change. It proposed the establishment of a Peacebuilding Commission. The tasks of the Peacebuilding Commission should include: identification of countries in crisis; organization, in partnership with the national government, of proactive assistance in prevention of further decline; assistance in the planning of transition between conflict and post-conflict peace-building; and in particular marshalling and sustaining the efforts of the international community in post-conflict peace-building over the necessary period. The Peacebuilding Commission would be supported by a Peacebuilding Support Office, whose task would also include integrating peace-building work among the various UN offices and agencies.

This proposal, while modest in terms of formal decision authority and resources, is boldly challenging some established practices in international politics. If adopted with the mandate proposed by the High-level Panel, it could lead to a more balanced approach to halting a state's decay into a situation of being unable to provide security to its citizens or control its own territory—an approach that is less shaped by the international prowess of the governments concerned and the games of the world's major powers. It could also help to coordinate and streamline the activities of the various actors involved in conflict prevention and post-conflict reconstruction. Unfortunately, because of its potential to interfere in what governments often perceive as their internal affairs, as well as to reduce the influence of the major powers, it stands little chance of being implemented unless it receives strong support from a coalition of governments and civil society groups.

Unfortunately, the High-level Panel only refers to the MDGs in passing. It stresses the argument that poverty is a fertile breeding ground for other threats to people, including civil conflict. "A more secure world is only possible if poor countries are given a real chance to develop."<sup>8</sup>

The flipside of the relationship between conflict and development is a well-established fact, and recognized in the report of the Millennium Project. Poor countries have more difficulty getting out of the "conflict trap" and are more likely to show state decay, which are major causes of poverty. Conflict prevention and successful post-conflict reconstruction are important prerequisites for reaching the MDGs.

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Successful conversion can make a major contribution to conflict prevention and post-conflict stabilization in several ways. One is the successful reintegration of former combatants, who might otherwise become a source of, or at least a factor for, renewed conflict. Another is the control of small arms and light weapons. Related to this is the reform and democratization of all security forces and their oversight bodies.<sup>9</sup> Last but not least, conversion of facilities would mean the allocation of available resources to development objectives rather than to war and the military.

***Funding the MDGs: the guns versus butter argument***

The attainment of the MDGs is not only a matter of more effective use of available resources. Observers agree that the MDGs cannot be reached without additional resources. The World Bank has stated that additional development assistance of about US\$ 50 billion per year is required to achieve the MDGs.<sup>10</sup> The report of the Millennium Project argues for an increase in the share of development

aid in donor countries' gross national income (GNI) from 0.25% in 2003 to 0.44% in 2006 and 0.54% by 2015 to support the MDGs. The High-level Panel reiterates the earlier commitment by donor countries to a share of 0.7% of development aid in GNI. Whatever the exact numbers, the effort required is large and priorities need to be changed quickly.

So far, the additional development assistance offered has fallen far short of these requirements. In 2003, official development assistance (ODA) reached US\$ 69 billion, up US\$ 10 billion in real terms from the level of 1999.<sup>11</sup> The shortfall in promised resources is even more notable if measured against commitments made in terms of ODA shares of GNI. In 2003, only five countries (Denmark, Luxembourg, the Netherlands, Norway and Sweden) had shares above 0.7%. The share of 0.25% for all donors in the OECD in 2003 was only 0.03% higher than the share in 2000. This equates to an increase of 0.01% per year, much less than that needed, according to the mentioned projections. On the other hand, if donor countries had spent 0.7% of their national income, ODA in 2003 would have been US\$ 193 billion instead of US\$ 69 billion. The United States was the country with the lowest share of ODA among donors (0.15% of national income); if it had spent 0.7% of its national income, ODA from the United States would have been US\$ 76 billion instead of the actual US\$ 16 billion.<sup>12</sup>

A number of donors have restated their will to reach the 0.7% target in the future. Four donor countries have given a firm date to reach the 0.7% target: Ireland by 2007; Belgium and Finland by 2010; and France to reach 0.5% by 2007 and 0.7% by 2012. Spain has indicated it may reach 0.7% by 2012, and the United Kingdom that it may reach it by 2013. Other countries have announced less ambitious interim goals. The German government, for instance has promised to raise its development assistance to 0.33% of national income in 2006. If all the promises made in the past, including those of the 2002 Monterrey Conference, were to become reality, the resources estimated as necessary for reaching the MDGs would become available. However, this is a big if—both for several countries of the European Union, which are in fiscal crisis, as well as the United States with its enormous budget deficit, which reached US\$ 375 billion in financial year 2003.

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At the same time that increases in development assistance have lagged behind needs and promises, increases in military expenditure have been large. Between 1999 and 2003, when ODA increased by about US\$ 10 billion, military expenditure increased by about US\$ 28 billion in real terms. As a share in national income, military expenditure now stands at 2.6% globally, up 0.2% compared with 2000. Much of this increase comes from development donor countries.

Despite the fact that almost half of all states reduced military spending in 2003, global military expenditure continues to rise—largely because of increases in spending by major military powers. Spending reached about US\$ 950 billion in current prices in 2003 (the latest year for which reliable data was available) or US\$ 844 billion in 1999 prices. Military spending has again reached the level of 1992 in absolute terms, but relative to global income spending has risen only slightly during the last few years. The United States had a large and growing share of about 47% in the global total. The “War on Terror” and the costs of its intervention in Iraq continued to drain government funding. About two-thirds of the increase in global military expenditure between 2002 and 2003 was the United States'; much of the rest came from another five countries (Iran, Russia, China, Kuwait and India).

The number of conflicts in the world continued to fall in 2003 and 2004. While there are differences in data on conflicts, there is general agreement that there has been a decline in the number and intensity of wars. The most striking data concerns battlefield deaths, which reached historic lows in the early 2000s. A different picture, however, emerges if civilian victims and deaths following fighting are included. Nevertheless, the global decline in the number and intensity of wars contrasts starkly with the increases in military expenditure.

Thus there has not been, on a global scale, conversion of financial resources during the last few years. There has been an increase in military expenditure and, though considerably less, an increase in development assistance. Still, given the tight budgetary situations in many countries, it would obviously be easier to live up to commitments on ODA if military expenditure were lower.

### *The MDGs as a source of conflict*

There is another reason for stressing the importance of successful conversion for attaining the MDGs, namely the potential of the MDGs (or rather the measures taken to reach them) to increase conflict. Financial flows to developing countries, whether aid or private investment, can aggravate internal tensions, for instance by favouring one group over another. Through corruption, aid can also become a source of income for government employees, thereby weakening the legitimacy and effectiveness of governments. While aid and private investment do not need to have such consequences, they have had these effects in some instances in the past. At least some empirical research has found high levels of aid to increase the likelihood of conflict.<sup>13</sup> It is therefore important that aid is provided with a good understanding of its relation to open or nascent conflict. Another element that can reduce the likelihood of aid having negative effects is transparency—the most powerful antidote to corruption.

### *Conversion aspects of peace-building*

One of the major causes of violent conflict is prior violent conflict. Successful post-conflict peace-building is therefore an important contribution to conflict prevention—and one in which conversion is central. Disbanding the military structures that supported an armed conflict (a process that includes demobilization and reintegration of former armed forces, and the rebuilding of new, efficient and democratically accountable security forces) is an indispensable component of post-war rehabilitation and reconstruction.

Demobilization of fighting forces has become a standard item on the international community's list of post-war priorities. In 2003 and 2004 demobilization occurred in, among other places, Angola, Colombia, Liberia and Rwanda. It is generally recognized that demobilization needs to be accompanied by measures to help those demobilized integrate back into society and earn an income. Sufficient support for such reintegration measures is, however, often difficult to mobilize. In a number of cases, including Liberia in 2004, the unfulfilled expectations of demobilized soldiers became a source of new tensions. It is not only difficult to find sufficient resources for reintegration among development donors, there is also no simple recipe for the best strategy to help ex-soldiers reintegrate. The preferred strategy of most donors in poor countries is to give individuals money or goods, such as agricultural implements, to start a new, civilian life. This can be risky: one reason being that it privileges (and some might say "rewards") former combatants over civilians. An alternative form of support is community-based reintegration, where the benefits accrue to communities as a whole rather than to individuals. Such community-based reintegration was, for instance, successfully accomplished in the Republic of the Congo.

Another important issue in most post-conflict situations is physical security. The cases of Afghanistan and Iraq dominated the news in 2003 and 2004 with respect to the lack of security, and these are just extreme examples of a general problem. In both cases external troops were charged with providing security while at the same time local forces were trained to eventually take over this task. The international

community has provided support for the training of domestic forces in a variety of situations, ranging from the former Yugoslavia to Sierra Leone and Timor-Leste. Increasingly, private military companies are given this job. However, most of this support has been ad hoc and focused on providing training. There is limited experience with wider security sector reform, particularly security sector governance. Often international support for security sector reform is not well integrated with other types of external assistance and support to build democratic institutions.

### **Conflict and resources**

Violent conflict and state decay create obstacles to reaching the MDGs. This is one more reason to attempt to prevent conflicts from becoming wars and states from failing. There are many reasons for conflicts and state decay. One factor for both, which has also been singled out by the High-level Panel on Threats, Challenges and Change, is resources. It is widely agreed that a decisive aspect of current war activity is the role that economic factors play, as a cause of war or as a requisite for sustaining warfare. But it would be faulty to see resources purely as a source of conflict; they are also a potential source of cooperation and an important basis for development.

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Almost one-third of all wars and major armed conflicts that were fought in 2004 (13 out of 42) had a significant resource dimension (i.e. resource exploitation caused, triggered, exacerbated or financed the conflict). Several of the so-called “forgotten wars”, such as in Indonesia (natural gas in Aceh; copper and gold in West Papua), in the Niger delta in Nigeria (oil) and in Myanmar (opium, timber and gem stones) are cases in point. They are illustrative of the “resource curse” thesis: abundance of natural resources does not automatically lead to development and wealth, but rather can contribute to violence and societal breakdown.

The marketing of these resources occurs internationally. Resources, including conflict resources, are sold on global markets. This has put additional responsibilities on the private economic actors who operate in the relevant industries. Extractive industries are already prone to influence or even instigate conflict, for instance because the social and environmental costs and the economic benefits of resource exploitation are unequally distributed. This mismatch between costs and benefits has been associated with tensions and violence. Where resources become the object and source of violent conflict, the link between business activity and conflict is even more direct.

Although companies, governments and NGOs have undertaken a number of initiatives, the international response to this increased role and responsibility of private economic actors, particularly companies in extractive industries, has been insufficient. While some of these, such as the “publish-what-you-pay” campaign, are very promising, only one has provided a reliable, widely acceptable framework for private economic actors, namely the Kimberley Process Certification Scheme for diamonds.

Interestingly, the case of water shows the viability of such frameworks. Water is often cited as the prime conflict resource of the future, based on worst-case projections of major water shortages in up to 60 countries by 2050. Transboundary water reservoirs and rivers, of which there are almost 300 in the world, are generally seen as the most conflict prone. However, not only are incidences of recent fighting over water rare, water has also become a source of cooperation and thus catalyst for peace, at least in some parts of the world. What has been demonstrated in southern Africa, for example, is that dependence on transboundary watercourses offers strong incentives for cooperation. Hundreds of bilateral and multilateral agreements are currently already in place dealing with specific concerns regarding international freshwater resources. The available evidence suggests that it is both economically prudent and politically feasible to cooperate.

## Conclusions

Countries in conflict, coming out of conflict or in deep crisis of governance represent a major obstacle for reaching the MDGs by 2015. While this is being increasingly recognized, there is still much resistance to addressing systematically the links between security and development. It is important that the assessment of the MDGs includes both the dangers of ignoring issues of peace and security, as well as the potential of conversion to support the attainment of the MDGs.

The MDGs can still be reached by 2015 if priorities are changed. But they will not be reached in all regions, particularly in Africa, without major shifts in policy. Conversion-related policies can make a contribution, for instance with respect to conflict prevention, the successful reintegration of combatants and the reallocation of resources to development purposes.

In a broader perspective, a clearer analytical view of the linkages between security and development will help improve the use of the opportunities that conversion offers to development. Some ground was laid in 2004. However, this progress still falls short on many counts, in particular in supplying clear and concrete recommendations for action. The *BICC Conversion Survey* and work of BICC in general are designed to make useful contributions to overcome these deficits.

## Notes

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4. See for example P. Collier et al., 2003, *Breaking the Conflict Trap: Civil War and Development Policy*, New York, Oxford University Press.
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9. See article in this issue by R. Singh, pp. 39–48.
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12. Calculated on the basis of Table 1, *ibid.*
13. M. Humphreys and A. Varshney, 2004, *Violent Conflict and the Millennium Development Goals: Diagnosis and Recommendation*, paper prepared for the meeting of the Millennium Development Goals Poverty Task Force Workshop, Bangkok, June.