Suddenly, the international community confronts a broad and complex array of problems that appear to overwhelm its institutional capacity. Cold War-related confrontations are winding down. The dismantling of the USSR has revealed a slew of dangerous, long-dormant problems. Highly destructive tribal and ethnic conflicts are tearing states apart. The very concept of the state and its institutions is under severe stress in destitute countries for which distant powers competed until recently in search of strategic gain.

The United Nations, though back in fashion, is severely overstretched. States are increasingly turning to it for solutions to burgeoning peace and security problems. But are the United Nations and its agencies equipped to tackle the new security challenges in addition to such global issues as drugs, the environment, the oceans, or mass migration?

Much has been written about the U.N.'s capacity to handle its purely military missions, commonly known as "peacekeeping," but the greater challenge lies in those more comprehensive missions that encompass both civilian and military responsibilities. Those are missions, such as the ones in Namibia, Cambodia, and El Salvador, that engage a variety of agencies within the U.N. system. An examination of the peace process in El Salvador, an ongoing experience that in many ways epitomizes the proliferating challenges, sheds light on some of
the severe strains now troubling the U.N. system. The U.N. and other bodies, including the International Monetary Fund (IMF) and the World Bank, are overseeing separate, simultaneous processes in El Salvador that could be on a collision course.

The first process, sponsored by the U.N., comprises several phases. It began with the two-year negotiations that led to the January 1992 peace agreement—the peacemaking phase. It was followed by U.N. supervision of the dissipation of the military conflict—the peacekeeping phase. The U.N. then continued to play a central role in ensuring that far-reaching political, social, and institutional reforms agreed to in the negotiations were carried out to prevent recurrence of violence—the post-conflict peacebuilding phase. Meanwhile, there was a second process underway. Sponsored by the IMF and the World Bank, it called for implementing a rigorous economic stabilization and structural adjustment program.

The reforms proposed in the El Salvador peace accords were ambitious by any standard. They aimed at nothing less than eliminating the causes that initially led to the conflict. In light of their extraordinary scope, those reforms have been aptly described as a “negotiated revolution.” Among a wide range of agreements reached, two merit attention: the creation of a National Civil Police, separate and distinct from the armed forces, and the transfer of land to former combatants and guerrilla supporters who had occupied land during the war years. Those are two key elements in the overall strategy of reintegrating the guerrillas into society. The second of those agreements in effect represented an arms-for-land exchange.

Implementing the peace accords, particularly the two critical agreements just mentioned, will entail a substantial financial cost with a concomitant fiscal burden. That cost, however, cannot be avoided without compromising agreements vital to the peace.

Meanwhile, the Salvadoran financial situation has been aggravated by a series of external shocks—particularly the dramatic fall of the price of coffee after the breakdown of the International Coffee Agreement in June 1989. Coffee had been of primordial importance, accounting for 50 per cent of Salvadoran exports. Salvadoran coffee revenues remain low. Moreover, because of tight budgets in donor countries, foreign financing has not fulfilled expectations. Such countries are currently revising their aid policies and are reluctant to finance certain types of projects, despite their importance to peace agreements. Funds for those projects will therefore have to come from scarce domestic sources. But here the difficulty is that an increase in domestic financing will impede the IMF-supported stabilization program that the government of President Alfredo Cristiani put in place upon taking power in 1989.

El Salvador now faces a very real dilemma: Should it sacrifice economic stabilization to proceed with implementing the peace accords, or should it strictly carry out its stabilization and structural adjustment program, perhaps endangering the peace? Neither path is independently sustainable. There is an overriding need to harmonize the two processes so that they support, rather than counteract, each other.

El Salvador’s dilemma offers a stark example of the need for the “integrated approach to human security” to which U.N. secretary-general Boutros Boutros-Ghali referred in his Agenda for Peace. Under such an approach, military, political, economic, social, and environmental problems should be addressed jointly and coherently rather than separately as has traditionally been the case.

El Salvador’s lesson is immediately relevant to other countries as they emerge from civil war (Cambodia, Mozambique, Somalia, and Angola) or from acute national crisis (Haiti). As in El Salvador, the first four involve reintegrating long-estranged groups into society. They are all examples of the second-generation, multidisciplinary peacekeeping operations in which the U.N. is becoming increasingly involved. Beyond military activities, such combined operations can encompass socio-economic, human rights, electoral, and institutional reform as well as humanitarian assistance. The countries in the outer reaches of the former Soviet Union are possible candidates for such operations.

This year we celebrate the 50th anniversary of the Bretton Woods institutions and next year that of the United Nations. Great anniversaries
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are excellent opportunities for reflection on lessons of the past as well as for setting new paths for the future.

With the end of the Cold War, these anniversaries come at a historical crossroads as momentous as those of 1918 or 1945. States are revising relationships with other states and within the global institutional framework as a whole. The issues presented here raise crucial questions about the U.N. system’s capacity to tackle the problems of our day.

A Communications Breakdown

El Salvador’s dilemma foreshadows serious problems for international peacebuilding and reconstruction efforts. Basic flaws in the international community’s mechanisms for dealing with such complex situations have aggravated domestic problems. The adjustment program and the stabilization plan, on the one hand, and the peace process, on the other, were born and reared as if they were children of different families. They lived under separate roofs. They had little in common other than belonging roughly to the same generation.

President Cristiani’s economic stabilization and structural adjustment program was adopted in the middle of the war. But the plan did not appear to take into account the destruction, including sabotage of electrical power and disruption of harvests, the war had wrought upon the country.

The World Bank consults with the United Nations Development Programme (UNDP) in the field about specific development projects. However, the IMF and the World Bank did not consult with the U.N. in the elaboration and subsequent implementation of the economic program they sponsor. It appears in retrospect that they followed their perceived path as if there were no war, often supporting government projections that underestimated the costs of peacebuilding.

When the U.N. itself engaged in peace negotiations early in 1990, it did not think to consult the IMF or the Bank, notwithstanding the serious financial implications of postwar rehabilitation and reconstruction of the Salvadoran economy. Not even during the negotiation of the economic and social portion of the peace accords in late December 1991 was participation of the Bretton Woods institutions sought. Likewise, in the negotiation of the subsequent program for transferring land to former combatants in October 1992, the U.N. went off on its own, largely oblivious of the financial pressures the peace agreements were bound to impose on the stabilization program.

When the peace agreements were drawn up, the driving consideration was that it was urgent to stop the war and achieve a lasting peace. It seemed almost petty to consider the very real question of who would pay for the peace. It is worth emphasizing, however, that although the financing requirements of post-conflict or post-crisis phases in El Salvador, Cambodia, Haiti, and Mozambique are negligible compared to the global demand for assistance from the international community, they are quite substantial for the respective national economies.

The financial costs flowing from the peace agreements are also minimal compared to the resources used to sustain wars and those that will be needed should those countries revert to violence. For 1993 alone, El Salvador needed about $250 million to reintegrate ex-combatants into society (through purchase of land, agricultural credit, housing, credit for small enterprises, pensions for the disabled, etc.) and to promote democratic institutions (National Civil Police, National Public Security Academy, human-rights related activities, the judiciary, and activities related to the coming elections). The country will require similar sums this year.

In the case of Cambodia, the financial and technical needs for rehabilitation and the reintegration of a large number of refugees and displaced people after close to 20 years of war are large indeed. Of the $880 million pledged at the ministerial conference in Tokyo in June 1992, only about $200 million had been disbursed by September 1993 when the new government was formed. In the case of Haiti, the Emergency Economic Recovery Program, to be implemented in the six to twelve months following a return to democracy, will cost about $210 million; humanitarian needs alone for one year amount to about $130 million. In addition, Haiti will need $80 million to service old debts to international financial institutions, a precon-
dition for any new borrowing from them, and
$30 million in budgetary support for the first few months. In the case of Mozambique, implementa-
tion of the peace agreement will cost close to $100 million in 1994 alone. That in-
cludes support for new parties and organizing elections, as well as training the new army.
Repatriation of refugees, demobilization of ex-
combatants, and mine clearance will amount to
more than $100 million. Other humanitarian
needs are estimated at $560 million to cover
the period from May 1993 to April 1994.

Talking to One Another

El Salvador’s case illustrated the lack of trans-
parency and coordination within the U.N.
system as the IMF and the Bank did not keep
the U.N. abreast of the economic program they
sponsor, and the U.N. neglected to inform the
Bretton Woods institutions of the peace ac-
cords. It was as if a patient lay on the operating
table with the left and right sides of his body
separated by a curtain and unrelated surgery
being performed on each side.

The current system of international organi-
zations does not lend itself easily to cogent and
integrated action. Each of the different agencies
has its own charter, budget, and governing
body. The governing body is usually controlled
by the ministry or government department that
is its main constituency and that the agency
mirrors: The Food and Agriculture Organiza-
tion is governed by agriculture ministers, the
World Health Organization by their health
counterparts, and so on. The difference be-
tween the agencies and ministries, however, is
that the latter are under the authority of a head
of government who is usually able to arbitrate
territorial disputes and ensure uniformity of
policy. No such central authority exists in the
multilateral system.

Clearly, a coordinated approach to the prob-
lems that increasingly challenge the U.N. sys-
tem would have been more practicable had the
architects of the U.N. opted for a truly unitary
approach, rather than separate entities within a
loose system. It is axiomatic that coordination
between agencies that are ultimately answerable
to the ministries of many governments has to
be far more difficult than coordination between
those ministries in a single government. Indi-
vidual governments have greater flexibility to
rearrange their own structures than do interna-
tional organizations that are at the service of
many governments. The problems of coordina-
tion are particularly acute with the Bretton
Woods institutions. Where budgetary commit-
ments are concerned, the comparative clout of
finance ministers is generally far greater than
that of foreign ministers, who are the U.N.’s
movers and shakers. That is particularly true in
a government whose vulnerability to external
vicissitudes is great.

The Bretton Woods institutions and other
agencies do participate in U.N. coordinating
mechanisms. Although the IMF and the World
Bank are, in theory, agencies of the U.N. sys-
tem, in practice they are associated with it in a
peculiarly loose arrangement. Executive heads
of all the agencies meet twice a year in the
Administrative Committee on Coordination
(ACC). Many frequently pay lip service to the
need to strengthen coordination to achieve
common goals under the U.N. Charter. Their
formal institutional links, however, do not
promote close integration. Indeed, one U.N.
oober, Sidney Dell, said in reference to the
World Bank and the IMF in particular that the
institutional links seem designed “to put a
certain distance between [the Bretton Woods
institutions] and the U.N.”

While the U.N. secretary-general chairs the
ACC, he holds no particular authority over the
other agencies or their executive heads; he is at
best primus inter pares. The regular meetings
between the ACC and the Committee on Pro-
gram and Coordination, an intergovernmental
body, are an occasion for general dialogue
rather than a forum for substantive coordina-
tion. In addition, the potential clashes are of
policy, or rather of potentially conflicting poli-
cies, laid down in separate intergovernmental
bodies by member governments acting through
different ministries. Such clashes cannot be
avoided by the heads of the agencies unless they
receive a mandate for that purpose from mem-
ber states as represented in those bodies.

If the U.N. system suffers from a lack of trans-
parency, the same is true for its coordina-
tion. You cannot coordinate properly when you
do not know what your counterpart is doing, or vice-versa. The compartmentalization of the system into separate agencies has prevented flexible application of the rules of the system.

In light of the constraints imposed by the existing structure of the U.N. system, it should come as no surprise that a collision looms between the two separate processes that the U.N. and the Bretton Woods institutions are painstakingly shepherding in El Salvador. Similar postwar or post-crisis problems could easily arise in Cambodia, Haiti, Mozambique, and elsewhere if measures to arrest the trend are not adopted. Even assuming that the next government of El Salvador will maintain the political momentum behind the peace process, the lack of external financial support for some crucial peace-related programs, in conjunction with the constraints imposed by the domestic economy in general and the stabilization process in particular, leaves the prospects for full implementation dim indeed.

**When the U.N. itself engaged in peace negotiations early in 1990, it did not think to consult the IMF or the Bank.**

El Salvador’s stabilization program is not sustainable without peace, and durable peace is not possible without stabilization and structural reform. Without the restrictions imposed by the stabilization program and the commitment to the Bretton Woods institutions, El Salvador could have printed more money to accelerate the reintegration programs, as governments often do to finance development projects. But the inflationary situation created by such a measure would have made reintegration of tens of thousands of people into productive activities much more difficult. Financing peace-related projects while sticking with the stabilization program would entail either raising taxes or establishing priorities between projects and restructing government expenditures accordingly. The latter is not easy in a country where current expenditures, including salaries, transfers, interest payments on the public debt, and the purchase of goods and services, oscillate between 70 per cent and 80 per cent of the government’s total expenditures. At the same time, without financing for those projects, El Salvador will not be able to consolidate its peace or sustain its stabilization program.

As a general rule, it is the role of the government to harmonize policies and set priorities. But that theoretical notion is sometimes difficult to apply when small or weak countries face conflicting external pressures that jeopardize such vital concerns as preserving internal peace and maintaining external financial lifelines. Sometimes a government dares not put its foot down and insist on terms for external financing that take into account its particular political predicament, for fear of losing financing. Yet an arbitrary model of “nation building” should not be imposed on reluctant, sometimes faraway countries. There is a need for assisting a state in achieving its own goals at a shaky period in its history. International organizations should support a country thus beset and help it avoid a collision between competing processes, insisting on the preeminence of peace over narrow economic objectives.

That support can and should be lent through an integrated approach to political and socioeconomic problems. To that end, as suggested by the secretary-general in An Agenda for Peace, “the U.N. should be able to draw upon the resources of all agencies and programs concerned” when such action is essential to a solution. Last alarm bells be needlessly set off, it should be emphasized that the expression “draw upon the resources” should not be taken literally to mean that the U.N. must be granted a blank check against funds of all agencies and programs. At the present time, however, we find ourselves at the opposite extreme: Even if the managing director of the IMF and the president of the World Bank, or the executive heads of other agencies for that matter, want to support the efforts of the secretary-general of the U.N. in matters of security and peace, they are constrained by the statutes, rules, and policies of their own institutions.

For example, the World Bank and the IMF lend at concessional terms to countries in special categories defined by very low levels of per capita income. In countries emerging from civil war or other major crises, with large numbers
of displaced persons, it is hard to determine per capita income with any degree of certainty. In the case of El Salvador, the reported per capita figure of $1,100 in 1990 makes it ineligible for concessional lending from the World Bank (available only to countries with per capita income below $800). By the same token, it is also disqualified from applying for concessional financing under the structural adjustment facility of the IMF. It is important, however, that countries in a situation such as that of El Salvador be able to draw upon such resources, particularly to finance specific projects upon which commercial terms impose an unacceptable burden. Flexibility in international financial institutions to permit individual consideration would greatly strengthen worldwide efforts to consolidate peace.

Another problem is that external sources of financing are more easily available for some peace-related projects than for others. For example, while donor countries will often agree to finance general reconstruction, particularly infrastructural and environmental projects, they are not inclined to help pay for specific actions in support of peace, such as the purchase of land and the creation of better police forces. Peace accords, however, are generally negotiated as a package and may well include precisely such projects as key components in the national reconciliation process. Moreover, as agreements between two parties, peace accords are not susceptible to piecemeal or selective implementation. The government has the ultimate responsibility for harmonizing differing needs and easing conflicting pressures. But as a party to the accords, it is also committed to giving the same priority to all aspects of peace agreements. It cannot favor some to which it agreed readily over those which it conceded reluctantly, lest it violate the carefully negotiated schedule and destroy the trust on which its implementation depends.

A Reform Program

To allow the U.N. system to support peace processes in an integrated fashion, international organizations should pursue these objectives:

- greater transparency between actions of the different institutions and agencies, through periodic and systematic exchange of information at the appropriate levels;
- enhanced coordination between those bodies and agencies as well as integration of goals and activities so as to assist in a peace-related effort under the auspices of the U.N.; and
- flexibility in the application of rules of financial institutions or adjustment of such rules when U.N. preventive diplomacy, peacemaking, or post-conflict peacebuilding so requires.

How can those objectives be achieved? On the face of it, nothing would seem to prevent the first goal, greater transparency. It is entirely up to the executive heads of the agencies and their staffs to establish contact and share information. Improved transparency would require no tampering with the U.N. Charter, Articles of Agreement, or interagency accords—merely executive decisions. Nor would it require consultation with any intergovernmental body. The only inhibiting factors would be the requirements of confidentiality that arise in the U.N. because of the sensitivity of negotiations that touch upon issues of national security and those that derive from the financial institutions' need to handle certain financial dealings with governments away from the public eye.

If sufficient transparency can be ensured, the U.N. system will have a unique source of early warning of potential clashes between different agencies, and thus of impending crises such as the one in El Salvador. Early warning will in turn pave the way for action to enhance coordination—the second goal—between those agencies where a specific need to do so arises. That is, however, easier said than done. Language differences and a paucity of communication between peacemakers and economists are a part of the problem. Ingrained reflexes to protect turf also frequently lead to cageyness in dealings between staffs of agencies. Transparency might in fact be inhibited precisely by the fear that it could be followed by attempts at coordination. The lamentable truth is that, laudable isolated efforts notwithstanding, there is little culture of coordination.

There is a long-dormant forum for the sharing of information between the U.N. and the World Bank. In 1961, it was decided to establish a Liaison Committee composed of the
secretary-general of the U.N., the president of the World Bank and the International Development Association, and the heads of the U.N. Technical Assistance Board and the U.N. Special Fund, which were the predecessors of the UNDP. The Liaison Committee was meant to meet periodically and not fewer than four times a year. The participants were to keep each other informed of and consult on their current programs and future plans in areas of common interest and concern. Coordination of their technical assistance and other development activities would thus have been ensured. But the committee has never operated formally because of opposition at the outset from the World Bank.

Much has changed since that time. Cold War–related political reasons for resistance by the Bank to coordination with the U.N. have largely disappeared. The Soviet Union was not a member of the Bretton Woods institutions when the Liaison Committee was first proposed. Indeed, it was openly hostile to them. It sought to assert U.N. control over them through the Economic and Social Council and the General Assembly. But the Soviet Union no longer exists. It should now be possible to activate the Liaison Committee. Moreover, ad hoc mechanisms should be established to make the decisions necessary for a truly integrated approach to human security.

Flexibility, the third objective, is urgently needed in applying such rules as those of the World Bank on concessional financing. The goal would be to establish a closer link between the U.N. and the Bretton Woods institutions by introducing into peace-related activities the concept of rewards—the carrot. Flexibility in granting concessional financing could be linked to compliance with negotiated agreements. Conditionality would thus serve peace rather than purely economic goals.

Flexibility may also be needed in supporting unconventional institutional reforms establishing peace-oriented national governance. The creation of the new National Civil Police in El Salvador is one such example. If funding is required and no other source is readily available, international donors should reconsider their apparent rejection of such projects. Not surprisingly, such projects are now also called for in Somalia and Mozambique.

Flexibility is available when the political will exists. The special treatment under consideration for Russia in the Bretton Woods institutions at the request of the Group of Seven industrialized countries is a good example. Rules could be revised to allow for exceptions in selected cases where the U.N. secretary-general finds it necessary. Such situations can include conflict prevention, peacemaking, or consolidation of a peace process to prevent a conflict from recurring. Of course, those who control the Bretton Woods institutions would have to confer on a person not directly answerable to them—the secretary-general—the power to determine, based on human security considerations, whether a country should be entitled to preferential treatment. The question is, would they be prepared to do so?

The procedure for appointment of the secretary-general makes it difficult to imagine that a person on whom the major shareholders in the financial institutions cannot rely would ever be chosen. No secretary-general can be appointed without the acquiescence of the permanent members of the Security Council. Together, they represent well over 30 per cent of the voting power in the Bretton Woods institutions. It would make sense, under normal circumstances, to allow a secretary-general so chosen to determine which countries should be supported by special measures. Those measures would allow selected countries to carry out normal development programs and at the same time manage the additional burden of activities specifically designed for peace consolidation.

Secretaries-general are normally chosen mainly because of their virtues as peacemakers, not as chief executive officers of Fortune 500 companies. The international financial community may not be ready quite yet to take the leap of giving a single person the power to make such determinations. Indeed, some might fear that, given the secretary-general's wide and varied constituency, he or she might all too frequently and indiscriminately succumb to the temptation to make economic decisions purely on political grounds.

One way of overcoming that fear would be to
require that the secretary-general's findings be presented in the form of recommendations to the Security Council, which would have to endorse them before submission to the Board of Governors of the financial institutions. It seems reasonable to expect the powers that dominate the Bretton Woods institutions to heed a Security Council certification that special treatment for a particular country was in the interest of international peace and security.

A nearer, though more radical approach would be to recast the system of international organizations by reforming their basic charters or articles of agreement. Such an approach, however, would require rewriting as many charters as there are organizations. That is hardly a new idea. Indeed, it has been a recurrent one ever since the present division of responsibilities prevailed over the idea of a unitary U.N.

It is hard to imagine that such a major restructuring of the system of international organizations will soon take place; indeed, it may not happen in our lifetime. The interests stacked against such ambitious ventures may be too strong. At the same time, global pressures requiring a new multidisciplinary approach might force us to think the unthinkable. For instance, can the world continue to address global, multidisciplinary issues, such as reconciling development with the preservation of the environment, by convening mammoth, unwieldy summits like the Earth Summit at Rio de Janeiro? Had the U.N. system been better prepared to handle interdisciplinary problems in an integrated fashion, such an obstacle-strewn course toward reform might have been avoided.

With the end of the Cold War and the widespread onset of U.N.-led multidimensional peace operations, the bullet of coordination must be bitten. If the U.N. system is to retain credibility as a way of addressing world problems without tampering with the charters of the different organizations, it should not delay a serious effort to make the necessary reforms. As the Prince's nephew in Giuseppe di Lampedusa's *The Leopard* puts it: "If we want things to stay as they are, things will have to change. D'you understand?"

This debate is vital. Ingrained bureaucratic reflexes are a barrier and they will have to be overcome. The defects in the U.N. system that produce the clashes we seek to avoid are defects that governments can repair with relative ease. Most of the clashes are over policy, and can ultimately be addressed only by the member governments of the organizations and agencies.

The end of the Cold War has also alleviated some of the structural tension between the U.N. and the World Bank and the IMF. For example, past attempts at persuading the Bretton Woods institutions to follow recommendations laid down by the U.N. General Assembly were aimed at such goals as punishing Portugal for its colonial policies. But what is needed now is positive, not negative action. Countries where the consolidation of peace is at stake must receive special treatment; they need rewards, not punishments—carrots, not sticks.

In his first annual report on the work of the organization, the secretary-general examined five cases in which U.N. operations had recently taken a substantive leap. Not one of those five cases was a classic, exclusively military peacekeeping operation. They all involved different actors in the U.N. system. In other words, they all required an integrated approach.

In the year and a half since that report, several new challenges of the same type have been taken on or loom on the horizon. The crises on the periphery of the former Soviet Union may soon take center stage. That is the trend, perhaps even the wave of the future, for U.N. operations. Better integration should therefore be addressed now.

The 50th anniversary of some of the main parts of the U.N. system, including the Bretton Woods institutions and the U.N. itself, is upon us. Those responsible for the preparation of these two glittering but compartmentalized gatherings could learn from today's unsatisfactory arrangements within the U.N. system, as well as from El Salvador's experience, which is a result of those flaws. The 50th anniversary can be a defining moment if the walls separating compartments are torn down and common goals are embraced in earnest.