

Journal of Security Sector Management

Published by
Global Facilitation Network for Security Sector Reform
University of Cranfield
Shrivenham, UK

ISSN 1740-2425

Volume 2 Number 3– September 2004

Cash Payments in Disarmament, Demobilisation and Reintegration Programmes in Africa

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Introduction

Disarmament, demobilisation and reintegration (DDR) of former combatants has been accepted as a crucial key to the success of peace building and reconstruction efforts in societies recovering from armed conflict. Following a comprehensive peace agreement or total defeat of the enemy, ex-combatants who would not become part of the new national armed forces are disarmed, demobilised from military duties, and reintegrated into the civil society, in order to forestall a return to the cycle of violence and to put the society on the path of social and economic reconstruction as guarantee for peace and stability. In the process of implementation of DDR programmes, the use of cash payment has increasingly assumed a place of importance in all three phases, even though in-kind means of compensation have still continued to be used. In the initial phase of disarmament, ex-combatants are usually encouraged to surrender their weapons in exchange for financial rewards. Immediately after demobilisation, most DDR programmes have always undertaken an interim measure of reinsertion of ex-combatants before the commencement of their social and economic reintegration into civilian life. This is the transitional safety net package or assistance designed to meet the immediate basic and most pressing needs of ex-combatants between the last two phases of DDR (demobilisation and reintegration). This paper examines the experience of cash payment in DDR programmes in Africa at the *disarmament* and *reinsertion* stages, with particular attention to implications for the overall objective of DDR, strengths and weaknesses, as well as challenges, tensions and lessons to be learned. While the focus is on Africa, insights are drawn from other regions where cash payment has raised issues of concern, for comparative analysis. The issue of cash payment will be examined here at the disarmament phase and the immediate post-demobilisation phase of DDR.

Disarmament

Disarmament is the process by which small arms and light and heavy weapons are collected within a conflict zone¹. From ex-combatants kept in an assembly area, these weapons are collected and either destroyed or stored for the new armed forces. Depending on the way in which violence is ended, outright confiscation of weapons or financial inducement may be employed to effect the collection of such weapons. In cases where a party to the conflict achieves a clear military victory and undertakes its own post-conflict DDR, weapons

¹ This is the definition offered by Kofi Annan (2000), *Report of the Secretary-General on the Role of the United Nations Peacekeeping in Disarmament, Demobilisation and Reintegration*. New York: UN, S/2000/101, p. 2.

are usually confiscated from ex-combatants of the defeated forces. However, where the peace is secured through a comprehensive agreement with a mandate for DDR, disarmament is a voluntary process, relying on the goodwill and mutual confidence of the parties, and usually observed by the international community. This is where cash payment becomes very crucial as an instrument for inducing former fighters to give up their weapons through arms buy-back/exchange programmes.

The UN has adopted a number of arms buy-back programmes in its disarmament operations in Africa, including Liberia, Mozambique, and Somalia (World Bank 1993; Tanner 1996) and most recently, in Liberia and Cote d'Ivoire. Arms buy-back or exchange has the advantage of providing the financial incentive for ex-combatants to willingly turn in weapons, which could otherwise be used as a means of livelihood and security. Nevertheless, a common problem with arms buy-back programmes is that they could give a negative impression as being cash for weapons and they can easily be lost or misused for consumption and pleasure (Fusato). Furthermore, experiences in Africa have revealed the conditions under which cash inducements may not only fail to meet expectations, but may also generate their own problems for the wider security. In zones where borders are porous, economic opportunities are scant and insecurity is widespread, cash inducement may not reduce the problem of insecurity (World Bank, 1993: 32).

Regional dynamics

In a continent where interstate borders are highly porous and where many intrastate conflicts exhibit some regional dimensions, arms buy-back or exchange programmes do stimulate illicit regional arms trade and weapons proliferation. In West Africa, for example, while the reward for surrendering weapons is \$900 or more per combatant in Cote d'Ivoire, it is as low as \$300 in neighbouring Liberia. This has led to fears and suggestions that armed elements in Liberia are crossing over to Cote d'Ivoire to triple the financial value of their weapons (Bernath & Martin, 2004; Pawson, 2004). A similar scenario in the Croatian process where it was alleged that money collected for old weapons was used to buy newer ones smuggled from across the border with Serbia shows that arms buy-back programmes have a tendency to attract old and unserviceable weapons, and often stimulate the creation of an illegal arms market (Knight & Ozerdem, 2004: 505). Berdal (1996: 34) associates these weaknesses of weapons-for-cash programmes to the porosity of borders with countries with active weapons markets; weakness in the institutions for enforcing arms regulation; and a political, economic and security environment that promotes ownership and use of weapons.

Unmet expectations

The immediate unavailability of cash to be disbursed in exchange for weapons can be a setback to the entire peace process. In December 2003, hundreds of Liberian ex-government combatants embarked on a

two-day shooting rampage to protest the delayed payment of cash exchange for weapons at the start of disarmament (Irinnews, 2004; AfricaOnline, 2003). This incident, in which at least nine people were killed, shows that where hopes of immediate payment after weapons are handed in are not met, ex-combatants have a tendency to withdraw their trust in the process.

Security and economy

For arms reclaiming programmes to be an effective tool for inducement, ex-combatants must be assured of both their physical and social security. The US-led Multilateral Task Force in Somalia succeeded in gradually disarming armed elements only in zones for which the US provided security. In such zones the price of an AK47 ranged between one-tenth and one-fourth of the price in unsecured areas, where armed factions had to rely on their weapons for security. Thus the willingness to surrender weapons depends on the coincidence of their perceived economic value and security value (World Bank, 1993:35).

The gun culture

The ability of cash to induce arms surrendering may be ineffective where the possession of arms and their use have become a cultural value and accepted norm in society. Attempts to rid society of weapons in environments like Afghanistan, for example, where the possession of arms is associated with masculinity and where regional warlords wield considerable power, have not yielded much fruits (Ozerdem, 2002; Sedra, 2002).

Reinsertion

Reinsertion is the immediate post-demobilisation package offered to ex-combatants as interim assistance before the longer-term process of reintegration. The UN defines *demobilisation* as the disbandment of the military structures of parties to a conflict and their transformation into civilian life; and *reintegration* as the process, which allows ex-combatants and their families to adapt, economically and socially, to productive civilian life². Following their discharge, ex-combatants face immediate financial crisis resulting from the loss of income, while they wait for the slow process of income generation during the reintegration phase. Reinsertion is a special assistance (usually called *transitional safety net*) to help ex-combatants cushion the effects of this shock and cover such basic material needs of themselves and their families as food, clothes, healthcare, education of children, shelter and agricultural tools. While reintegration is a continuous social and economic process of development, reinsertion is short-term financial/material assistance to meet immediate problems, and often lasts for a period of six months to one year.

² Kofi Annan, *ibid.*

Cash payments, either as a monthly allowance, lump sum payments or both, have always been preferred to in-kind forms of reinsertion assistance since they have proven to be the most effective and efficient option. This is because they reduce transaction costs, are more flexible to use by beneficiaries (Colletta & Pearce, 2001), permit more transparent accounting, can adapt more closely to the specific needs of beneficiaries, and have a positive psychological effect of empowering ex-combatants to take charge of their lives (Fusato). Knight & Ozerdem (2004: 510) identify one advantage of cash payment over in-kind assistance to include the relative ease of distribution. A study of cash allowance in Southern Africa by Peppiat, Mitchell & Holzmann (2001: 19) reveals that beneficiaries tend to use cash for social and productive investment after consumption needs have been met, thus stimulating the local economy. It also has the advantage of faster delivery and it addresses the problem of identifying requirements since beneficiaries are in a position to determine these themselves.

Yet, cash payment is not without its drawbacks. Not least among them is the tendency for ex-combatants to tend to remain within the demobilisation camps and not to want to resettle in their areas of origin. The study by Peppiat, Mitchell & Holzmann (2001: 1) shows that targeting in cash payment can be difficult since cash is of inherent value to everyone and does not allow for self-selection.

Other studies on Sub-Sahara Africa (Colletta, Kostner & Wierhofer 1996a: 147) corroborate the argument that cash injection tends to stimulate inflation in the local economy, thus penalising others not included in the programme; and that cash payments are used extravagantly by ex-combatants whose personal security may also be threatened.

Furthermore, cash payment encourages fraud and diversion of assistance funds from the targeted beneficiaries, particularly in environments where the structures of transparency and accountability are not well developed, a problem endemic in Africa. The recent example in Afghanistan where cash payment to demobilised soldiers by the UN was halted due to extortion by regional commanders throws this issue to a bolder relief (Agence France-Presse, 2004; UN News Service, 2004). Another risk associated with cash payment is insecurity in the usually unstable environment of post-conflict transition, where the presence of cash could attract theft and robbery.

Challenges

Even though the donor community has endorsed the use of cash payment as a transitional safety net package, successful implementation is faced with a number of challenges. Among these challenges is the mobilisation of funds, establishing the criteria for differentiation, the amount to be paid, financial management education, and dealing with corruption (Knight & Ozerdem, 2004: 511). Due to delays in the

mobilisation of funds, the Disarmament, Demobilisation, Reinsertion and Reintegration (DDRR) programme in Uganda suffered such a financial squeeze that funds had to be loaned from the Ministry of Defence (Colletta, Kostner & Wiederhofer, 1996b). In the case of the Demobilisation and Reintegration Programme (DRP) in Ethiopia, the Relief and Rehabilitation Commission paid ETB137³ to each Derg (deposed government) ex-combatant at the time of discharge. Subsequently, ETB50 each was paid as a monthly stipend for a period of 7 months for Derg, and 6 months for Oromo Liberation Front (OLF) ex-combatants, respectively. At the end of this assistance, it was discovered that the package could not meet the needs of the demobilised soldiers and a voluntary organisation, the Catholic Relief Service, had to intervene to provide 300 ex-combatants with short-term financial assistance of ETB100 per month for a three-month period. However, overall support was kept at a minimum in order to avoid resentment in the community (Nat J. Colletta, M. Kostner and I. Wiederhofer, 1996b: 50 & 118).

Often, cash payments are uniform for all categories of ex-combatants, without regard to the differential impacts on different groups. Beneficiaries should be differentiated according to a needs assessment of particular groups in order to avoid discrimination. Such differentiation has to be based on clearly established criteria such as gender, economic opportunities in the location of settlement, and the level of disability. With regards to the amount of cash, Kostner (2001) argues that it should fairly correspond to the level of household income of the general population to avoid resentment in the community of settlement.

Beneficiaries often mismanage cash payments, particularly lump sum payments, due to lack of experience in savings and investment. This has prompted the recommendation of financial education or planning sessions as a component of the package and a preference of payment by instalments (Knight & Ozerdem, 2004: 512). The DDRR programme in Uganda attempted to deal with this challenge by phasing out the reinsertion package. In phase I of the Ugandan Veterans Assistance Programme (UVAP), the reinsertion allowance was paid in three instalments after demobilisation, to avoid extravagant spending. However, the veterans complained that the instalments were too piecemeal to invest. Thus in phase II, beneficiaries were paid in two instalments, with the second being a bank transfer, two months after discharge. However, in the course of payment, other challenges came up, including provision of security for the money and for paying the staff; responding to sudden changes in weather (heavy rainfall as payment was done in the open); ensuring adequate numbers of personnel (pay clerks) and logistics; and provision of escort for veterans back home. In the third phase, payment was made through bank accounts. Benefits included reduction in the risk of fraud,

³ ETB stands for Ethiopian Birr, the national currency.

education on money handling and banking, savings and rural capital formation. Yet there were delays in actual cash transfer to banks, which led to mistrust. Again, uniform cash entitlement did not take account of variations in purchasing power across the country (Colletta, Kostner & Wiederhofer, 1996b: 149, 248-251).

The last challenge identified above is the absence of a non-corruptible system of identification to avoid fraud, financial misappropriation or mismanagement. A sound and transparent accounting system in addition to a robust personal identification system and a management information system that links payments to the database of beneficiaries may be difficult to find or construct quickly in a post-conflict environment.

Other key challenges include the weakness or absence of financial structures in war-ravaged environments to facilitate the disbursement of cash. This was the case in the reinsertion process in Sierra Leone where banks were absent in a large part of the country and where logistics for moving large amounts of money across the country were weak⁴. The co-ordination of different agents and activities involved in the disbursement of cash may yet be a serious issue as well. Those who provide the money may be different from those who provide the logistics, the banking services, the security, and sensitisation of the community, and their activities need to be harmonised to avoid unrealistic expectations and mistrust in the process.

Tensions

Examples and cases examined above show that cash payment in reinsertion programmes is fraught with tensions between difficult choices right through planning to implementation. One of these tensions is between the need for packages to reflect socioeconomic variations in the country or region and the need to forestall the growth of an illicit arms market. A second tension is over the choice of centre for payment. Beneficiaries may prefer locations that are judged to be neutral or safe (a normal post-conflict attitude of mistrust) which may not have the supporting facilities and infrastructures for cash payments such as banks, good roads, security, etc. Planners have to make the choice between beneficiaries' *political* choice of location and the *practical* convenience of such locations. Thirdly, there is a tension between the prevention of resentment from the communities into which the ex-combatants would return and provision of relief to those communities. Whether it is during disarmament or reinsertion, if ex-combatants are paid very high elements within their communities this may provoke resentment. If they get too little, the money may not be sufficient to relieve the communities of the burden of supporting the newly

⁴ See the Presentation by the Executive Secretary, National Commission for Disarmament, Demobilisation and Reintegration, to the Donor Mission to Sierra Leone on 8 February 2002. Also available at <http://www.sierra-leone/franciskaikai0202.html>

returned ex-combatants. Finally, the right balance needs to be struck between the level of cash injection that is small enough to avoid a cycle of inflation and that which is large enough to kick-start local economic development as a prelude to the reintegration phase of DDR

Conclusion

Cash payments remain one of the most effective and efficient method of securing disarmament and reinsertion during DDR. However, given the associated dangers, challenges and tensions, what salient lessons are there to instruct the successful future design of cash payment programmes?

In order to discourage the development of some of the problems identified above, non-liquid incentives that are less flexible have been used in some cases. Vouchers for supermarkets, pharmacies and shoe stores were used instead of cash in the second phase of the weapons collection programme in El Salvador (Laurence & Godnick, 2001). This method may reduce the influx of weapons from outside the country, but it also restricts the purchasing choices of combatants and may not elicit full compliance. Other approaches, including weapons-for-development and the strengthening of cultural norms against the possession and use of weapons, have been suggested by Faltas and Di Chiaro (2001). Yet, Knight & Ozerdem (2004: 505) have argued that a credible overall DDR programme that offers opportunities for sustainable livelihoods is the most effective inducement to disarm ex-combatants.

One key point to always keep in mind is that each case is peculiar and must be treated as such. In particular cases, unforeseen challenges do show up, sometimes because they are not in the catalogue of our 'best practice' and 'lessons learned'

Related to this is an imperative for thorough prior assessment of the needs of beneficiaries and their dependents in the context of their particular socioeconomic environments, to avoid disparity in terms of the purchasing power of assistance. Equally crucial is the need for objective analysis of the particular requirements and risks of the affected communities and locations of payment.

Yet the best analysis may not envisage certain developments. Each cash payment programme should therefore be seen as a learning process. It should be flexible enough to respond to new developments and challenges.

Even though each case is specific, sometimes a regional approach would need to be adopted, especially in disarmament programmes. A regional perspective on disarmament would deal with the problem of porosity of borders and growth of the illicit arms market. The

ECOWAS moratorium on small arms, for example, can be made to support on-going arms reclaiming programmes in West African countries in transition from war to peace.

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