



**Graciana del Castillo** is an expert on countries in crises—both financial and post-conflict. She was the first senior economist in the Cabinet of the UN Secretary-General in the early 1990's, involved in ongoing post-conflict operations in Central America, Asia, and Africa. She continued work on countries at war or post-conflict at the IMF, participated in jump-starting Kosovo's economy, and moderated a major donors' meeting on Timor-Leste in Prague. She was a director at S&P's and the Centennial Group, a senior consultant to the Inter-American Development Bank, a visiting scholar at the OECD Development Center, and a participant in USAID bids for reconstruction projects in Afghanistan and Iraq. She is a founding partner of the Macroeconomic Advisory Group. With a Ph.D. in Economics from Columbia University (1986), she has been adjunct professor there since 1990 and is now research scholar and associate director of the Center on Capitalism and Society. Her articles have appeared in top economic and political journals and newspapers worldwide.

'*Rebuilding War-Torn States* is that rare book that brilliantly combines the insights of an experienced practitioner with the disciplined argument of a meticulous researcher. Dr del Castillo distills lessons from the peacebuilding efforts in El Salvador, Kosovo, Afghanistan and Iraq. She concludes with incisive and provocative strategic lessons that neither the scholars nor the decision-makers can afford to neglect.'

*Michael W. Doyle, Harold Brown Professor of International Affairs, Law and Political Science, Columbia University. Special Adviser to UN Secretary-General Kofi Annan (2001–2003)*

'*Rebuilding War-Torn States* addresses effectively and successfully one of the most important, timely, and fascinating subjects in the international policy arena. Dr. del Castillo's analysis combines her great talents as an international economist with her understanding and experience of the way international organizations work. She provides an illuminating and insightful presentation of the difficulties in implementing economic reconstruction and outlines the measures that need to be taken to turn reconstruction into a success. The challenge of achieving economic reconstruction while, at the same time addressing the political transition to peace is complex and difficult. As a result, many efforts have failed. By providing a realistic and well informed analysis of the subject, this book is an important contribution. It is a must read for policymakers, academics, practitioners and those interested in the political economy of peace.'

*Dr. Jacob A. Frenkel, Vice Chairman, American International Group Inc. (AIG), and Chairman, Group of Thirty (G30). Former Governor, Bank of Israel, Former Economic Counselor and Director of Research, International Monetary Fund, and Former David Rockefeller Professor of International Economics, University of Chicago*

'This volume offers a highly readable, economically literate discussion of the inter-linked political and economic dimensions of peacebuilding that too often do not receive sufficient attention amidst concerns over security. It draws on many important case studies, including Iraq and Afghanistan, as well as reminding us of the historically salient lessons of international attempts to support and consolidate peace in El Salvador and Timor Leste.'

*Dr. David M. Malone, President of the International Development Research Centre, former President of the International Peace Academy, and author of 'The International Struggle For Iraq: Decision-Making in the UN Security Council, 1980–2005'*

'I believe that in summarizing the lessons learned from the Salvadorean experience, the author is not only very accurate in her insights and analysis, but also provides an extremely valuable tool for consolidating peace in other countries around the world.'

*Alfredo Cristiani, Former President of El Salvador (1989–94)*

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DEL CASTILLO  
REBUILDING  
WAR-TORN STATES

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# REBUILDING WAR-TORN STATES

THE CHALLENGE OF POST-CONFLICT  
ECONOMIC RECONSTRUCTION



**GRACIANA DEL CASTILLO**  
WITH A FOREWORD BY EDMUND S. PHELPS

Post-conflict economic reconstruction is a critical part of the political economy of peacetime and one of the most important challenges in any peace-building or state-building strategy. After wars end, countries must embark in a multi-pronged transition to peace: Violence must give way to public security; lawlessness, political exclusion, and violation of human rights must give way to the rule of law and participatory government; ethnic, religious, ideological, or class/caste confrontation must give way to national reconciliation; and ravaged and mismanaged war economies must be reconstructed and transformed into functioning market economies that enable people to earn a decent living.

Yet, how can these vitally important tasks each be successfully managed? How should we go about rehabilitating basic services and physical and human infrastructure? Which policies and institutions are necessary to reactivate the economy in the short run and ensure sustainable development in the long run? What steps should countries take to bring about national reconciliation and the consolidation of peace? In all of these cases, unless the political objectives of peacetime prevail at all times, peace will be ephemeral, while policies that pursue purely economic objectives can have tragic consequences. This book argues that any strategy for post-conflict economic reconstruction must be based on six premises and examines specific post-conflict reconstruction experiences to identify not only where these premises have been disregarded, but also where policies have worked, and the specific conditions that have influenced their success and failure.