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A Study of Local Organisations in Mine Action

**Geneva International Centre for
Humanitarian Demining
Centre International de
Démunage Humanitaire - Genève**



The **Geneva International Centre for Humanitarian Demining** (GICHD) supports the efforts of the international community in reducing the impact of mines and unexploded ordnance. The Centre is active in research, provides operational assistance and supports the implementation of the Mine Ban Treaty.

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Foreword

Addressing the impact of severe mine and unexploded ordnance (UXO) contamination requires approaches that are both effective and efficient. It is generally agreed that sustainable mine action involves finding indigenous solutions to the problems that mines and UXO cause to a war-torn society. What is of more debate is the precise form these solutions should take.

A Study of Local Organisations in Mine Action looks at one aspect of this debate: the extent to which mine action should promote — or at least enable — the emergence and development of local commercial firms and non-governmental organisations (NGOs). The Study, which was requested by the United Nations Mine Action Service (UNMAS), is an assessment of the successes and failures of local mine action organisations, including their competence, effectiveness, efficiency and sustainability.

In addition to UNMAS and its many partners within the United Nations system, an important audience for the study is States which need to set up or refine national mine action programmes. It is hoped that this Study will allow them to better consider what parts of their national programme can be carried out by independent local organisations. Another audience is donors seeking cost-effectiveness in the programmes that they fund. But the ultimate beneficiaries, as with any effort to increase the effectiveness and capacity of mine action, are the local communities in affected countries.

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Ambassador Stephan Nellen
Director
Geneva International Centre for
Humanitarian Demining

Introduction

Background to the study

The majority of mine action programmes¹ aim to provide long-term solutions to the problems caused by mine and unexploded ordnance (UXO) contamination in affected States, and these solutions typically imply the creation of an indigenous mine action capability. Some early international mine action programmes concentrated on setting up major, centrally-organised schemes for training and deployment of mine action teams to ensure the establishment of correct standards of operation.² This was often a slow and time-consuming process, leading to large and heavily-staffed central mine action centres, with an over-reliance on expatriate or visiting staff, delays in starting programmes, and difficulties in creating a national staff capacity to replace the central trainers and managers.

Recent experience has seen greater encouragement for the development of indigenous mine action non-governmental organisations (NGOs), commercial firms and other organisations.³ This allows the national mine action entity to concentrate on programme management — the coordination of the national mine action programme, prioritisation, planning and quality control — instead of operations. States, by endorsing international standards for mine action, can ensure that national standards are, in turn, created, implemented and respected.

The creation of local mine action organisations, responsible for their own organisation, training and programme implementation, provides affected States with a growing pool of management, training and operational expertise. This ensures that when visiting staff assistance is withdrawn, the national training and deployment capabilities are disrupted as little as possible.

Study objectives

This *Study of the Creation and Role of Indigenous Organisations in Mine Action*, which was requested by the United Nations Mine Action Service (UNMAS), is an assessment of the successes and failures of local mine action organisations, including their

competence, effectiveness, efficiency and sustainability. It examines how, and to what extent, national governments have encouraged and supported such organisations, and whether they have given priority or preferential treatment to such organisations in issuing contracts or funding. It examines how much external assistance has been needed to reach the necessary standards of competence, and whether the newly-formed organisations have been able to implement national standards derived from the International Mine Action Standards (IMAS), especially in the areas of quality management and financial transparency. It further considers whether the trained management capability derived from national organisations has been exploited in the formation of national mine action coordination centres or government demining commissions.

The Study covers local mine action organisations, specifically local NGOs or foundations, and companies involved in mine and UXO clearance or awareness. It considers companies and quasi-NGOs set up by national governments and local NGOs created by international NGOs. It also considers local non-military organisations set up to carry out community-based mine action, mine awareness instruction and stockpile destruction, and to train local trainers. The Study does not consider NGOs or organisations established to carry out victim assistance or advocacy activities.

Specifically, the Study examines:

- when it is, and is not, appropriate to establish local mine action organisations;
- the roles of local mine action organisations, and how they can be integrated into national mine action programmes to take advantage of their independence, while maintaining the national authority's requisite control and coordination over the national programme;
- the methods of forming such organisations, including the creation of operational and technical capacity by specialist training;
- the national conditions necessary to support the establishment of local mine action organisations, including requirements for sustainability; and
- donor attitudes to the funding of newly-formed local mine action organisations.

Study methodology

The study, which was managed by Eric M. Filippino of the Socio-Economic Section of the Geneva International Centre for Humanitarian Demining (GICHD), is based on three country case studies carried out by GICHD consultants: Afghanistan (Andy Wheatley), Bosnia and Herzegovina (Ted Paterson), Mozambique (Jacqueline Lambert-Madore) and additional research by Ted Paterson. The study report has been written by Ted Paterson and edited by Jack Glattbach and Stuart Maslen.

Chapter 1 contains the main conclusions and recommendations of the Study. Chapter 2 discusses in greater depth some of the key issues surrounding the creation and role of indigenous organisations in mine action. Chapter 3 defines the characteristics of commercial firms and NGOs and the distinction — sometimes narrow — between them. Chapter 4 discusses how mine action programmes and donors have attempted to foster and work with local firms and NGOs in mine action.

The case study of Afghanistan (Chapter 5) is based on field work in Kabul on 15-31 August 2002. The consultant was hosted by the Mine Action Programme for Afghanistan (MAPA) and provided assistance and logistical support by the Mine Action Centre for Afghanistan (MACA).

The case study of Bosnia and Herzegovina (Chapter 6) is based principally on a mission to the country on 16 June - 3 July 2002, but also draws on information obtained during previous missions to the country (May and December 2001, plus February-March 2002). The case study of Mozambique (Chapter 7) is based on a literature review of secondary sources and a two-week field visit to the country in June 2002.

Notes

1. According to the IMAS, mine action refers to “activities which aim to reduce the social, economic and environmental impact of mines and UXO. ... Mine action is not just about demining; it is also about people and societies, and how they are affected by landmine contamination. The objective of mine action is to reduce the risk from landmines to a level where people can live safely; in which economic, social and health development can occur free from the constraints imposed by landmine contamination, and in which the victims’ needs can be addressed. Mine action comprises five complementary groups of activities: a) mine risk education; b) humanitarian demining, ie. mine and UXO survey, mapping, marking and (if necessary) clearance; c) victim assistance, including rehabilitation and reintegration; d) stockpile destruction; and e) advocacy against the use of anti-personnel mines. ... A number of other enabling activities are required to support these five components of mine action, including: assessment and planning, the mobilisation and prioritisation of resources, information management, human skills development and management training, quality management and the application of effective, appropriate and safe equipment” (IMAS 04.10, 2nd edition 2003).

2. Though deployment, as in Afghanistan and Laos for instance, may be decentralised.

3. NGOs are non-governmental, non-profit-making organisations, established in accordance with national legislation. In some countries they are required to obtain charitable status, which provides certain legal and financial advantages. Foundations are also established in accordance with national legislation. Commercial firms are registered in the country of origin, and are normally profit-making. They are also subject to national legislation. See Chapter 3 for a detailed discussion of these issues.

Chapter 1

Conclusions and recommendations

Discussion

In spite of the success during the early days of mine action in establishing Afghan NGOs as the chief implementing partners for that country's mine action programme, local firms and NGOs play only a modest or moderate role in most of the other major mine action programmes.¹ This may mean that opportunities for enhancing the cost effectiveness, sustainability and broader impact of national mine action programmes have been overlooked. Further, this myopia may continue today as there is little evidence that practitioners within the mine action field, or those within the broader international community which support mine action, are yet aware of how to go about analysing:

- whether the active involvement of local firms or NGOs as implementing partners might be a good thing for a particular mine action programme, or
- how best to develop, or at least foster, local firms and NGOs and when and where such a strategy is appropriate.

The bulk of this section is organised around these two questions, starting with the second. This is followed by a discussion of a third question: local firms or local NGOs?

Developing capacity in local firms and NGOs

The evidence from the three case studies and from the broader literature suggests the second task — developing or fostering capable local firms and NGOs for mine action — is easier than is generally portrayed. Rather little is required by way of explicit and expensive measures to develop local capacities for managing local independent mine action organisations. If local entrepreneurs perceive good opportunities in the mine action field, they will respond by establishing firms or NGOs to pursue these opportunities. Some of these entrepreneurs will prove to be capable managers and the organisations they establish will be capable of providing mine action services effectively. Assistance in terms of training, equipment and financial backing during the start-up period can facilitate this process and may in some cases be a pre-requisite. However, the evidence from the case studies clearly suggests that major investments

in **direct efforts** to develop management capacities for local independent mine action organisations are not required.²

What then is required for local independent organisations to emerge and make a significant contribution to a country's mine action efforts? The evidence from the case studies suggests that when the key organs of the mine action programme — in most cases, the national authority and the mine action centre (MAC) — are functioning well, local firms and NGOs can play an effective role.³ Thus a capable authority and MAC appear to be a **necessary** condition for local firms and NGOs to reach their potential, but this is not on its own **sufficient**. For such organisations to survive and (for the better managed ones) to prosper, they also need access to a reasonable share of the funding available for mine action.

This points to the need for consensus among the key mine action stakeholders as a second necessary condition, if a national mine action strategy is to be successful. In the case at hand, there needs to be a consensus that local firms and NGOs should be given the opportunity to prove their mettle as implementing partners.

The legitimate recipient government (where this exists) needs to concur with this element of the strategy to ensure local **independent** organisations are not encumbered with excessive bureaucratic impediments, and to foster growing ownership of the strategy and the mine action problem, making it more likely the programme will be sustained when donors reduce their support. Major donors to the mine action programme also need to concur if local firms and NGOs are to have access to contracts so they can demonstrate their capabilities.

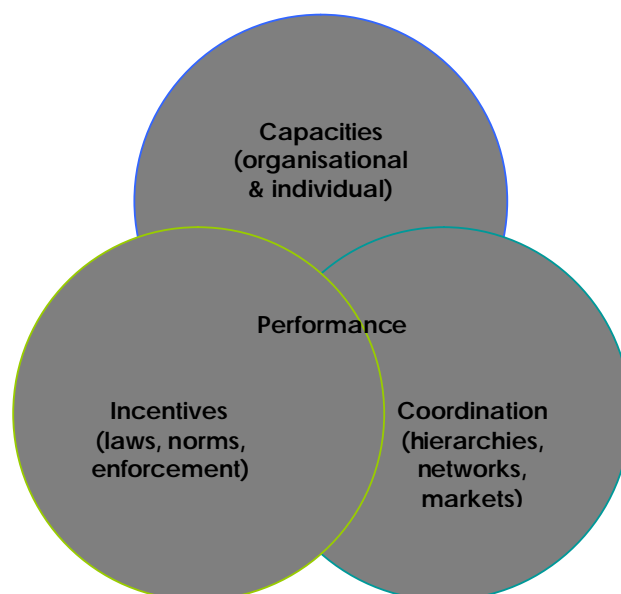
Thus, when (i) the key organs of the national programme are functioning effectively and (ii) there is a consensus among key stakeholders that local firms and NGOs should be given opportunities, the evidence suggests that such organisations will establish, survive and contribute significantly to the national mine action effort with only a modicum of direct support for the development of their managerial capacities.

We can relate these two necessary conditions to the Determinants of Organisational Performance as depicted in the diagram on the following page (discussed in Chapter 3). This diagram emphasises the importance of incentives and coordination as determinants of an organisation's performance **in addition to the capacities of the organisation and its personnel**.

When the national authority and MAC are capable, incentives for local firms and NGOs to perform well are enhanced because the MAC will promulgate clear standards and effectively enforce these (thus increasing the penalties for poor performance). Similarly, a capable national authority and MAC will formulate a clear national strategy and system for establishing priorities, greatly enhancing coordination among mine action partners and making it less likely that a capable firm or NGO will fail because of errors of omission or commission on the part of other organisations involved in the programme.

When there is consensus on the way forward, donors will tend to finance the national strategy rather than their own interests and priorities, thus enhancing coordination. This also creates a more level playing field, allowing capable local organisations to compete for funds (thus increasing the incentives for good performance).

Figure 1 – Determinants of organisational performance



These inter-relationships are summarised in the following table:

Determinants of performance		
Condition ▼	Incentives	Coordination
Key organs are capable	<ul style="list-style-type: none"> • Accreditation by MAC required to operate • Effective enforcement of performance and quality standards on tasks • Corruption limited 	<ul style="list-style-type: none"> • Clear national strategy and priorities established • Competitive contracting for firms and sometimes NGOs • Grants to local NGOs vetted by or delivered via the MAC
Consensus among key stakeholders	<ul style="list-style-type: none"> • Local firms and NGOs allowed to compete for significant portions of funding on “level playing field” • Success is rewarded and failure punished 	<ul style="list-style-type: none"> • Donors finance the national strategy rather than pursuing their own interests/priorities • Recipient government allows the authority and MAC to manage

It is useful to summarise these conclusions at this point. When there is a consensus that local firms and NGOs should have an opportunity to prove themselves as implementing partners in the mine action programme, **and** when the national authority and MAC are themselves capable, then it is likely that capable local firms and NGOs will emerge with only modest amounts of direct capacity development assistance. Conversely, when there is no consensus on the desirability of local firms and NGOs in the programme, **or** when the authority and MAC lack capability, the provision of assistance to develop the capacities of local firms and NGOs is unlikely to deliver sustainable benefits in amounts that would justify the costs of the capacity development investments — battles may be won but the war lost.

The implication is that donors should (i) focus capacity development assistance on the national authority and MAC while (ii) working among themselves and with the recipient government (where this exists) on forging a consensus on the key elements of the national strategy. This approach aims more at “fostering” local firms and NGOs than on building their capacities with direct assistance from the outside. The consensus creates a propitious environment for implementing partners while the strong authority and MAC are required to insulate the mine action programme from what may be a corrosive environment in the country overall. The crisis in Bosnia and Herzegovina’s mine action programme in 2000, culminating in the dismissal of the Demining Commissioners (*see the case study on Bosnia*), is an excellent example of what donors should expect when collectively they fail in these two critical tasks.

Determining whether to foster local independent organisations

It appears to cost relatively little to develop the capacities required by local firms and NGOs to perform effectively as mine action implementing organisations (assuming consensus plus a capable authority and MAC). This conclusion enhances the attractiveness of a mine action strategy based on local firms and NGOs playing important roles. This is encouraging, but success still depends on achieving a consensus on such a strategy.

As noted, it is important that the recipient government (where this exists) and the main mine action donors as key stakeholders be party to the consensus. What of the UN? The role of the lead UN agency should be to help broker such a consensus on a strategy which is both suitable for the country at the time and acceptable to the other key stakeholders. While the strategy should incorporate best practices on which there is already an overarching consensus within the mine action field (e.g. the need for a national authority, MAC, overall civilian control, and mine action legislation), the lead UN agency should avoid pushing specific solutions for strategic components for which there is no overarching consensus, such as what type of organisations should be involved as implementing partners and how their relations with other stakeholders should be constructed.

For example, the basic model proposed in the DHA Report⁴ (key organs “steering” and independent operators “rowing”) has distinct advantages and will be suitable in many cases. But there are other situations in which such an approach is a non-starter — particularly where the host government is opposed to independent operators and has a viable alternative strategy.⁵ In short, where there is a legitimate government in place in a seriously contaminated country that requires mine action over an extended period, a strategy put forward by the government **may not** be optimal, but any strategy that ignores the government’s views simply **is not** optimal.

This does not mean the UN and donors should simply acquiesce to a clearly flawed strategy put forward by a government, particularly when the government lacks capability or commitment. Where a government lacks commitment to its people in mine affected regions, the UN and the donors will need to further insulate the mine action programme from the government (e.g. by funding international NGOs) while keeping the door open so, when a committed government does emerge, more productive discussions concerning the mine action strategy can take place. Whether local firms and NGOs can be adequately insulated from a predatory government is an important question here. The experience in Afghanistan suggests this is possible, but this may be a unique case in which the mine action programme and the principal NGOs had years to get established and garner widespread public support before they

faced a government (the Taliban) which exerted *de facto* control over the bulk of the country.

Where government capability rather than commitment is lacking, the successful consensus-building strategy is to develop the necessary capability by working with the government to build its understanding and to bridge gaps with the donors. The intent is to get both the “facts on the ground” and the underlying values of the different stakeholders into the open so these can be discussed. In doing so, it is vital to remember the “facts on the ground” relate not only to the issues that have dominated discussions within the mine action field to date (i.e. the nature and extent of the contamination plus the impact the contamination has on the country’s people). Other relevant facts relate to the factors which are important determinants of performance beyond the capabilities of an organisation and its personnel — (i) the incentive structure and (ii) the means by which coordination of mine action organisations is achieved.

Indeed, the chief reason that local independent organisations might be preferred to implement mine action activities is precisely because they face different incentive structures than government bodies. In many mine-affected countries, government organisations (including the military) face perverse incentives that make it unlikely they will perform well regardless of their innate capacities in terms of individual skills, equipment and the like. At the same time, while local firms and NGOs may well have a potential advantage in performance, coordination of independent organisations is more complex because they are not subject to government command-and-control. Whether the performance potential of independent organisations is realised depends on whether the key organs of the mine action programme have additional levers to ensure proper coordination among the independent operators.

Thus, the present report remains agnostic concerning the desirability of a national strategy based on local independent organisations playing a major role as implementing partners. It may well represent the ideal option, particularly for countries with very extensive contamination, but then such countries rarely provide an ideal venue in which to formulate and implement a strategy. Otherwise, a national mine action strategy based on independent organisations as implementing partners is an attractive and feasible option when the main stakeholders agree that local firms and/or NGOs should have an opportunity to demonstrate their capacities, but it is unlikely to be feasible strategy when such a consensus is not achieved.

The evidence does suggest, however, that when there is a consensus that local firms and/or NGOs should play a role as implementing partners, donors should agree to provide adequate capacity development support to the national authority and MAC as an essential part of this strategy.⁶

Local firms or local NGOs?

The diagram depicting the three types of determinants of organisational performance — organisational capabilities, incentives, coordination mechanisms — is also helpful in analysing this issue. We can start with two obvious questions:

- Is there any real difference between firms and NGOs?
- If there is a difference, can donors (or, more generally, those financing mine action) tell the difference?

The evidence from the literature and the case studies suggests the answer to the first question is “yes” on average. However, there is a significant degree of overlap with

some firms pursuing objectives other than profit maximisation and, in some cases, masquerading as NGOs. As well, some NGOs behave much the same as firms, at least within the demining field in which many local NGOs operate as contractors in much the same manner as demining firms. Because of this overlap, donors are unlikely to be able to be certain whether a new organisation which purports to be an NGO is a “true” NGO, with altruistic rather than profit-seeking objectives.⁷

The reasons for this ambiguity lie in the incentive structure. Regardless of the actual motivations of the managers of firms and NGOs, these two types of organisations face different legal and regulatory regimes.⁸ Also these regimes are likely to be different than their counterparts in the donor countries, particularly in terms of enforcement. For example, where government regulators have great discretion, which they can use to extract bribes from local organisations, entrepreneurs will prefer establishing whichever type of organisation is subject to fewer regulations and less onerous inspections. In such situations, whether the legal form of an organisation is that of an NGO or a firm may tell us little concerning the true motivations of its managers.

Donors also need to be aware that their actions will alter the incentives facing local firms and NGOs sometimes dramatically. For example, significant funding to provide grants which are only available to local NGOs will encourage local firms to masquerade as NGOs. Conversely, awarding most of the funds via competitive bidding mechanisms — and excluding local NGOs from the bidding processes — will encourage the opposite charade.⁹

Because of these complications, it is unclear whether donors (and perhaps even local officials) are in a position to distinguish “true” firms from “true” NGOs. If those financing mine action cannot distinguish between local firms and local NGOs, why should such a distinction be important in the mine action field?

There appear to be two principal reasons why some donors at least draw a distinction between local firms and NGOs. First, the policies of donor and UN agencies often make it far easier to award grants than to organise competitive bids. In most cases, donor policies do not allow the award of a grant to a profit-seeking firm, so these donors often prefer dealing with local NGOs than with local firms.

Second, some donors actively promote the growth of “civil society”, particularly as part of a peace-building effort or to foster pluralism in former socialist countries. In such cases, money may be far easier to come by for local NGOs than for firms.

Administrative convenience is a very poor reason for favouring NGOs over firms, especially when one cannot distinguish between “true” firms and “true” NGOs. Indeed, the probable impact of such a practice is damage to the reputation of “true” NGOs. But the argument that favouring NGOs is warranted in terms of fostering civil society also is unpersuasive, based on our case studies at least. Almost none of the local demining NGOs are active within the broader NGO community nor undertake projects outside the mine action field to promote community development, peace-building, or similar altruistic objectives. Of the two local demining NGOs that give some appearance of being more than mine action service providers, AREA in Afghanistan was an established development NGO before it entered the mine action sector (which appears to have given AREA a rather icy reception), while APM in Bosnia behaved as if it were a mechanism to create well-paid employment for a group of insiders.

A far better approach would be for donors, UN agencies, and the MAC to focus not on the often blurred distinction between local firms and NGOs but on the nature of the demining tasks. Where a task is a clear priority and well defined, the performance of the demining operator can easily be monitored and there is less chance the operator will get away with unsafe procedures or sub-standard work. Such a task should be awarded by a competitive bidding process open to any accredited organisation that meets the pre-qualification criteria (e.g. demonstrated financial capacity and experience). A fixed-price contract should then be awarded to whichever organisation submits the lowest bid that otherwise meets the technical criteria.

Conversely, when what constitutes good performance is not readily apparent (e.g. the operator in a remote area will determine which tasks should be a priority) or when the level of effort required to complete the task cannot be gauged accurately (e.g. clearance of an urban area with extensive rubble), the contract should take the form of a cost-plus agreement — essentially hiring the organisation and its assets for a specified time period rather than for a specific task. This removes the incentive for the contractor to select “easy tasks” that should not be clearance priorities or to do sub-standard work that would endanger deminers or the general public.

In these cases where the nature of the task cannot be defined precisely, the contract must allow the demining organisation greater latitude. In return for this latitude, the contractor should be held to a higher standard of accountability. Assessing the performance of organisations that enjoy significant latitude is a more complex matter, and should be based in part on post-clearance land use surveys. These will shed light on whether (i) the right tasks were done, (ii) the cleared land and structures reached the target beneficiaries, and (iii) the beneficiaries are satisfied with the quality of clearance. In other words, monitoring needs to encompass not only the demining **outputs** (e.g. clearance was done according to safety and quality standards) but also the nature of the **outcomes** (i.e. the socio-economic benefits accruing to the target beneficiaries).

Conclusions and recommendations

Conclusion 1

There is little evidence that those responsible for developing initial strategies for a national mine action programme have given systematic consideration to the full range of alternatives concerning the types of organisations that might be involved in implementing the strategy.

Recommendation 1

Those responsible for establishing new mine action programmes (or for revamping existing programmes) should, when formulating a national mine action strategy, give explicit consideration to the possible requirements for local capacities to manage the implementation of demining and other mine action operations, working through the following sequence of questions:

- 1. whether local capacities to manage the implementation of the programme are warranted and, if so...*
- 2. whether at least some of these capacities should be provided by independent organisations and, where so...*
- 3. whether the local operators should be firms or NGOs or both, and*
- 4. what steps should be taken to develop or at least to foster such independent local organisations.*

Conclusion 2

There is some confusion whether capacity development should be seen mainly as a means to an end, or as an end in itself. Indeed, since the publication of the DHA Report, the “default option” appears to be a strategy centred on the development of local capacities, without explicit consideration of the scope of the contamination problem and the options for addressing it. However, in many cases — most obviously when the contamination is modest — significant capacity development efforts may not be warranted.

Recommendation 2

For mine action programmes, capacity development is better viewed as a means to an end rather than an end in itself. In developing a national strategy, mine action planners should analyse local capacity development as an investment, and make provisions for this only when there is a high likelihood that the specific capacities to be developed will be required for an extended period. For countries where the contamination and its immediate impact is modest, only the capacities required to set priorities and allocate tasks, to maintain the mine action database and to deal with the residual threat may be required over the long term.

Conclusion 3a

Modest efforts at developing capacities in local demining firms and NGOs appear to be successful when the overall programme is well planned and coordinated and when local firms and NGOs are allowed some access to funding. Conversely, similar efforts at developing the capacities of such firms and NGOs are very high risk investments when the overall programme is not well coordinated or when local firms and NGOs are largely locked out of competitions for funding.

Conclusion 3b

Donors have on occasion invested heavily in developing local capacities for mine action without first achieving a consensus on the broad features of a national mine action strategy which is suitable for the country at that point in time, and which enjoys the support of the key stakeholders. In situations where such a broad consensus has not been achieved, these efforts have not delivered sustained benefits commensurate with the size of the investment.

Recommendation 3a

Donors should first focus their capacity development efforts on ensuring that the key organs of the national mine action programme (the national authority and MAC) are capable of coordinating the programme and discharging their quality management functions.

Recommendation 3b

The UN agencies and donors supporting mine action should avoid making significant investments in developing local capacities until they have worked out a consensus with other key stakeholders on the main features of a national mine action strategy.

Conclusion 4

Debates concerning the proper roles of for-profit and not-for-profit organisations within mine action programmes rarely get beyond stereotypes concerning firms and NGOs. Such superficial treatment inhibits proper analysis and leaves ample scope for abuse. The evidence from the case studies and the broader literature suggests that none of these common assumptions are safe:

- for-profit firms and not-for-profit NGOs have different objectives and

therefore will behave differently when faced with similar threats and opportunities,

- local firms have the same for-profit objectives as international firms and therefore will behave similarly when faced with similar threats and opportunities,
- local NGOs have the same not-for-profit objectives as international NGOs and therefore will behave similarly when faced with similar threats and opportunities.

Recommendation 4

Rather than focusing on the legal status of the implementing partners, which may tell little about the underlying orientation of the organisation and its managers, donors and the MAC should focus on the nature of the demining tasks and employ an appropriate contracting mechanism for each type of task. In brief:

- *where the priority of a task and the level of effort to complete it are clear, contracts should be awarded via a competitive bidding process (i.e. pay a fixed price for the task and then monitor safety and the quality of the output);*
- *where it is unclear which tasks should take priority or when it is impossible to estimate the level of effort required for a complex task, contracts should be awarded on a cost-plus basis (i.e. hire a set of assets for a fixed period of time and monitor both the outputs produced and the outcomes accruing to beneficiaries).*

Conclusion 5a

There is no evidence that NGOs in general perform better than firms, or vice versa.

Conclusion 5b

Mine Action donors and MACs have difficulty in assessing the performance of the implementing partners, in part because they have not defined what constitutes good performance and in part because monitoring systems are inadequate. In addition, there is little evidence that donors or MACs systematically reward good performance or punish inadequate performance.

Recommendation 5

Donors and the key organs of the national mine action programme should invest more in monitoring the performance of their implementing partners and adopt a strategy of increasing average performance in the programme by the simple mechanism of shifting resources from below-average performers to the best performing organisations.

Conclusion 6

With but one exception (apparently unsuccessful), international NGOs involved in the demining field have not established and developed the capacities of local NGOs to assume responsibility for demining projects, in spite of policy pronouncements that *“to correspond as best as possible with the needs and aspirations of affected communities, local institutions should be supported both in establishing themselves as well as in their work”*.¹⁰ This appears to be due in part to donor funding policies that inhibit the planning and implementation of capacity development components within mine action projects or that would penalise the international NGO should it transfer responsibility for demining operations to a local NGO partner.

Recommendation 6

International NGOs involved in demining should be more active in developing the capacities of local NGOs to assume responsibility for demining operations, at least in countries suffering from extensive contamination. Where necessary, these international NGOs should identify problems created by some donor funding policies which preclude, inhibit or serve as a disincentive to efforts aimed at local capacity development, and seek agreements with donors on how to modify these policies to eliminate or reduce such disincentives.

Notes

1. Local firms play a major role in Croatia's mine action programme, although the most important firm is a State-owned enterprise. From our case studies, the role of local independent organisations as implementing partners ranges from dominant in Afghanistan to marginal in Mozambique. In Bosnia and Herzegovina, both local firms and local NGOs are important within the demining programme, but collectively they operate far below their capacities.
2. Of course as in Afghanistan, where the strategy dictates that local independent organisations are to be the main providers of mine action services within a large programme, larger infusions of equipment and financial resources will be required, and more technical assistance in terms of setting-up financial, human resource, and other management systems is warranted to ensure the organisation can manage this rapid infusion of resources.
3. In the case of Bosnia and Herzegovina, the International Trust Fund for Demining and Mine Victims Assistance (ITF) has come to assume a number of key responsibilities that might typically be discharged by the national authority and MAC. This has gone some way to restoring donor confidence following the corruption allegations of 2000.
4. Eaton, Horwood and Niland (1997a).
5. For example, in Vietnam the government appears content to depend on its military for demining.
6. Donors have not done this successfully in two of our case studies — Bosnia and Herzegovina and Mozambique. In Bosnia and Herzegovina's case the coordination problems appear to have stemmed mainly from the major donors, who appear to have refused to support any proposal put forward by one of the "rival" donors. In the case of Mozambique, the coordination problem may largely be a reflection of a UN failure to play an effective "honest broker" role.
7. Of course this is not true when dealing with a well-established entity as the organisation's track record will give a good indication of its underlying motivations. As noted earlier however, only one well-established local NGO (AREA in Afghanistan) is active in the demining field. It is unclear whether this is because well-established local NGOs do not want to get into demining (although why all such organisations would arrive at this conclusion is a mystery) or whether they have been "frozen out" by mine action practitioners — perhaps because they would be too independent. AREA's experience in Afghanistan makes it impossible to rule out the latter explanation.
8. An interesting implication of this line of analysis is that the different types of organisations are more likely to reveal their "true" natures when they face the same incentive structures. While this is impossible because the for-profit/not-for-profit distinction means "true" firms and "true" NGOs are innately different, this suggests that governments and donors should avoid policies which make it far easier or far more rewarding to incorporate either as a firm or as an NGO — some sort of "equal but different" incentive structure is probably best.
9. Because of the generally lower legal requirements and the predilection for donors to provide grants to NGOs (often with lax performance requirements) it is likely that many more profit-seekers masquerade as not-for-profit NGOs than vice versa. Many Northern NGOs have, however, established for-profit subsidiaries to get around restrictions preventing NGOs from bidding for certain types of work.
10. Ban Honeff Framework, para. 19.

Chapter 2

The key issues

Background

Prior to 1988, the international aid community provided little assistance to developing countries, or to economies in transition, experiencing problems from landmines and UXO:¹ these were considered military matters, beyond the expertise or mandate of humanitarian and development organisations. Change began when aid agencies active in Afghanistan and Laos² decided that the contamination problems were so great that some assistance had to be provided to the afflicted communities if development was to proceed and be sustained.

Since these first steps, international assistance to address the problems stemming from landmine contamination has expanded markedly. A distinct sector called “mine action” has emerged, along with dozens of civilian organisations offering specialised assistance for demining (survey, marking and clearance of contaminated areas), mine risk education (MRE) and victim assistance, with hundreds more organisations playing an advocacy role to spread the legal prohibition and moral opprobrium concerning the use of landmines.³ The Anti-Personnel Mine Ban⁴ requires States Parties “...to destroy or ensure the destruction of all anti-personnel mines in mined areas under its jurisdiction...” and established the right for mine-afflicted countries to request assistance from the international community to meet this obligation.⁵ The amount of this assistance is now well in excess of US\$200 million per annum, distributed among more than 40 programmes.⁶

The international response to landmine contamination problems in any particular country raises many questions concerning the best strategy for delivering assistance. One of the main issues is the amount to invest in building local mine action capacities, and particularly “high-level” capacities for both (i) planning and coordination of the overall programme, and (ii) the management of organisations involved in implementing the plan (also termed “operator” or “operational organisations”).⁷ For it is generally agreed that the primary responsibility for mine action falls to the government of the territory affected by mines and UXO.

This study focused on the second category of these high-level capacities; that is, those required for managing operational organisations involved in implementing mine

actions (with a particular focus on organisations providing demining services⁸). In addressing the issue of high-level capacity development for such organisations, the following sequence of strategic questions is pertinent:

1. When should the strategy be to develop local capacities for managing the **implementation**⁹ of the mine action programme?
2. Where it is deemed appropriate to develop such local management capacities, should the strategy be to develop at least some of these capacities within **independent** (i.e. not government or military) organisations?
3. Where it is deemed appropriate to develop such capacities in independent organisations, should the strategy be to foster **local** NGOs, profit-seeking firms, or both?
4. Where the strategy calls for local firms or NGOs to assume operational roles, what steps should be taken to develop high-level capacities in such organisations?

The case studies undertaken for this report examined countries in which local demining firms and/or NGOs already were operating: they provide evidence on the contributions made by local demining firms and NGOs and on the successes and failures experienced in forming such organisations and in developing high-level capacities within them (i.e. the last item in the list of strategic questions). Thus, the case studies only touch on the first three strategic questions in the above list, and do not provide the range of evidence required for a systematic analysis of such matters.

This is unsurprising, due both to the inherent strengths and weaknesses of the case study method (see Box 1) and to the fact that this is the first multi-country study of the roles of local firms and NGOs in mine action. As such, “exploratory cases” were selected to examine what has happened in those countries where local NGOs and firms are already active in the mine action field, more to generate hypotheses rather than to confirm or disprove existing ones.

Box 1: Case study methodology

Any research method has inherent advantages and disadvantages. Case study methodology is flexible and can generate a reasonably thorough understanding of a complex situation and how it has evolved over time; for example, the evolution of a mine action programme as decision-makers react to both successes and failures within the programme and to changes in the broader environment (political, economic, social, etc.). A formal definition is:

“A case study is a method for learning about a complex instance, based on a comprehensive understanding of that instance obtained by extensive description and analysis of that instance taken as a whole and in its context.”^{a)}

The principal disadvantage of the case study method is that the evidence obtained cannot validly generate conclusions which can be generalised; that is, that will hold true for cases or instances that were not studied. (In large part this is because the cases are not randomly selected so the statistical validity of findings cannot be assessed.) However, the “rich” information from case studies may be supplemented by data obtained using other methods to distinguish between findings which appear to be true in general and those which are specific to a specific case.

a) US General Accounting Office, 1990, Case Study Evaluations, [GAO/PEMD-91-10.1.9], available from www.gao.gov/ (GAO, 1990).

At this point, we need to emphasise again that this study does not focus on how to develop capacities within the core entities (national authorities and national mine action centres) responsible for establishing the overall strategy and for effecting coordination in implementing that strategy through the adoption and enforcement of

legislation, policies, and standards.¹⁰ Such issues were addressed in an earlier study¹¹ (Eaton, Horwood and Niland, 1997 — hereinafter the DHA Report) commissioned by the UN Department of Humanitarian Affairs (DHA). The table below lists the countries covered by case studies (together with the year humanitarian mine action got underway in each country¹²) in the current study and the earlier one by DHA.

	DHA study	Current study
Afghanistan (1988)	✓	✓
Angola (1993)	✓	
Bosnia (1996)		✓
Cambodia (1992)	✓	
Mozambique (1993)	✓	✓

Formulating a strategy

Before examining in turn each of the strategic questions posed above, it is useful to assess whether programme managers actively considered alternative strategies for implementing the mine action programme. More specifically for our purposes, did they grapple with the issue of local operational organisations and articulate a coherent strategy for implementing the desired approach vis-à-vis such organisations? Unfortunately, the evidence available to the study team concerning the early days of each programme was far from complete. There are a variety of reasons for this: many key programme documents could not be unearthed, personnel changed often, and (except for Afghanistan) many different international organisations exerted considerable influence on how the programmes evolved and official documents generally do not reflect how such pressures were applied from multiple sources.

The DHA Report does, however, shed considerable light on this issue. It suggests that little consideration was given to alternative arrangements for implementing mine action programmes during the first mine action decade (1988-97), at least by the various UN agencies which played a central role in the establishment of this first generation of programmes. The cases of Angola, Cambodia and Mozambique provide clear examples of this. The respective UN agencies focused mainly on building mine action capacities within public sector bodies,¹³ apparently giving scant consideration to the possible use of independent operators — let alone local firms and NGOs — to implement the programme.¹⁴ Some of the major donors opted for different approaches and provided direct funding to international NGOs or firms to implement mine action projects, often circumventing both the UN and recipient governments.¹⁵

At first glance, Afghanistan appears different in this regard. After the failure of the initial effort to train community deminers, the UN agency formed to coordinate donor activities in Afghanistan (the UN Office for the Coordination of Humanitarian Assistance to Afghanistan — UNOCHA) opted to establish new “Afghan NGOs” as the principal vehicles for programme implementation.¹⁶ This decision certainly led to the establishment of a number of capable local organisations, but there is scant evidence which suggests that alternative approaches were accorded serious consideration.

The primary reason for this may simply be that there were few options that would have merited serious consideration at that time. UNOCHA could not work with the local government to develop capacity within public agencies because Afghanistan

lacked a legitimate government in effective control of most of the country. It could not issue large contracts to commercial firms without lengthy and administratively burdensome competitive bidding procedures. Regardless, few demining firms — and certainly no Afghan demining firms — existed anywhere at that time so competition would have been minimal. Thus, the only viable alternatives would have been direct implementation by UNOCHA or contracting local or international NGOs to handle implementation.

The direct administration option was unattractive. UNOCHA had been created to serve as a coordinating body rather than one responsible for direct implementation of programmes. It lacked the capacity to manage administratively complex programmes and, initially, its cumbersome procedures delayed its ability even to exercise adequate oversight of its subcontractors.¹⁷

It is unclear how much consideration was given to contracting international NGOs. HALO Trust was operating a demining programme based in Kabul, but it was “*highly resistant to coordination by UNOCHA*”.¹⁸ Additionally, UNOCHA initially saw its task as building indigenous capacities that would fall under the authority of a new government in Kabul once the competing factions agreed on its composition. Supporting international NGOs, many of which are notoriously independent-minded, might have complicated this expected transfer of authority. The combination of these factors made this option unattractive.

UNOCHA opted instead to encourage the formation of local NGOs to implement the bulk of the mine action programme. This approach has been widely deemed a success in spite of the failure of a legitimate government to emerge; an assessment which, in the main, our case study supports.

The mine action programme in Bosnia was not covered by the DHA Report. It is clear from our study, however, that the international community failed to arrive at a consensus concerning the type of organisations that should implement the mine action programme. UNDP initially tried to incorporate significant capacity for undertaking clearance operations within the UN Mine Action Centre (which would then have been turned over to the Bosnian government), while the Office of the United Nations High Commissioner for Refugees (UNHCR) actually fielded demining teams in direct support of the agency’s resettlement projects. Meanwhile other major players (The World Bank and the US Department of State) supported a competitive bidding regime for commercial demining firms (international or local); the European Union (EU) supported the civil protection corps to assume a major role in clearance; a smattering of mid-sized donors channelled assistance to the local armed forces to conduct humanitarian demining operations; other donors such as Norway provided direct assistance to international NGOs; and smaller initiatives were taken to incubate local NGOs. In short, almost every conceivable option was tried and there is little evidence that the major international actors supporting mine action even attempted to formulate a common strategy or a mechanism for proper coordination.

Summarising the evidence from these five countries with large mine action programmes established in the first mine action decade:

- In only one case (Afghanistan) was a strategy formulated for the national mine action programme which clearly articulated a role for local, independent operators in the implementation of the programme (and, in Afghanistan, the local NGOs were kept on a very “short leash” by UNOCHA, so it is far from

clear they were designed to be, or were perceived initially as, “independent” organisations).

- In no instance was a strategy formulated after systematic consideration of the full range of alternative approaches concerning the types of organisations that could be involved in implementing the programme.
- Local, independent organisations have come to play a major implementation role in only two of the five countries:
 - in Afghanistan, local NGOs are the predominant type of implementing organisation;
 - in Bosnia and Herzegovina, both local firms and local NGOs are now undertaking a significant proportion of clearance operations.

The last finding is particularly interesting given the profound differences in the Afghan and Bosnian programmes. Afghanistan’s mine action programme is the most tightly coordinated of those studied while, until recently, Bosnia’s programme has been “actively uncoordinated” — past actions by members of the international community seem to have been motivated in some cases as much by spite for, as by the desire for better coordination with, other international actors.

Therefore, while it would seem logical that those **responsible** for devising a mine action strategy for a country should systematically work through the **alternative approaches** to implement that strategy (including the type of organisations that should play implementation roles), the evidence from the cases contained in this study, and from those in the DHA Report, suggests that this has not been done. It is worthwhile examining the reasons for this apparent omission, focusing first on the terms highlighted in the sentence above: “responsible” and “alternative approaches”.

First, in most of the cases on which we can comment, there was no single organisation **responsible** for the formulation of a national strategy in the early stages of mine action. Host governments did not exercise “ownership” over mine action. (Most were temporary coalitions of previously warring factions or were otherwise weak, and all were beset by so many immense problems that mine action was an afterthought.) Whichever UN agency was nominally assigned the lead role within the UN system was dependent on donor funding and, thus, on the sometimes discordant views of the principal donor agencies. Donors often advocated different strategies, typically with an eye on national interests (or those of demining firms or NGOs based in their countries). In seeking donor funding, the UN agency assigned central responsibility for mine action was also competing for scarce resources with other UN agencies, international NGOs, international firms and, often, government departments in the host country. This is not a firm platform for achieving coordination via cooperation rather than through command-and-control mechanisms.

Concerning the second highlighted term, the systematic consideration of **alternative approaches**, the range of organisations which today are involved somewhere in implementing mine action programmes was much more limited in the early years of this new field. Mine action (and particularly demining, which absorbs most of the funding) initially was viewed as the province of military organisations. A few international NGOs became active in the late 1980s and early 1990s, but no local demining NGOs existed outside the Afghan programme until 1998. Also few international firms had developed capacity for clearance operations until the mid-1990s.¹⁹ Therefore, the use of local independent organisations would have been viewed

at best as a theoretical possibility rather than a viable option when these first-generation programmes were established.

Such issues are not, of course, unique to mine action. While common within the field of development, they are virtually universal in the context of humanitarian aid and, particularly, when such aid is being delivered during high profile complex emergencies.²⁰ Such situations feature a mad rush by organisations to respond, often for sound humanitarian reasons but also to secure a share of the funding from official donors and from the shocked citizens in the developed countries.²¹ Officials on the ground must respond quickly to complex and rapidly evolving situations, and generally there is neither the time nor the accurate information required to formulate proper strategies for the medium- and long-term. The good intentions to build local capacities — so often expressed by so many organisations — are frequent casualties of humanitarian crises.²²

Therefore, the failure of those establishing mine action programmes to formulate and secure adoption of adequate strategies and, more specifically, to think through the options vis-à-vis what types of organisations might be involved in programme implementation is a reflection of broader failings in the international response to humanitarian crises. At the same time, such failures of omission by those in mine action may have contributed to many of the problems experienced by these first-generation programmes. The mine action community now has 15 years of experience and there is no law against learning from experience.

The DHA Report contained numerous recommendations regarding the need to plan for the development of local “high level” capacities. In brief, it advocated the following model:

- the designation of a UN focal point (which should eschew “*the direct implementation of mine action activities*”) so the UN has “*a clear and unitary approach*”;
- the early creation of core organisations to oversee the national mine action programme, with the focal point to play “*a proactive role in the establishment of a Mine Action Centre*” and “*a high level national mine action authority*” to be responsible for “*overall regulatory, planning and coordination responsibilities*”;
- the involvement of “*independently managed mine action agencies such as national and international NGOs*” to undertake operational activities.²³

The initial two of these points have become conventional wisdom within the mine action community. The third point remains more controversial, but appears to have emerged as the “default option” for new programmes.²⁴ However, two points need emphasis relating to the DHA Report:

1. It was based on a review of four large programmes, all of which began in the context of a complex emergency — therefore all its recommendations may not be relevant for countries which have smaller contamination problems or which are not emerging from complex emergencies.
2. It gives little guidance (as this was not its mandate) concerning how the capacities of local, independently managed organisations might best be fostered or developed.

The discussion to this point suggests the following recommendation:

Those responsible for establishing new mine action programmes (or revamping existing programmes) should, when formulating a national mine action strategy, give explicit consideration to the possible requirements for local

capacities to manage the implementation of mine action operations, working through the following sequence of questions:

- 1. whether local capacities to manage the implementation of the programme are warranted and, if so...*
- 2. whether at least some of these capacities should be provided by independent organisations and, where so...*
- 3. whether the local operators should be firms or NGOs or both, and*
- 4. what steps should be taken to develop or at least to foster such independent local organisations.*

We turn now to address the individual questions in turn, the first two of which are dealt with in the remainder of this chapter.

Deciding to develop local capacities to manage operators

Capacity development: a means to an end or an end in itself?

It is now the conventional wisdom to develop local structures in the form of a national authority and a Mine Action Centre (MAC) to oversee a country's mine action programme; that is, to set the national strategy, establish policies and standards, regulate which individuals and organisations are allowed to operate within the mine action field, and maintain a central database on both contamination and clearance activities.²⁵ Even in countries with modest amounts of contamination, this capacity is required for the long term because a residual threat of UXO and, perhaps, of landmines will remain after the major clean-up effort. Future infrastructure projects will open new regions of the country which may not have been cleared, and the contractors need information on any suspected contamination or details on areas cleared. Urban development requires excavation work which may uncover UXO that should be handled by qualified personnel.

It is also true that some local capacities for front-line personnel for activities such as survey, clearance, marking, and delivering MRE will be needed in virtually all cases. For example, even where all mine action operators are headquartered in foreign countries, most of their deminers and MRE instructors will be recruited locally and trained for their tasks.²⁶

However, it is less clear-cut whether it is warranted to develop senior level capacities to manage mine action operations. For example, if the problem is small and circumscribed, it could be dealt with by a few foreign demining organisations working under contract: by the time local capacities for managing mine action operations were developed, the contamination would have been cleared leaving nothing for the local managers to do.

Some experts view the development of local capacities in poor countries as an end in itself. Without some level and types of capacity, a country's citizens or their representatives would be unable to exert influence on the development process. In loose terms, we speak of recipient "ownership" concerning the development objectives selected and the strategies formulated to attain these objectives. The development of local capacities required to assume responsibility for, and to acquire a sense of ownership concerning, a country's fundamental development choices is probably best viewed as a prerequisite for development. In extremely difficult situations, there may

be questions whether such capacities can be developed and sustained, but not whether they should be developed once this is possible.²⁷ For our purposes, we can view the need for a capable national authority and MAC as this type of prerequisite or, even, end-in-itself capacity development.

More commonly, capacity development is viewed as a means to an end: a simple definition proffered by one expert is that “*capacity is the ‘means’, or the ability, to fulfill a task or meet an objective effectively*”.²⁸ In this sense, an effort to develop local capacities is one of the alternative approaches for supplying the means to achieve our ends — we could also import the needed capacities by engaging foreigners.²⁹ When viewed as but one of many possible means-to-an-end, capacity development is an investment: pay for capacity development when the expected benefits (e.g. savings on salaries and benefits, improved decisions from better understanding of local conditions, etc.) exceed the expected costs (e.g. engaging international experts to advise local counterparts rather than performing the job themselves, providing training courses, etc.).^{30, 31}

A basic example³²

Investments are normally assessed using cost-benefit logic; that is, some systematic comparison of the expected benefits accruing from an investment relative to the anticipated costs of that investment. This can be done “formally” by actually calculating the expected costs and benefits, or informally by making a complete listing of costs and benefits and discussing them systematically. While few organisations conduct formal cost-benefit analysis for investments in capacity development, we will work through an example as it helps highlight the main issues involved and the nature of their impacts on a decision to invest in capacity.

For a very simple example of a formal analysis, assume it will cost US\$900,000, split evenly over three years, to develop local capacities to manage three operational mine action organisations in a country.³³ In addition, expatriate personnel will manage these organisations while the capacity development is taking place. After three years, local personnel assume responsibility for management, they are expected to operate as efficiently as they had under expatriate management. The major clearance effort is expected to be completed within ten years, after which the organisations will disbanded (assume a local military unit will deal with the residual threat). The alternative is to forego the capacity development and simply use expatriate managers for the entire ten-year programme. Assume the salaries and benefits for the three expatriate managers are US\$120,000/annum each, while the three local managers receive total remuneration of US\$50,000/annum.

At first glance it seems that the development of local managers for the demining organisations is a good investment, saving US\$120,000 over the life of the programme. However, the capacity development costs are borne in the first three years, while the savings accrue over the remaining seven years. Most people agree that a dollar today is worth more than a dollar a year from now (a concept called the time value of money), if only because one could invest today’s dollar and receive it plus interest in a year’s time. In recognition of the time value of money, we “discount” future monetary amounts (by a “discount rate”³⁴) to calculate their “present values”.

Capacity development (CD) Example 1a: No discounting (costs in \$000s)

Year →	1	2	3	4	5	6	7	8	9	10
CD	300	300	300	0	0	0	0	0	0	0
Expat managers	360	360	360	0	0	0	0	0	0	0
Local managers	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
1. Total with CD	810	810	810	150	150	150	150	150	150	150
Expat managers	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>	<u>360</u>
2. Total – no CD	360	360	360	360	360	360	360	360	360	360
Net (1-2)	450	450	450	-210	-210	-210	-210	-210	-210	-210
Cumulative net	450	900	1350	1140	930	720	510	300	-90	-120

Without detailing the calculations,³⁵ the sums of the present value (PV) figures from the above example, evaluated at discount rates of 5 per cent and 10 per cent per annum, are:

CD Example 1b: Summary of present value (PV) calculations

Total costs (000s): discount rate = 5%		Total costs (000s): discount rate = 10%	
PV with capacity development	US\$2,956	PV with capacity development	US\$2,563
PV no capacity development	<u>2,780</u>	PV no capacity development	<u>2,212</u>
Net PV at 5% discount rate	US\$176	Net PV at 10% discount rate	US\$351

In this example, expected costs over the life of the programme are about US\$175,000 to US\$350,000 **higher** in present value terms (evaluated at discount rates of both 5 per cent and 10 per cent) when investments are made in capacity development for local managers than when we simply engage expatriates to manage the operational organisations: capacity development of local managers would be a bad investment.³⁶

Of course, this result hinges on a number of assumptions³⁷ and we can use this simple example to explore some of the key issues relating to capacity development decisions by altering these assumptions one at a time.³⁸

Scope of contamination and duration of the programme

Other things being equal, mine action programmes will be required for longer periods in heavily contaminated countries than in countries suffering only moderate amounts of contamination. In our example, what if the programme was expected to last 15 years rather than ten?

CD Example 2: Extending the duration of the mine action programme

Total costs (000s): discount rate = 5%		Total costs (000s): discount rate = 10%	
PV with capacity development	\$3,354	PV with capacity development	\$2,782
PV no capacity development	<u>\$3,737</u>	PV no capacity development	<u>\$2,738</u>
Net PV at 5% discount rate	-\$382	Net PV at 10% discount rate	\$44

Extending the duration of the programme makes the investment in capacity development very attractive (lowering costs by US\$382,000) when evaluated at a discount rate of 5 per cent, and almost a break-even proposition at a 10 per cent discount rate (it would be break-even at 9.3 per cent).

This simple example demonstrates that (other things being equal) investments in capacity development are more attractive when the programme is expected to last longer.

Scope of contamination and size of the programme

More extensive contamination also warrants larger programmes. This is an important consideration as it generally costs little to provide capacity development to a few more people.³⁹ We can assess this in our example by assuming there are five operational organisations to manage rather than three. Holding everything else the same (including the ten-year duration of the programme and the capacity development costs), the results are now:

CD Example 3: Increasing the size of the mine action programme

Total costs (000s): discount rate = 5%		Total costs (000s): discount rate = 10%	
PV with capacity development	\$4,381	PV with capacity development	\$3,774
PV no capacity development	<u>\$4,633</u>	PV no capacity development	<u>\$3,687</u>
Net PV at 5% discount rate	-\$252	Net PV at 10% discount rate	\$87

Increasing the size of the programme makes the investment in capacity development attractive (lowering total costs by \$252,000) when evaluated at a discount rate of 5 per cent, and almost a break-even proposition at a 10 per cent discount rate (it would be break-even at 8.5 per cent).

This example demonstrates that (other things being equal) investments in capacity development typically are more attractive when the programme is larger.

General versus industry-specific skills

When the capacity development effort develops skills that are useful only in mine action, then the value of those skills disappears once the programme ends. However, most skills are useful (perhaps with minor retraining) in more than one type of endeavour. For example, the safe handling of explosives is valuable in heavy construction, while paramedic skills will be useful in many industries as well as in the public service. Most experts believe that organisational management skills are readily adapted from one situation to another: for example, someone who has demonstrated ability in managing a demining organisation would be a good candidate to manage many other kinds of organisations.

It follows that investments in developing local capacities which are generally useful will contribute to a country's development even if the mine action programme ends. The calculations would follow a similar logic to those when the duration of the programme was extended, and need not be repeated.

Likelihood that the capacity development efforts will be successful

The most fundamental assumption underlying a decision to invest in the development of local capacities is that the investment will be successful — such investments often are not. The most critical issue here is the level of commitment on the part of decision-makers in the host country whose actions, or lack of action, can make-or-break the success of the effort. This could include officials (i) in the host government, (ii) in the key bodies of the mine action programme (national authority and MAC), and (iii) in

the organisation whose capacity is being developed, as well as (iv) the commitment of the individuals benefiting from the training and other capacity development efforts. The last two in this list are obvious and require no further discussion at this point (although specific examples taken from the case studies are discussed later).

If the host government exhibits no commitment to a well-functioning mine action programme, we cannot expect a capacity development effort to result in reasonable levels of performance in local organisations unless the programme, and the local operators, are insulated somehow by an international body.⁴⁰ At the worst, a host government may seek to plunder the donor resources going into mine action; more typically, an uncommitted government will fail the mine action programme and the operators within it in myriad ways: failures to provide security, to clear essential goods through customs, to nominate capable individuals for key posts, and so on.

Similar problems will arise when the key bodies of the mine action programme are uncommitted to a capacity development effort, even when the governing authority is broadly committed. For example, the Mine Action Programme for Afghanistan (MAPA) has been a strong supporter of capacity development to strengthen the “conventional” demining NGOs it helped establish. A number of observers, however, have concluded that MAPA’s support for the unconventional “community demining” project managed by the Agency for Rehabilitation and Energy Conservation in Afghanistan (AREA)⁴¹ (a pre-existing Afghan relief and development NGO) has been lukewarm at best. MAPA did not completely deny support, perhaps because this may have caused friction with some of its donors that wished to promote the community demining approach, but it never provided adequate support to allow a proper assessment of the AREA project.

“Mine clearance programmes entail significant management overheads and, therefore, economies of scale. AREA cannot fully exploit these when operating two clearance teams; it believes the same management structure could support up to eight teams. Unless expansion is funded, MAPA may not be able to determine whether community-based clearance is cost-effective.”⁴²

In formal cost-benefit analysis, uncertainties regarding the success of an investment generally are handled by assigning probabilities of various outcomes and calculating the weighted average.⁴³ In our example, assume that our best guess is that there is:

- one-third likelihood the capacity development effort will be entirely successful, so the operational organisations work as efficiently under local management as when managed by expatriates;
- one-third likelihood that the effort will be partially successful, in which case it will be extended for two years after which the operational organisations work as efficiently under local management as when managed by expatriates;
- one-third likelihood that the effort will be abandoned as unsuccessful after three years, and expatriate managers will be kept in place for the entire programme.

CD Example 4 (overleaf) shows what the “with capacity development” calculation is now (shown with the basic example).

In this example, the expected costs of the capacity development effort are US\$930,000 higher than for the initial example (before discounting to obtain the present value). Thus, the significant risk of partial or complete failure makes the proposed capacity development project a very unattractive investment.

CD Example 4: Introducing uncertainty concerning the success of CD

Year →	1	2	3	4	5	6	7	8	9	10
CD300	300	300	0	0	0	0	0	0	0	
Expat managers	360	360	360	0	0	0	0	0	0	0
Local managers	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
Basic case	810	810	810	150	150	150	150	150	150	150
1. Successful case (figures as above)										
2. Partially successful case										
CD300	300	300	300	300	0	0	0	0	0	
Expat managers	360	360	360	360	360	0	0	0	0	0
Local managers	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>	<u>150</u>
Total if 2	810	810	810	810	810	150	150	150	150	150
3. Unsuccessful case										
CD300	300	300	0	0	0	0	0	0	0	
Expat managers	360	360	360	360	360	360	360	360	360	360
Local managers	<u>150</u>	<u>150</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total if 3	810	810	810	360	360	360	360	360	360	360
Expected costs of CD										
1/3 * (1+2+3)	<u>810</u>	<u>810</u>	<u>810</u>	<u>440</u>	<u>440</u>	<u>220</u>	<u>220</u>	<u>220</u>	<u>220</u>	<u>220</u>
Increased cost from basic case										
	0	0	0	290	290	70	70	70	70	70

It is important to emphasise that lack of commitment on the part of the host government is not the only reason why capacity development projects deliver unsatisfactory outcomes. Another common problem is that the donors lack the “capacity for capacity development”. The agency responsible for the capacity development may have impossibly ponderous procedures, or it could adopt both an unworkable plan and an overly rigid approach, preventing timely adjustments to the original plan. As well, the technical advisers may be unsuitable, often because donors typically hire someone who can “do the job” but without experience in mentoring local personnel who have been assigned to the job. Finally, a project may fail simply for bad luck.⁴⁴ A civil war could resume or a *coup d'état* might result in a highly committed government being replaced by rapacious thugs, wiping out the potential benefits accruing from a sound investment in capacity development.

Likelihood that international management will be successful

The same logic applies of course regarding the expected performance of expatriate managers. For example, many studies have criticised the selection of managers for cross-cultural assignments.⁴⁵ Assuming the expatriate manager has the technical skills for the position,⁴⁶ problems still arise when he/she cannot understand local languages, is not attuned to the pitfalls of cross-cultural communication, and is unfamiliar with local laws and business practices. The simple fact is that posting managers on international assignments in difficult environments is fraught with uncertainty and the performance of organisations managed by such individuals often is poor.

In formal cost-benefit analysis, the possibility that the performance of expatriate managers will be below expectations is handled in the same manner as the example

given for the uncertain success of the capacity development effort: a range of possible outcomes would be defined, probabilities attached to each, and the weighted average. For our purposes, the effect of this type of uncertainty will increase the expected costs of the no-capacity-development option, making investments in capacity development seem relatively more attractive.

Substitutability of local and expatriate managers

A controversial issue in capacity development is the degree to which local and expatriate managers are truly substitutes for one another. In fact, the two categories of managers bring a different set of attributes even when they have equivalent job-related skills and experience. For example and on average, locals will have a better understanding of how things work locally while expatriates will have more exposure to international best practice and to the views in the headquarters of the business, NGO or donor.

In the world of international development, this last issue — connections with donors — can be of immense importance. International development is a risky endeavour (with capacity development being among the riskier types of projects⁴⁷). Donor agencies seek to keep risks to manageable levels and most of their officials quite naturally try to limit the likelihood that they will be perceived as taking on unnecessary risks. It's not their own money they're giving away, so donor officials have an incentive to spend money on items which appear to reduce risk that a project will fail, irrespective of whether risks are, in fact, reduced in reality (at this point, perceptions come to dominate reality).⁴⁸

One of the common methods donors use to manage risks is to keep expatriate advisers in place for extended periods, purportedly to continue providing technical advice but also with an eye to the donor's money. Donors do this because they understand their fellow citizens better and they have more leverage over them (opportunities for future assignments and so on) should something go awry. In this sense, local managers are not full substitutes for expatriates: they may be unable to elicit as much trust from the donors, irrespective of their personal and professional qualities.

Naturally, this practice is more common when working in difficult environments where the rule-of-law is tenuous and corruption rife. Also donors who lack current information concerning a recipient country (e.g. they lack experience in that country or have no resident representative with extended experience) are even more likely to rely on the use of expatriates from their own country after the need for technical assistance has been met.

In some cases this is simply a cost of doing business: if recipients want donor funds, they go along with proposals to keep expatriate advisers in place. However, this increases the costs of capacity development relative to simply importing foreign-owned organisations, and there may be cases at the margin when this extra cost will sway the decision away from the development of local management capacities.⁴⁹

More generally there is the risk that spending on expensive foreign advisers leaves insufficient money for other forms of capacity development, making the project less effective. There also is the danger that neither donors nor recipients will think through what is needed to complete the capacity development effort, assuming the expatriate adviser will plug any gaps. This extends the time that the recipient remains dependant on the donor. Finally, the continued presence of an expatriate adviser may mean local managers never assume full authority because they defer to the adviser or the adviser

simply chooses to make key decisions. As such, there will never be proof that local managers will be able to make tough but necessary decisions.

Summary – Is an investment in developing local high-level capacities warranted?

The foregoing analysis demonstrates that an investment in developing local high-level capacities for managing mine action operations is more likely warranted when:

- the country is more heavily contaminated (implying the programme will last longer and/or involve a larger number of operational organisations);
- the capacity development effort is designed to impart generally useful skills (such as organisational management) rather than skills useful only for a narrow range of activities which may not be in demand when the mine action programme ends;
- the likelihood is high that the capacity development effort will be successful (with the best predictor being the level of commitment among the recipient country's leadership to a successful mine action programme);
- there are significant risks that fully qualified expatriate managers will be difficult to recruit and retain for the duration of the programme, or that expatriate managers may otherwise prove to be ineffective;
- the general situation in the country and the relations with donors are such that donors are likely to trust local managers who have demonstrated their abilities and, thus, to continue funding the mine action programme once local management is fully in charge.

There are two other factors that are built into the basic example that should be mentioned for completeness. Capacity development will be more attractive when (i) the remuneration differential between expatriate and local managers is greater, and (ii) the costs of a successful capacity development effort are lower. Concerning the latter issue, the development in recent years of senior and middle management training programmes tailored specifically for the mine action field has probably reduced the cost of capacity development for high-level skills.

Should local capacities for managing operations be developed in independent organisations?

Recommendations from the DHA Report

The DHA Report contained the strong recommendation that the core bodies of a national programme (the authority and the MAC) should not be involved in direct implementation of mine action operations; rather, they should set policy and the strategic direction and regulate the operators to ensure implementation proceeds as envisaged. Further, the authors advocated that recipient governments “*should not be encouraged to build large bureaucracies to implement mine action programmes... [which] ..puts a strain on nascent institutional and management mechanisms and requires a sophisticated support structure.*”. Therefore, “*operational activities should be left to independently managed organisations*”.⁵⁰

The authors acknowledged the controversies surrounding this recommendation. For example, “*The general preference of Programme Managers, past and present, in charge of*

*initiating and developing Mine Action Centres was to have an operational capability under their direct command” and “... MAC managers felt that they would be handicapped by ‘having to rely on a third party’”.*⁵¹

In support of their recommendation, the authors pointed to the “*contractual system as exemplified by the approach in Afghanistan...[as] ...The flexibility and diversity inherent in a system where different mine action entities develop and pursue specific specialisations and competencies has obvious advantages...[and] ...enhances the reservoir of resources which can be called upon*”. Finally, the authors claimed the approach they advocated “*...puts less strain on the MAC’s resources particularly in terms of management responsibilities*”.⁵²

Thus, the authors of the DHA Report marshal four main arguments in favour of independent (i.e. not government, not military) organisations as mine action operators:

- increased flexibility;
- enhanced specialisation (hence productivity/efficiency) as different operators pursue their comparative advantages;
- more rapid build-up of a reservoir of resources;
- lower burden on the MAC, allowing it to focus on the development of its core responsibilities (policy framework; strategic direction; regulation; coordination).

The broader debate

These arguments are consistent with the broader trend to cast a critical eye on the perceived encroachment of the State into functions which, arguably, could be handled by private organisations via “the market”. This has been reflected in industrialised countries by the debates surrounding “New Public Management” which sees the public and private sectors as complements rather than substitutes — the public sector should not get directly involved in the delivery of goods and services that can be provided by the market (basically, businesses in competition with one another) but rather should complement private organisations by ensuring that the market “works well”.⁵³

The problem with applying this argument to developing countries is that markets in those countries often do not work well (indeed, this is a central reason why they are not already among the so-called developed nations). Their markets typically are small and prone to monopoly by one or two firms, often based in foreign countries or owned by tiny élites. Anti-competitive behaviour by dominant firms is rife because the rule of law is weak and the regulatory capacities of local authorities are limited. Many vital goods and services (e.g. infrastructure to open remote areas of the country, health care for the poor majority) cannot be provided at a profit and, therefore, do not attract private investment.

Thus, the line of reasoning used by New Public Management advocates would suggest a relatively larger role for the State in developing countries. Unfortunately, public sectors in many developing countries also lack the administrative capacity to assume a larger role and remain effective. In some countries, past actions to expand the role of the State have vastly overstretched and further eroded capacities within already weak public sectors and, at the same time, such encroachments have disrupted those markets which had been functioning reasonably well, thus damaging local businesses. In extreme cases, this vicious circle has led to the complete collapse of the public sector and hastened the onset of civil conflict — in short, to failed-State status.

Faced with countries lacking either well-functioning markets or States, the dominant international organisations such as the International Monetary Fund (IMF) and the World Bank came down on the side of markets.⁵⁴ In return for development finance, they imposed structural adjustment programmes designed to curtail the scope of the State, giving more latitude to market forces and — for essential public services that businesses could not profitably provide via the market — “alternative delivery mechanisms”.

In theory, the latter entailed the State retaining ultimate responsibility for the public services, but contracting private organisations (either businesses or NGOs) for their delivery.⁵⁵ Unfortunately, the oversight of private organisations to ensure these delivery of public services effectively is a challenging task, beyond the government’s abilities in many developing countries (and certainly those in failed States). Donors and international development agencies began to issue such contracts directly, circumventing the government.

While in some cases this “work-around” strategy was the only short-term option to provide essential services to remote areas and poor people, it did nothing to address the underlying problem — the lack of capacity of, and commitment by, the State. In some cases, the resort by donors to alternative delivery mechanisms may well have worsened the problem by eliminating the interaction between public servants and poor communities, further de-legitimising the State and eroding citizen support for the government. In conjunction with other structural reform policies, this increased ethnic rivalries and accelerated the decline to failed-State status.⁵⁶

Criteria underlying the decision

The majority of development experts are now sceptical of both State-led and market-led strategies in their more extreme forms. There are increased efforts to obtain evidence concerning which measures might be more appropriate given a specific country’s current situation, historical traditions, and (for countries heavily dependant on aid) its relations with the principal donors. This suggests that there are no universal solutions for how best to deliver services in such fields as mine action,⁵⁷ and the way forward in any one country should be based on both a thorough analysis of options and an airing of the views of key stakeholders, including the legitimate government where one exists.

Thus, the assessment of alternatives for implementing a mine action programme should be undertaken for each country, and should consider both the so-called “facts-on-the-ground” and the views of key stakeholders. In such an analysis, it helps to be explicit about the criteria used to arrive at a judgement, as various stakeholders are likely to attach different weights or importance to each criterion and to employ some criteria which are seen to be of secondary importance by other stakeholders.⁵⁸

The DHA Report highlighted four criteria underpinning its recommendations concerning the role of independent operators: (i) flexibility, (ii) productivity (or efficiency), (iii) rate of build-up, and (iv) reduced demands on the MAC (ability to focus on core responsibilities). These certainly are relevant, but there are other conceivable criteria on which some stakeholders might place significant weight when making their assessment. For example, for reasons of sovereignty, industrial development, and balance of payments, many governments would balk at allowing international organisations to deliver mine action activities, which in most countries would be deemed essential public services.⁵⁹

When considering local as opposed to international firms and NGOs, there are other potential pitfalls even when restricting the analysis to the criteria advanced in the DHA Report. First, local organisations with capacities to engage in mine action may not exist.⁶⁰ Second, the legal basis for entire categories of organisations — particularly those termed NGOs by donors — may not exist, at least in a form corresponding to donor expectations. Third, writing and effective enforcement of contracts require sophisticated skills and safeguards, which may not be available within the local public sector. In such a case, the public sector might do a mediocre job in direct delivery of mine action, but perform even worse in contracting independent operators and regulating their performance.⁶¹ In terms of capacity development, it may be easier to build capacities in the public sector to directly manage operational units than to build capacities to oversee independent operators.

It should also be recognised that a decision between local independent organisations and State agencies for, say, mine clearance is not an either-or proposition. Some of the potential advantages of independent operators put forward in the DHA Report could be garnered by separating the “steering” and “rowing” functions among different government agencies, so that the operator organisations are distinct from, and have separate reporting channels, from the National Authority and the MAC. In Croatia, for example (generally viewed as a successful programme), the main clearance agency (Mungos) is a State-owned enterprise reporting ultimately to the minister responsible for internal security rather than to the MAC or Authority.

When we abandon the perception that the role of independent operators is an either-or proposition, we might also change the relative weightings of the criteria depending on the type or phase of mine action. For example, countries which have suffered massive destruction due to conflict will typically go through a reconstruction phase in which most investments are geared to revitalising basic infrastructure and public services. The rapid build-up of demining capacity often is vital during this stage, as is access to very specialised demining assets to facilitate, say, the rapid survey and clearance of the nation’s main transportation networks.⁶²

Opening the door to foreign independent operators which have existing capacity including the specialised assets needed on a temporary basis would generally be a sound strategy for the reconstruction phase, when time is of the essence. However, the effort to address widespread contamination problems at the community level does not lend itself to the effective use of highly specialised assets and requires the development of demining capacities over the long run. Thus, more weight needs to be given to the sustainability criterion when considering the long-haul.

Examined from the perspective of sustainability, some of the advantages accruing from the use of independent operators put forward in the DHA Report could be negligible, or even turn into disadvantages, in certain contexts. The most glaring example is the “rapid build-up of a reservoir of resources”. As shown clearly in the case of Bosnia and Herzegovina, these can build to levels far in excess of what can be sustained, representing a significant waste of resources.

Those who believe strongly in the market will counter that competition will sort things out, forcing poorly managed organisations out of the field and releasing their resources for use by organisations that will manage them more efficiently. Unfortunately, the evidence from Bosnia and Herzegovina — the country in our cases in which competitive tendering for clearance contracts has been most common — suggests that

many donors continue to support their favourites through sole-source funding arrangements, thus reducing the potential benefits of competition.⁶³

This phenomenon whereby donor actions blunt the potential advantages of competition in freeing resources for those organisations that will employ them to best effect has been observed far more widely than Bosnia. Indeed, the evidence from our case studies and others indicates there are relatively few cases where independent operators have exited a mine action programme, particularly when they have established an inside line on funding direct from a foreign donor. Such funding typically gets renewed because the contamination problem continues to exist, often without an assessment whether the operator is managing the funds as well as other organisations in the country. In addition to the fact that scarce resources may be tied up in less efficient organisations, this has often led to striking mismatches between assessed needs and budget allocations.

International NGOs in particular resist cutbacks in established service levels for the areas in which they operate.⁶⁴ This undoubtedly is motivated by a real concern for the well-being of the people in those areas, and is consistent with a strategy of advocating additional funding to mine action. However, from the nation-wide perspective of needs relative to the resources actually made available, this can result in great inequities — some areas benefiting from substantial mine action projects while equally needy communities are receiving little assistance whatsoever. For one example, the Cambodian Mine Action and Victim Assistance Authority “...has also noted that, as of 2002, the distribution of clearance resources did not correspond to the areas of greatest socio-economic and humanitarian need. At the end of 2002, 63 percent of the severe and high impact areas ... received approximately 30 percent of the clearance capacity”.⁶⁵

The same phenomenon has been observed in reference to local NGOs in Afghanistan (although here the regional inequities in service are more related to the state of security than to NGOs restricting their own operations to a specific area). Once an NGO has captured a certain share of the funding pool, it seems reasonably assured that it can count on receiving “its share” in future years, in spite of significant differences in efficiency across the NGOs.⁶⁶

It is clear that there are few cases in the mine action field in which competition has been fully harnessed.⁶⁷ Where it does prevail such as in a portion of the Bosnia programme and when large contracts are issued during post-conflict reconstruction phases, intense price competition means there will be strong incentives for the managers of organisations to cut corners to achieve higher productivity. In the mine action field — particularly in demining — this raises serious concerns regarding safety of both the mine action personnel and the public. Reasonably sophisticated and, more importantly, accountable and transparent mechanisms must be in place to ensure the price competition does not overwhelm safety standards.

Further in this vein, a common finding is that wages paid to local personnel in mine action are remarkably high relative to prevailing wages rates.⁶⁸ This suggests that free-for-all entry of organisations early in a programme also results in the rapid bidding-up of wage rates to levels which are clearly unsustainable as the host government assumes an increasing share of the financial burden. Such rates also provide fuel for what might be termed “ordinary decent corruption”⁶⁹ in the mine action field. If wages are set many times higher than the level people require for performing a job (given their alternatives), then at least some qualified individuals will be willing to pay kick-backs to the people controlling who gets those jobs.⁷⁰

Allegations along these lines have been made in a number of countries including Bosnia and Herzegovina and Cambodia.⁷¹

At least some of the benefits of competition can be achieved — and some of the dangers avoided — when public services are delivered by public service units through techniques such as benchmarking (e.g. setting productivity standards) to monitor efficiency and citizen satisfaction surveys to monitor effectiveness. The question is whether public service managers in the particular country have the commitment and capacity to demand high performance from their workers. This depends on the incentive systems operating within the public service — the adequacy of wages and wage differentials, the degree to which employment and promotion decisions are based on merit, disciplinary mechanisms, and the like. This is a huge topic beyond the scope of this study, but it is safe to observe that the public services in many mine-afflicted countries have very little capacity because of years of neglect and misuse by the country's rulers.⁷²

A final point is that mine action programmes need to be viewed as a coherent part of a country's overall development strategy and, for countries emerging from conflict, a broader range of efforts designed to mend a country's society and economy. (This we can term the coherency criterion.) The "ideal" solution for mine action when considered in isolation may not be optimal from the perspective of the broader reconciliation and development perspective.

For but one example, rapid and large-scale demobilisation may be required in a post-conflict country both to reduce the likelihood of renewed conflict and to free resources for productive use. But demobilisation is fraught with its own risks: it is dangerous to have young males experienced in weapons use and inured to violence return to the countryside when there are no honest means of livelihood. Mine action can provide useful employment for demobilised soldiers and can imbue them with a sense of discipline in the cause of public service rather than predation.⁷³

Similar arguments can, of course, be marshalled to support distinctly different strategies toward social reconciliation. In many countries key donors have encouraged the growth of civil society, including NGOs. A mine action programme that fostered or, at least, was open to local NGOs as implementing organisations could make a positive contribution to this broader reconciliation strategy. In other countries reconciliation might best be promoted by rebuilding the capacity and legitimacy of the State and its civil service, in which case careful consideration should be given to building the capacity of public sector units for conducting mine action operations even if these are not expected to be the most efficient solution in the initial stages.⁷⁴

Partnership and consensus

Whatever set of criteria are deemed appropriate for assessing whether local independent organisations should be active in mine action operations, it also is important that the views of major stakeholders — including the legitimate government (assuming such exists) and the major donors — should be aired openly before a final decision is taken. There are two interrelated reasons for this. The first is that there will never be a perfect solution; rather, significant risks will be associated with each approach and, particularly in highly troubled environments such as post-conflict States, supplementary actions will be required to manage these risks. In some cases, decisive steps will be required to prevent the overt collapse of the entire programme should something go seriously amiss. A broad debate on the way forward helps to identify

the risks associated with different alternatives, allowing the formulation of appropriate risk management strategies.

The second reason for a more thorough analysis and discussion of the merits and demerits of each alternative is that a consensus among the key stakeholders is so desirable when undertaking inherently risky projects. If the key players are in agreement on a strategy, there is less likelihood that recriminations will delay rapid action to rectify problems when and if these arise.⁷⁵

First it is necessary to achieve consensus concerning what types of organisations should be involved in mine action operations. Each alternative will have distinct pluses and minuses. How the alternative approaches are ranked will depend not only on the so-called “facts on the ground” but also on the weights attached to various criteria that might be used in ranking the alternatives (productivity, sustainability, rate of build-up, risk of corruption, coherence with broader reconciliation and development strategies, etc.). Different stakeholders may initially disagree not only because they have different views on what the “facts on the ground” truly are,⁷⁶ but also because they are, consciously or not, giving different weights to the criteria underlying the decision. Even if a consensus is not ultimately reached on the appropriate way forward, it is important that the key actors understand one another’s views and why these views are held.

The legitimate government (if this exists, otherwise the authorities that be) should be onside because it will need to institute a variety of measures to improve the legal and regulatory environment facing mine action operators of any type,⁷⁷ and interventions from the highest levels may be required periodically to protect the mine action programme from risks of the “government failure” variety.⁷⁸ As well, the prospect of large influxes of donor funding for mine action is almost certain to provoke a turf battle among government departments that are sorely in need of funds. If the government does not come down clearly in favour of one alternative concerning the types of organisations allowed to serve as mine action operators, all the operators may be at risk of non-cooperation or even harassment by numerous government departments having some degree of authority over matters affecting mine action.

Similarly, the major donors need to support the agreed alternative if the risks of a “donor tourney” are to be avoided. While such competitions among agencies to impose “their solution” on the mine action programme may lead to successful innovations which may not have been attempted otherwise, they also tend to result in a number of harmful outcomes. In addition to the squandered resources from duplicative efforts, such competition concerning the appropriate strategy can lead to costly delays (as happened in Mozambique) and, as seen clearly in the case of Bosnia, to poisoned relations among donors, inhibiting coordination for years to come.

Should serious disagreements between the recipient government and donors emerge, these are likely to hinge on the role of the public service. In difficult cases where the recipient government and its public service is extremely weak, it is reasonable that donors seek to insulate the programme from massive public sector performance problems by using independent organisations to handle operations.⁷⁹ However, where the contamination is extensive and a long-term mine action effort will be required, decisions need to be consistent with the fact that responsibility for the programme must be transferred to national authorities at some point in the future. Ultimately, there simply is no substitute for the State assuming responsibilities which cannot be properly discharged by others:

“Bypassing the state, even when the legitimacy of its leadership is questionable, is not a viable course of action. Development cooperation initiatives, under all circumstances, must involve the state and assign it responsibilities.”^{80,81}

Of course, this principle cannot mean that donors should push ahead blindly with large investments to build capacity within the public sector, oblivious to real constraints. Such constraints can, however, be separated into two broad categories — capacity and commitment.⁸²

Where the State lacks capacity but is otherwise willing to accept its responsibilities to its citizens for mine action, this is an archetypical capacity development situation. Donors should work with the recipient government to build capacities for setting appropriate policies and strategic direction, and for ensuring implementation is conducted in accordance with the policies and strategy. While taking care not to overwhelm the State, development of these core capacities should be the first priority for donors, while recognising that the achievement this priority may take some years.

A different strategy is required where the government has no commitment to its responsibilities to enhance the well-being of its citizens in mine-afflicted communities. Donors should not abandon the country, as this would make its citizens “*doubly damned*”.⁸³ The essential functions of the national authority and MAC must still be performed and the international community will need to create some mechanism for discharging these functions for an interim period, while remembering that the intent is to turn these over to the State once the government shows credible commitment to live up to its responsibilities.

Angola is an example of the most difficult situation of all. As outlined in the DHA Report, the government created the central organisations of the mine action programme but showed little commitment to meeting the needs of its citizens in mine-afflicted communities. Investments in building local capacities in these State institutions are not warranted if there is no real prospect of success. Work-around measures using independent organisations are necessary until the government displays some real commitment to accept its responsibilities. Donors will need to get the message across to the government that they will provide assistance when the government wishes to assume its responsibilities, but donors should only reward actions, not promises.

Notes

1. For simplicity, we will use the term “landmines” to embrace both landmines and UXO, except where the distinction is important.
2. The UN took the initiative in Afghanistan to deal with landmines, while the Mennonite Central Committee first tackled the massive UXO problem in Laos.
3. Stockpile destruction is the fifth “pillar” of mine action.
4. Formally, the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction.
5. Other States party to the Convention are to provide such assistance when “...in a position to do so...” via “...the United Nations system, international, regional or national organizations or institutions, the International Committee of the Red Cross, national Red Cross and Red Crescent societies and their International Federation, non-governmental organizations, or on a bilateral basis” (Article 6, para. 3).
6. As of mid-2003, the UN Development Programme (UNDP) was assisting 23 countries, while others receive assistance via the UN Mine Action Service (UNMAS), the Organisation of American States, bilateral arrangements, or the initiative of non-governmental organisations. Some sub-national jurisdictions (e.g. Kosovo) also receive assistance directly from the international community, rather than channelled via the national government. For simplicity, both nation States and sub-national jurisdictions will be termed “countries”.
7. Front-line personnel — deminers, MRE trainers, etc. — can be trained in a matter of weeks or months provided they have the appropriate basic qualifications. The development of high-level skills takes far longer.
8. In most countries, victim assistance organisations operate as part of the health system rather than the national mine action programme. Within mine action programmes themselves, demining typically accounts for the bulk of expenditures. As well, existing organisations such as the local Red Cross/Red Crescent society, local NGOs, and various departments in the public sector (education, health, etc.) often are active in the delivery of MRE services, and the capacity of existing organisations does not have to be developed from scratch.
9. By this we mean the delivery of mine action services (clearance, MRE, etc.).
10. The international community has come to recognise that capacity development for these core entities is essential even for countries in which the contamination problem is modest, because some basic level of local capacity should be in place to address residual threats after the main clearance operations have been completed, and to maintain records of contamination and clearance for reference when future construction projects are being planned.
11. Eaton, Horwood and Niland (1997a).
12. In some cases, some humanitarian mine action activities may have been initiated somewhat earlier by international NGOs.
13. However, the DHA Report accords each of these three programmes low grades with respect to developing high-level planning and management capacities in the various public sector bodies.
14. International mine action NGOs were active in each of these countries. These NGOs were funded for the most part directly by official donor agencies, which meant the UN agencies had little leverage over their activities.
15. It is not always clear whether the major donors saw their actions as complementary to UN efforts to develop mine action capacities within public bodies, or as substitutes for a strategy the donors did not support. However the DHA Report is clear that for Mozambique at least, major donors disagreed with the strategy advanced by the UN and pushed instead for a model in which the government would not have direct implementation capacity (Eaton, Horwood and Niland, 1997c:31)
16. The degree to which these organisations should be viewed as “true NGOs” is discussed in a later chapter.
17. “For example, the question of whether deminers on a UN programme could or should be covered by the UN insurance plan delayed field deployment for over half a year” (Eaton, Horwood and Niland, 1997b:15)
18. Eaton, Horwood and Niland (1997b:15).
19. Also some of the more capable firms were part of, or affiliated with, weapons suppliers and were viewed more as part of the landmine problem rather than a potential mine action partner.
20. This term also was coined in the late 1980s to describe the situation in Mozambique. Such emergencies feature intra-State conflict, a blurring of lines between combatants and civilians, violence directed largely against civilians, fluidity in terms of conflict zones and populations on the run, and a breakdown of the State and loss of legitimate authority over increasing swaths of the country (DAC, 1999).

21. See for example JEEAR (1996).
22. Eaton, Horwood and Niland (1997a: 3-6).
23. For a recent analysis, see the introductory and concluding chapters in Smillie (2001).
24. In many cases, however, it is unclear the degree to which these “independently managed” organisations are truly independent from the country’s government. In Croatia, for example, the main demining firm is Mungos, which is wholly owned by AKD, a statutory agency under the national police.
25. Kuwait is the one example where not even a national authority and clearinghouse for mine action information was established before the end of the major clearance activities.
26. This was the case in Kosovo. See Praxis (2002).
27. There is a good deal of soul-searching within the principal development agencies concerning how to develop these “pre-requisite capacities” in difficult situations. For example, The World Bank has a “Low-Income Countries under Stress” (LICUS) initiative. See also Lopes and Theisohn, 2003, particularly pp. 48-52.
28. Hilderbrand (2002: 2).
29. This was done by Kuwait for its mine action programme (1991-95). After the Gulf War, it created a contracting authority and engaged international firms (which employed over 4,000 foreign personnel) for the clearance works, spending over US\$800 million (ICBL, 1999: 891).
30. Both the expected costs and benefits should be expressed in “present value” terms. See GICHD/UNDP (2001: 41-57).
31. This type of analysis should be applied to any significant investment in capacity; not simply for human resource development. For example, is it better to purchase a specialised piece of equipment or contract an international supplier to import one and take it out of the country when the task is done?
32. Readers who do not need to understand these issues in detail can turn to the Summary at the end of this section.
33. The actual figures are not critical as the example is being used purely to illustrate the concepts.
34. There always is some controversy regarding what discount rate to use. In general, a lower discount rate makes more investments seem attractive: in our case, make it more likely that capacity development will appear a good investment. While in theory it is possible to calculate the “correct” discount rate, in practice we rarely can do so and a “reasonable” figure is selected. For example, The World Bank uses 10 per cent, but this may be conservative (e.g. when the country providing the funding can borrow at, say, 5 per cent, that is its time value of money).
35. The formula and a brief explanation are given in GICHD/UNDP (2001: 43).
36. In fact, the discount rate in this case would have to be about 1.7 per cent before the costs with capacity development fell as low as the costs without.
37. Of course, one of the key assumptions is that the capacity development is done in a cost-effective manner: if it could be done cheaper it would be a more attractive investment. In fact, capacity development is often done poorly or at too high a cost, but a general treatment of these issues is beyond the scope of the current study. GICHD is conducting an in-depth study of capacity development in mine action on behalf of the UNDP.
38. The essence of cost-benefit analysis is not the calculations, which are trivial now that spreadsheet software is available. Rather, it lies in understanding the nature of the decision being evaluated so that good assumptions are made and made explicit.
39. This is termed “economies of scale”. Many capacity development investments require significant “fixed costs” so the incremental cost of expanding the effort is low. For example, the fixed costs of a management training session might be the cost of developing the curriculum plus the fees and expenses of the trainer. Delivering the training to, say, four people rather than three costs almost nothing.
40. An extreme case of such insulation was Afghanistan under the Taliban regime and its predecessors. UNOCHA served as the governing authority with respect to mine action.
41. Agency for Rehabilitation and Energy Conservation in Afghanistan.
42. Van Ree *et al.* (2001: A-50).
43. Technically, the result is termed the “certainty equivalent” amount.
44. Those who feel that the phrase “bad luck” is too unscientific could substitute the phrase “exogenous shock” with no change in meaning.
45. This is a different point than that concerning technical advisers. Most of the criticism has stemmed not from the field of development but rather from the business world, and is part-and-parcel of the globalisation process.
46. This may be a problem when recruiting someone for assignments in very difficult environments, such as post-conflict countries or extremely corrupt economies: well-qualified personnel have more

attractive options and only the “second stringers” may apply.

47. Evaluations by The World Bank (which has a reasonably independent evaluation department) consistently show that projects entailing “institutional development” are more prone to unsatisfactory outcomes than most other types of projects.

48. Put another way, the incentives in some donor agencies act to make many of their officers extremely averse to “career-terminating risks”, but not to “conventional wisdom risks”. For example, making a bad decision is not career threatening if it is in accordance with “conventional wisdom” and if counterparts in all the other agencies make the same decision. Conversely, making the “right” decision may increase career-threatening risk if it is innovative and entails going out alone on a limb.

49. The presence of expatriate advisers may also, of course, lessen the likelihood that a project will fail, thus increasing the expected “certainty equivalent” benefits from the capacity development project. This would make it more likely that decision-makers opt for the capacity development alternative.

50. Eaton, Horwood and Niland (1997a: 5).

51. *Ibid.*: 40.

52. *Ibid.*: 41.

53. There are of course raging debates over how active the State must be in regulating various markets so these work well (i.e. businesses compete and remain within the law). See Chapter 4 in Stiglitz (2003), for a recent analysis by an economist who believes deregulation has gone too far.

54. More specifically, this was true during the 1980s and 1990s. In earlier decades, the World Bank often had supported the expansion of the State into new functions. Over the past few years, in the wake of widespread perceptions that structural adjustment and (for former socialist countries) rapid transitions to market economies have failed to deliver sustained growth, the World Bank has tried to adopt a more balanced approach to State-versus-market issues.

55. Essentially, this is the division of tasks recommended by the DHA Report: in the memorable phrase from New Public Management advocates, government should “steer” (i.e. set policy and strategic direction) and private organisations should “row” (manage operations to implement the policy).

56. Rwanda is often cited as an example where structural adjustment shattered an already fragile society.

57. Of course, the fact that there are no solutions which are universally correct does not imply that there are no “solutions” that are universally wrong! Some things simply do not add up and for most issues, particularly in trying circumstances, there are very real limits on the set of viable alternatives.

58. For a common example, international NGOs typically attach greater weight to environment and gender equity (at least in their formal policies) than, say, planning departments in many developing countries who believe growth and poverty reduction should have greater priority.

59. There are few industrialised countries that allow foreign organisations to offer such services. Both government procurement and issues touching on national security are exempt from the trade agreements administered via the World Trade Organisation, and normally mine action would fall within both these exemptions.

60. Again, this is likely to be a bigger issue in demining than in MRE.

61. Developing appropriate contracts for a new field of endeavour, such as humanitarian demining, is far from easy, as the case of Bosnia clearly indicates, but lessons learnt through early trial-and-error are fairly easy to apply and to adapt to other programmes. However, even when the “right” contracts are written, effective quality assurance to enforce performance standards can be difficult in difficult business environments, such as those where corruption is rife.

62. Large contracts were issued to foreign commercial firms for such tasks in Mozambique and Angola (as described by the DHA Report).

63. Of course in environments such as Bosnia and Herzegovina, there may be good reasons for avoiding the competitive channel. But the major benefits from competition are blunted without “creative destruction” — that is, the exit of inefficient organisations so their resources which had been managed poorly can flow to efficient organisations. Propping-up inefficient operators prevents this release of resources to better managed firms. Such half-hearted support of the competitive option implies bearing most of the risks associated with competition in a corrupt environment without garnering the potential benefits in terms of enhanced efficiency. See Banks (2003: 65-70) for an impassioned critique of how funds are distributed by donors in Bosnia.

64. This phenomenon is not, of course, limited to mine action. For example, an assessment of Redd Barna’s (the Norwegian Save the Children) programme in northern Mozambique noted: “*In both Sofala and Manica, the value of [Redd Barna’s] financial and non-financial support is several times higher*

than the entire provincial budgets for social welfare...it is very doubtful that the Social Welfare Ministry will, in the foreseeable future, be able to maintain the scale of operations currently supported by [Redd Barna Mozambique]" (Paterson et al., 1998: 47)

65. ICBL (2003).

66. See Van Ree et al. (2001) and Byrd and Gildestad (2001). In the case of Afghanistan, task assignments are handled by MAPA, so effectiveness in terms of targeting areas that deserve to be the highest priority is not an issue when comparing the relative performance of demining NGOs.

67. Of course, this is a problem that is rife more generally in the international aid field.

68. In Bosnia these are five or more times higher than average wages in the formal sector. A similar situation appears to prevail in the other countries, but we do not have the relevant average wage data for comparison.

69. Like diamonds and romantic love, corruption is a many-faceted thing: for example, experts have distinguished among petty corruption, grand corruption and State capture (M. Schacter and A. Shah, 2001). Ordinary decent corruption would be similar to "petty corruption" except that it includes routine corruption in the private as well as the public sectors (most analyses of corruption focus on public sector corruption alone).

70. This will be true even when all the original organisations and managers are entirely honest so long as there is fairly easy entry of new organisations into the field and there is no mechanism to ensure kickbacks are not being paid (and such a mechanism would be extremely difficult to administer). Dishonest entrepreneurs will enter the field, accumulate hidden profits, and force honest competitors into insolvency.

71. In Bosnia, for example, it is common practice for a successful job applicant to give a month's salary to the individual who informed the applicant that a suitable position was coming vacant. Similarly in Cambodia, "...factory jobs are in such demand that workers usually have to bribe a factory insider with a month's salary just to get hired" (Kristof, 2004). It is a short step from such a common practice to more systematic schemes to kickback salaries to managers.

72. A standard reference on such issues for Africa is Lindauer and Nunberg (1994).

73. For a somewhat different example, and as part of a broader programme to reform the security sector, giving active military units a role in humanitarian demining can help restore citizen faith in a more professional military committed to promoting security rather than the opposite.

74. The DHA Report correctly warned against subordinating mine action to peacekeeping because of the danger that clearance priorities would be dominated by the operational concerns of the peacekeeping mission. There is of course some danger that the effectiveness of a mine action programme could be undermined by subordinating it to the strategic concerns of a reconciliation effort, but this danger can be countered by proper programme design (i.e. clear objectives and a transparent system for setting priorities). As well, as was shown in Kosovo, a mine action programme can always fall victim to overtly political decisions. There, a decision came from on high to recruit deminers for the Kosovo Protection Corps (the organisation created to deal with the residual threat) only from members of the Kosovo Liberation Army rather than from among the trained deminers who had worked with the many demining firms and NGOs active in the province from 1999-2001.

75. Lopes and Theisohn (2003: 29-31) discuss how "ownership" reduces this potential problem.

76. In principal, many of these differences can be bridged by confirming the relevant facts.

77. In many cases, the creation of something resembling a "propitious environment" for, say, local firms and NGOs would be too ambitious a goal. Removing a few serious impediments would be a more realistic target.

78. This would include overriding decisions by mid-level and regional officials who often have great discretion and little accountability, and thus can harass firms and NGOs.

79. In particularly difficult contexts, international agencies such as UNMAS or UNDP will assume temporary responsibility for the MAC and the "national" authority.

80. Lopes and Theisohn (2003: 27).

81. This of course is not a new insight. "*Better to let them do it imperfectly than to do it perfectly yourself, for it is their country, their way, and your time is short.*" (Lawrence, quoted in Schiavo-Campo, 2003).

82. This simple bifurcation assumes a State at least exists. Where one does not (e.g. Kosovo), the international community must of course create interim arrangements.

83. Lopes and Theisohn (2003: 51).

Chapter 3

Commercial firms and non-governmental organisations

Introduction

Officials from both national mine action programmes and donors to these programmes may decide to incorporate local commercial firms and NGOs into their strategies for addressing landmine contamination problems. While a number of considerations may influence these decisions, the likelihood that such a strategy will be successful centres on whether there is a reasonable expectation that these local organisations will perform well.

This of course raises a number of questions: What factors influence the performance of an organisation? How can officials assess whether the factors critical for success are present in a given country? What success factors can national and donor officials influence, making it more likely that local organisations will perform well?

There are no simple answers to such questions. However, approaches do exist to allow decision-makers to survey the political and socio-economic environments in a more systematic fashion to ensure their decisions are adequately informed by the facts on the ground. Because the world is complex, any such approach must be based on a model that focuses on the more significant factors and structures these in a comprehensible manner. Figure 1 on the following page provides a model that is relevant to our current purposes, depicting three categories of factors which influence an organisation's performance:

- the capacities of organisations and their personnel;
- the incentives facing organisations and their personnel; and
- the mechanisms allowing coordination among organisations whose own performance affects — and is affected by — the performance of others.

This model is based on the following facts concerning any organisation we might target for analysis:

- the target organisation must have adequate capacity to perform well but, even with adequate capacity, its performance well may not be satisfactory if...
- it lacks adequate incentives, or faces “perverse incentives” which encourage undesirable behaviour; or...

- if there is inadequate coordination with other organisations whose own performance (or lack thereof) inhibits that of the target organisation.

The issue of coordination is particularly important when examining the roles played by various organisations within a mine action programme. All the organisations involved in a mine action programme can be considered a “task network” (with the common task being to address the problem of landmine and UXO contamination). The role played by local firms and NGOs, and their performance, is significantly influenced by the performance of the mine action centre and by others such as government officials involved in determining priorities, other mine action organisations (e.g. international NGOs), and donors who often determine or influence which organisations receive funds and on what terms.

Figure 1 - Determinants of organisational performance

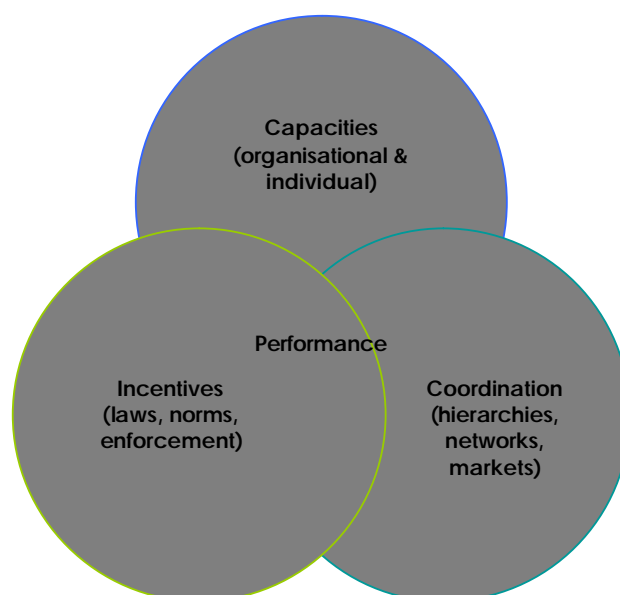


Table 1 below lists some elements within each category of performance factors:

Table 1. Performance factors

Capacities	Organisational objectives, Staff knowledge, skills, and experience, Intrinsic motivations of managers and staff, Systems, policies, and procedures.
Incentives	General legal framework (constitution and legal codes), Specific laws governing the formation and regulation of firms, non-profit organisations, etc., plus mine action legislation, Socio-cultural norms of behaviour, Enforcement mechanisms for laws, regulations, and norms.
Coordination	Regulatory authority and capacity of key mine action entities (national authority, MAC, etc.), Standing operating procedures for the mine action programme, Contracting mechanisms for mine action (competitive bidding, sole source contracting, direct grants from donors, etc.), Mechanisms for linking with organisations outside the mine action programme (government, development agencies, communities, etc.).

The remainder of this chapter centres on the elements that establish the basic “incentive framework” (laws, regulations, social norms, and the means to enforce these) for local firms and NGOs in a country, and on the key differences between firms and NGOs which may affect their respective capacities and behaviours. Chapter 4 then focuses on the field of mine action, looking at:

- how various programmes have in the past encouraged or discouraged the involvement of local firms and NGOs (e.g. by altering the incentive framework or through more direct efforts at capacity building);
- how the efforts of local firms and NGOs have been coordinated with those of other mine action organisations.

This is followed by the case studies of Afghanistan, Bosnia and Herzegovina, and Mozambique.

Basic differences between firms, NGOs, and others¹

In the most basic terms, the core difference between business firms and NGOs is that the former seek to earn profits, but the latter do not. This seemingly simple distinction omits some tricky details, some of which are of fundamental importance as they affect the performance and, more generally, the behaviour of the organisation.

Box 2. Surplus and profit

It is a common and damaging misconception that NGOs and other not-for-profit organisations must operate to break even financially and that, should their income exceeds their expenses in a given year, they have improperly earned a “profit”.

Surplus is the general term for the excess of an organisation’s income over its expenses for a period of time. Profit is a specific type of surplus — one that is “appropriable” or owned by legal individuals (real persons or legally established organisations). A profit-seeking organisation operates with the intention of earning surpluses that will flow, ultimately, to the owners, which means these surpluses are profits. A not-for-profit organisation may earn surpluses, but these cannot be taken by or used to benefit those people closely connected to the organisation such as the founders, members of the board, managers or employees. (Typically, the payment of reasonable salaries and the reimbursement of work-related expenses are allowed.) Instead, any surpluses generated by or flowing to a not-for-profit organisation ultimately must be used for the “good purposes” for which the organisation was established.

Most not-for-profit organisations that provide significant benefits to the general public, such as local demining NGOs, must accumulate surpluses over time if they are to be sustainable and able to operate efficiently. These accumulated surpluses are needed to provide working capital (e.g. to pay deminers, purchase insurance, and rent equipment before the NGO receives payment for its demining), to save enough funds to replace vehicles and equipment every few years, and to cover the organisation’s legal obligations in the event that it must wind-up its affairs (severance payments to employees, remaining months of rental agreements, etc.). Thus, for many not-for-profit organisations — including local demining NGOs — it would be irresponsible not to manage their affairs so as to earn a reasonable surplus each year and to accumulate adequate financial reserves over time as may be required for efficient operations and to meet statutory requirements on dissolution.

This distinction between surplus and profit appears to be unclear to regulatory officials in many countries and to some donors. This can lead to some unnecessary financial subterfuge: as one administrator of a Bosnian NGO put it, “*we are required to end the year at zero, but there are positive zeros and negative zeros*”.

First, the term “profit” is itself fraught with complications, particularly when one tries to determine whether an entity has earned a profit and to quantify this amount.² The most important issue for our purposes is, however, the distinction between “profit” and “surplus of revenue over expenditures”, which is explained in the text box *Surplus and profit*.

The mistaken assumption that not-for-profit organisations cannot earn surpluses and accumulate financial reserves over time leads directly to another common, but incorrect and damaging assumption that is prevalent in the international development field — that business firms are somehow “sustainable” while NGOs are not, because the latter are dependent on government funding. However, a business firm which depends almost entirely on contracts with governments (which is true for many firms that specialise in the health and defence industries, as well as the international development field) is also vulnerable should the government cease funding those activities in which the firm specialises and can compete.

For example in the mine action field, if governments in rich countries stopped funding demining in poor countries, the international demining NGOs would certainly suffer, particularly those which specialised in mine action (e.g. MAG and HALO Trust) which would probably be in greater jeopardy than those having a “diversified portfolio” of expertise (e.g. Handicap International and NPA). But the same is true for demining firms: they would all suffer from the collapse of the demining market, and most of those specialising in demining alone would probably cease to operate.

Indeed, at first glance the evidence from organisations active in the mine action field suggests that at least some of not-for-profits have proved they are sustainable, while commercial firms have not yet done so. The International Committee of the Red Cross (ICRC) has been in existence since 1862, and Save the Children since 1919. What commercial firm active in the mine action field (other than some of those which “contribute” to the field by making landmines and other munitions) can point to such longevity?

Thus, the core difference between firms and NGOs is not whether they can earn and accumulate financial surpluses, but whether such surpluses can ultimately be taken by individuals or must be used to promote the welfare of the organisation’s members or intended beneficiaries. This often has implications on the incentives facing the people working in firms as opposed to NGOs, but these different categories of organisations are also thought to attract different types of people in terms of their intrinsic motivations. Any organisation can be successful if it offers the types of incentives which appeal to the intrinsic motivations of the people working for it. There are NGOs which have done this successfully, as there are firms.

Secondly, it is important to be aware that there are distinctly different forms of organisations seeking profits. People are most familiar with business firms which have “owners”: for such organisations, claims on any profits accrue to the owners in proportion to each one’s share of ownership. However, cooperatives³ may also seek profits which are then distributed equally among the members of the cooperative, even though some members may have invested more time or money in the cooperative than others.

Different types of profit-seeking organisations

“Corporations have neither bodies to be punished, nor souls to be condemned...”
Edward, Lord Thurlow, Lord Chancellor

The general case

Business firms which seek to generate profits for their owners are the dominant feature in the economic landscape in most countries. There are, of course, many different types of such businesses. The majority are probably unincorporated; that is, not created under a law which gives the firm a separate legal existence distinct from its owners. Thus, even advanced market economies feature many unincorporated sole proprietorships in which the firm and the owner are, from a legal standpoint, one-and-the-same.

Box 3. Why do business firms exist?

Business firms are legal organisations that facilitate a pooling and coordination of efforts among individuals with diverse assets and skills. This allows more resources to be brought to bear to undertake larger tasks. In theory, however, many individuals could coordinate their activities to undertake larger endeavours by agreeing to contracts among themselves as equals through “market exchange” (usually just termed the market). Why should firms exist at all? Their prevalence suggests that organising as business firms offers some general advantage relative to individuals freely contracting through the market.

In practice, working out contracts and monitoring everyone’s compliance with each of their contracts takes a great deal of time, as does enforcement of these contracts should an individual fail to deliver what was promised. Collectively, the costs of writing, negotiating, monitoring, and enforcing contracts are termed “transactions costs”, and the existence of these makes it more efficient in many cases for individuals to band together in a more durable relationship, such as a business firm.

For example, people will sign “employment contracts” which define their duties in broad terms and typically are meant to last for months or years. Thus, firms do not eliminate transaction costs entirely, but they can significantly reduce these. Indeed, the ability to reduce transaction costs is the core advantage offered by firms. (Other advantages accrue once a firm exists, but these cannot explain why firms come to exist in the first place.)

Employment contracts also define lines of authority, with every employee being a subordinate to someone with superior authority, culminating in the owner. Thus, what military officers term a “command-and-control structure” is defined: in economic language, a hierarchy of superior-subordinate relations replaces the contracting among equals that characterises the market. Thus, business firms of any real size are essentially command-and-control structures: internally they operate by “central planning” even though in their external relations they compete in markets.

Firms have essentially the same strengths and weaknesses of a centrally planned economy. As firms grow in size and complexity, the additional costs associated with central planning (e.g. separation of top managers from their customers and suppliers, and inabilities of managers to make sense of increasing amounts of information) eventually grow to equal the additional benefits stemming from the reduction in transaction costs, and further growth begins to erode the firm’s ability to compete successfully in the markets for its goods and services.

But sole proprietorships are limited in what tasks they can undertake, and many endeavours require more people (who typically will perform different types of tasks to garner the gains from specialisation) and more money (or “capital”) than a single

individual can muster. While in theory, individuals could coordinate their activities through contracts among themselves, in practice managing multiple arrangements in this manner is far more cumbersome than creating an organised hierarchical structure. (See Box 3). Thus, “organisations” — groups of people working together in pursuit of a common objective — are formed under the law. Of course, many different types of legal businesses might conceivably be formed and, as economies (and societies more generally) have grown more complex, different types of profit-seeking enterprises have evolved. In simple numerical terms, most businesses have a small number of owners, such as family-owned firms and partnerships, in which the partner-owners also manage the business.

However, most of the world’s best known firms are large limited liability corporations, in which there are multiple investors whose ownership rights are signified by “shares” (thus, the owners are termed shareholders) and whose potential losses are limited to the value of their shares (thus, “limited liability”), which will become worthless should the firm fail. As it is impractical for large numbers of owners to make decisions collectively, professional managers are hired and their work is monitored by a board of directors whose members are elected by the shareholders.⁴

Although firms with owners are by far the most common type of business operation in most countries of the world today, in many places cooperatives are an important feature of the economic landscape⁵ and, in the recent past, there have been a few countries in which the cooperative form of organisation has predominated. Most critical for this study was the Socialist Federal Republic of Yugoslavia before its break-up in the 1990s, where the business environment was based on the concepts of “market socialism” and “self-management”. Together, these concepts meant that Yugoslavia’s cooperative enterprises behaved differently than firms owned by private investors.

Market socialism meant competition in the product markets (i.e. goods and services sold to final consumers or to other organisations) was encouraged, but enterprises were “socially-owned”, with their assets owned by society at large rather than by private individuals (capitalists) or by the State.⁶ Self-management meant that enterprises were “labour-managed” (in principle, run by workers councils, although in practice the key decisions were made by managers selected by workers councils from among candidates acceptable to the political directorate). Assuming managers make decisions in the best interests of the workers who elected them,⁷ such enterprises would be operated to maximise the welfare of their workers. Thus, labour-managed firms have different objectives than do “normal” firms with owners: the latter try to maximise total profits for the owners, but a labour-managed firm tries to maximise the average benefit per worker.⁸ Because the two types of firms have different objectives, they will behave differently in at least some situations.⁹

Implications for mine action

This seemingly modest insight has potentially important implications for mine action programmes. For example, donors might create a competitive process for awarding demining contracts, assuming that local firms would behave the same as “normal” firms. This may not be a correct assumption in countries which have a tradition of labour-managed organisations.

The same insight holds true for NGOs. Unless one knows an NGO’s “true” objective, one cannot predict very well how that NGO will behave in a specific situation. The case study on Bosnia and Herzegovina suggests that a number of the local mine action

organisations (both commercial firms and NGOs) operate as if they were labour-managed firms with — in at least one instance — unfortunate implications for donors.

Box 4. Akcija Protiv Mina (APM)

In 1997, Denmark provided Handicap International (HI) with a DM 2 million grant (US\$ 1 million) via UNDP to establish a local mine action NGO in Bihac, Bosnia. APM registered with authorities by May 1998, followed by the handover from HI to APM managers (HI continued with technical assistance).

APM has a community focus and undertakes any mine action activity (MRE, marking, as well as demining) required to render the target community secure. As such, it attempts to raise donations for the organisation's overall budget rather than taking contracts to clear a certain area. Most of the donations are made via HI, which then negotiates an annual agreement and budget with APM.

APM and HI have had repeated disagreements, which appear to stem from the composition of APM's membership and board of directors. Seventy per cent of members are employees and others are relatives. The nine members elected to the board are all employees. The board has refused to adopt measures which the managers — and the HI advisers — considered necessary to reduce costs to a level consistent with funding. This prompted the resignation of the manager. HI refused to sign an annual agreement for 2002-03 and continued the partnership on a month-to-month basis. It set conditions for a renewal of the partnership and funding, including changes to the board executives and the employment of a qualified manager.

The organisation was in crisis at the time of the field mission for this study (July 2002). Mine awareness and community liaison specialists had been laid off and half the deminers had been placed "on standby", with the rest working on a task in Sarajevo (which subsequently led to an accident and injuries to deminers). Meanwhile, an evaluation conducted shortly afterwards by its major donor concluded that APM had become "a successful, self-sustaining NGO no longer dependent on donor grants!".

The importance of a "propitious business environment"

"Mostly, we are good when it makes sense. A good society is one that makes sense of being good."

Ian McEwan

The general case

It seems that every report written since the mid-1980s on developing countries has included the phrase "propitious business environment". This often was used to signify the need for governments to make it easy for businesses to register (ease of entry) and to operate free from undue harassment by government officials (lack of corruption). Often the phrase "rule of law" was also invoked, usually to emphasise that government officials were not above the law, which is critical if government corruption is to be curtailed.

However, this is an extremely impoverished vision of what a propitious business environment should signify. While ease of entry for firms and freedom from rampant corruption by government officials are indeed necessary if private businesses are to provide the engine of growth for an economy, development requires that business is good for society as well. Markets in developing countries (and in economies making the transition from socialism) do not function as well as those in developed countries. In many cases, the biggest problem is indeed "government failure" in the form of

inadequate laws and an underpaid civil service whose members then resort to corruption to make ends meet, and through government's direct involvement in most segments of the modern economy, stifling private initiative.¹⁰ These problems must be addressed as a precondition for sustained development.

However, markets in developing countries are also prone to monopolisation and to "supply side" corruption by businesses seeking to avoid quite reasonable health and safety standards, tax provisions, and the like. Also, many a business has been established in many a country with the express purpose of defrauding investors or to provide a legal cover for illegal activities. Such "market failures" must be corrected by government actions — the enactment and enforcement of appropriate laws and regulations so that business firms on average promote, rather than detract from, general welfare in the country.

Consider the dominant form of modern business enterprise: limited liability corporations. In exchange for the protection of "limited liability" for their owners, such corporations in advanced market economies must meet fairly stringent legal obligations in terms of providing accurate information on the firm's financial health. This information is needed so suppliers, banks, etc. can determine whether a firm is bone fide and financially healthy, so it is reasonably safe to do business with it. It is common, for example, for laws to specify that the financial accounts of a corporation be subject at least annually to an external audit, conducted by an independent licensed professional in accordance with generally accepted accounting principles or standards.

Further, when such a corporation wants to sell its shares widely to attract investments from the general public (as opposed to a narrow group of "insiders" such as family members), it faces even more stringent legal obligations concerning publicly available financial information. In other words, if a firm wants the right to sell shares to people who cannot be expected to have special expertise on the individual firm or even the industry it is in, it must be more transparent so "outsiders" (such as the general public) will not be easily defrauded by "insiders" (such as the managers).

It should be clear from the discussion to this point that a modern capitalist economy depends on a sound system of corporate laws and on ways to regulate business activities or to enforce these regulations so that the public can trust that the information issued by corporations will be accurate and reasonably complete. Where such systems of legally specified and enforced standards break down (as "the crooks get smarter" or due to poorly conceived deregulation¹¹) insiders can easily defraud outsiders. Knowing this, reasonable people will be wary of large dealings with others unless there are additional, non-economic bonds between them to instil trust.¹²

The business environment is, of course, far worse in most developing countries and transition economies. In many cases, the modern business sector was until recently dominated by State-owned enterprises and the government did not have to be particularly concerned about the behaviour of private businesses. However, under pressure by international donors to reduce the government's direct involvement in matters which could, in theory, be handled by the private sector, governments privatised many State-owned enterprises. In most cases, however, they were not required to, and did not, put in place the sophisticated laws and mechanisms necessary to regulate privately-owned businesses. The result often was decidedly unpropitious, with most of the country's citizens left in far worse economic straits than before the "reforms".

The disastrous privatisation effort in Russia is the best known example this type of failure.¹³ However, the business environments in many countries — including many of those with large mine action programmes — are extremely inhospitable, at least to firms that wish to operate legally. For example, the annual index of perceived corruption prepared for 2003 by Transparency International ranks Angola as 124 out of 133 countries (with the top ranked country being perceived as least corrupt); Mozambique is tied with Russia at number 86, while Bosnia and Herzegovina was ranked number 70.

Cambodia and Afghanistan were not included in the Transparency International rankings, which usually signifies there are almost no legitimate foreign investors sufficiently interested in the country to get an assessment on the level of corruption. Moreover, 2003 was the first year that Bosnia was included in the annual rankings, and Bosnia has benefited in hundreds of millions of dollars in capacity development assistance since 1996 to improve its business climate. As recently as 2000, the General Accounting Office (GAO — the “supreme audit institution” in the US responsible for auditing government operations) had concluded that these investments had failed to deliver observable benefits.

“Endemic crime and corruption is impeding the successful implementation of the economic, political, and judicial reform goals of the Dayton Peace Agreement... Numerous assessments have also concluded that the institutional structure for law enforcement and public accountability continues to be inadequate, precluding successful prosecution of government fraud, corruption, and complex white-collar crime... Bosnian, international, and U.S. anticorruption and judicial reform efforts have achieved only limited success in reducing crime, corruption, and political influence over law enforcement and judicial systems...”¹⁴

The report came to the startling conclusion that crime and corruption in Bosnia was so pervasive that the US should consider ending its assistance to the country.

“Because senior Bosnian officials have not demonstrated the will to address the problem of crime and corruption and work toward a society based on the rule of law, we are recommending that the Secretary of State reassess the strategy for providing assistance to Bosnia. Such a reassessment should consider making changes in the type and amount of assistance provided, including the possible suspension of assistance ...”¹⁵

Implications for mine action

It should be clear that countries such as Afghanistan, Angola, Bosnia, Cambodia, and Mozambique have corrosive rather than propitious environments for business. Most donors require some competitive process before awarding contracts to profit-seeking firms, but donors need to be particularly wary of placing their trust in competition in corrosive business environments. When local businesses are eligible to bid, donors should be aware of the difficulty in distinguishing legitimate businesses from those established by unsavoury elements to provide a modicum of legal cover for their corrupt or otherwise criminal activities. Such firms may also be part of the type of ethnic-political-criminal nexus that arises out of war economies and endures in the post-conflict period.

Less serious, but perhaps even more prevalent, are the standard commercial risks faced by those awarding contracts. All the countries covered in this study and in the

earlier DHA Report have very weak mechanisms for contract enforcement. Thus, if a local firm fails to perform adequately, there may be no adequate legal remedy. For example, data collected by the World Bank shows that enforcing contracts through the courts generally is a lengthy and complex process: in Angola about 2.4 years, Bosnia 1.7 years, and Mozambique 1.5 years. Processes are far shorter in Cambodia (less than one year), but are extremely costly, at least when assessed in local terms. Finally, if countries with cumbersome justice procedures are also corrupt — as the surveys from Transparency International suggests is true for the ones with which we are concerned here — then there is little guarantee that a court’s decision will be based on the evidence.

Table 2. Delays in enforcing contracts

Enforcing contracts	Angola	Bosnia	Cambodia	Moz.	OECD avg.
No. of procedures	46	31	18	18	17
Duration (days)	865	630	210	540	233
Cost (% avg. income)	15.7%	21.3%	268.5%	9.1%	7.1%

Source: The World Bank “Doing Business” website, ru.worldbank.org/doingbusiness.

Representatives from donor agencies that support mine action might take heart in their countries’ broader efforts to strengthen the rule of law, and hope the environment will improve fairly quickly. The GAO findings cited earlier for Bosnia suggest however that significant changes are hard to come by and trickle in slowly, even when massive amounts of donor funds and energies are applied to this task. More broadly, a recent survey of institution-building in post-conflict countries found *“In practice, little is known about the sustainable implementation of legal and other institutional reforms in poor countries.”*¹⁶

Unfortunately, such difficult environments allow no simple solution which is not encumbered by its own set of risks. In cases such as Mozambique and Bosnia, the response of some donors was to rely principally on foreign firms. Contracts often were issued directly by bilateral donors to firms from their own country, a process that can greatly complicate coordination of the overall programme (contractors show allegiance to “their donor” rather than to the mine action authorities or MAC) and, as experience in both Bosnia and Mozambique show, can easily deteriorate into broader mercantilist squabbles among the donors, who are prone to “capture” by the firms from their own countries.¹⁷

For more open competitions, the strategy was to issue tenders through international agencies (such as the UN) or in accordance with the standards established by the World Bank for competitive bidding.¹⁸

In the case of Mozambique, the principal rationale for this was the need for firms with the capacity to mobilise rapidly and, in some cases, to import specialised assets. As it turned out, the UN agency responsible for issuing the largest tender was roundly attacked by donors from countries whose firms were left off the initial short list.¹⁹ The situation was resolved only after a considerable delay, and the resulting bad blood among donors further compromised efforts at formulating a coherent approach for the country’s mine action programme.

In Bosnia the competitive tenders were issued initially by project implementation units (PIUs) established in the two entities to administer the World Bank’s Emergency

Landmines Clearance project, following the Bank's rules for competitive bidding. Tenders were open to both local and international firms, but pre-qualification requirements for prior experience and financial capacity meant that only international firms could qualify during the initial year.

As described in the Bosnia case study, an investigation found that these rules were soon breached (reportedly by an international firm), following which the US withdrew its money from the project and awarded the contract directly, without further competition. Subsequently, the project was terminated early by the Bank, although the reasons for this decision have not been made public. Shortly thereafter, the three Demining Commissioners were removed from office by the High Representative (the international community's proconsul in the country following the Dayton Peace Agreement) for conflict of interest.

Thus, the experience of the mine action community in using for-profit firms — international as well as local — is far from unblemished. Further, a recent cross-country analysis concludes that international firms may not, in general, be a remedy for corrosive business environments; indeed, the evidence suggests that free entry of international firms tends to magnify the problems in such situations:

*“In misgoverned settings, rather than importing higher standards of governance, FDI [foreign direct investment] firms would appear to magnify the problems of state capture and procurement kickbacks ... as ‘local’ FDI with joint venture partners tend towards state capture, while ‘multi-national’ FDI is more likely to rely on more focused procurement kickbacks ... these forms of corruption generate substantial gains to FDI firms, thereby challenging the premise that these firms are coerced...”*²⁰

This is not to suggest that all or the majority of firms, whether international or local, engage in corrupt practices. The problem of course is how to distinguish in advance which firms are corrupt. Again, the evidence suggests that donors have been unable to “pick winners” on a consistent basis.¹⁵ A recent meta-study on the effectiveness of direct support for local private firms provided by both local governments and donors concluded:

*“Where available, impact evaluations suggest that the performance has been mixed at best. The evidence indicates that active intervention does not work unless the basic environment for private sector development is sound. Public policy thus needs to focus on creating an enabling environment, key elements of which include a sound legal and judicial system which supports low-cost contract enforcement, good infrastructure, a policy playing field which is level in terms of ease of registration, taxes and investment incentives for all enterprises—large and small, domestic and foreign.”*²²

It should be apparent that there are always risks of corruption and other types of undesirable performance in the absence of a propitious business environment.

The conclusion here is that active intervention (provision of credit, technical assistance, and training) is not in general successful in developing local firms which perform capably in the desired way. However, as we saw earlier, there is little evidence that donors are successful in promoting a propitious business environment in the absence of strong commitment by the local government. We may conclude that, when the local government is strongly committed to reforms designed to enhance the developmental impact of businesses in general, many improvements are possible with donor assistance.

Unfortunately, mine action programmes — and most of the larger programmes — are in countries whose governments have exhibited little commitment to strengthening the business sector (and, in some cases, to enhancing development itself). A reasonable strategy for donors in such instances would be to focus their capacity development efforts on those things which (i) create a favourable environment within the mine action programme (e.g. clear strategy, capable MAC) and (ii) help insulate the mine action programme from the corrosive environment extant in the country as a whole (e.g. transparent system for setting priorities, strong system for quality assurance).

Not-for-profit organisations

Non-profit organisations are both ubiquitous and varied. A recent study found that:

“...non-profit-type institutions exist in widely divergent cultural and social settings in virtually every part of the world. What is more, they are hardly only recent creations imported into these societies from the outside. To the contrary, they have deep indigenous histories and roots. This is not to say that the embodiments of the non-profit sector are identical from place to place. To the contrary, they often differ markedly.”²³

Box 5. What explains the size and importance of the non-profit sector?

Like business firms, not-for-profit organisations (NFPOs) exist to lower transactions costs for individuals trying to promote common goals. However, there is no commonly accepted theory to explain how numerous and important they are in any particular country. Some academics have emphasised “demand-side” explanations. NFPOs provide goods and services that profit-seeking firms will not produce for people as consumers (so called, “public goods”^{a)}) but which the government does not provide to its people as citizens (perhaps because the cost is too great, because large bureaucracies are not effective at delivering these particular goods and services, or because the government is unresponsive).

Other observers have emphasised “supply-side” factors to encourage “Not-for-profit entrepreneurs”.^{b)} All things being equal, if it is easier to form an NFPO (e.g. citizens’ right to organise is recognised, registration is simple and inexpensive) then their number will be larger. As well, if at least some NFPOs such as “charities” are given special legal privileges (no taxation, the ability to issue tax receipts to donors, etc.), one would expect an increase in that type of NFPO. One recent study of transition economies found that “NGO growth in all countries responded positively to better communications infrastructure”.^{c)} This would allow people with similar concerns (say, advocates for a landmine ban) to connect and organise more readily, thus increasing the supply of NFPOs.

Researchers at the Center for Civil Society Studies (www.jhu.edu/~ccss/) have suggested that neither demand- nor supply-side theories can explain the fact that there tend to be many more NFPOs in countries with governments which are large relative to the economy and population. For example, demand-side approaches suggest there will be more NFPOs where governments fail to provide public goods in adequate quantities and qualities, but larger governments presumably are providing more public goods, so why are NFPOs more numerous in countries with such governments? Their “interdependence theory” is that government is a partner to non-profits in the provision of public goods (i.e. contracting with non-profits to deliver public services — mine action services for example).

However, the same group of researchers have advanced a “social origins” theory, which views the non-profit sector as deeply “embedded” in the social, economic, and political fabric of a country. Its importance and evolution cannot be attributed to any single factor, such as unsatisfied demand for public goods or the supply of

non-profit entrepreneurs.^{d)} The authors suggest grouping countries into broad categories such as: liberal (small government with large non-profit sector), social democratic (large government with small non-profit sector), statist (both sectors small), and corporatist (both sectors large).

This view is probably more in line with the complex set of factors underlying the role of the non-profit sector in any particular country. But while it avoids oversimplifications, it makes it difficult to develop policy recommendations without first having a thorough understanding of the country at issue and how it operates.

a) **Public goods** are goods and services for which “exclusion” is neither feasible nor desirable. Exclusion is the ability to exclude individuals who do not “deserve” the good (e.g. they have not paid for it) from enjoying its benefits. But with some things (the classic example being national defence) it is not possible to exclude individuals — adequate national defence for one resident implies all residents will benefit from the security provided. Firms will not provide goods when it is not feasible to exclude individuals: people would know they will benefit regardless of whether they pay their fair share, so no one will pay and no firm will produce the good because they won’t be paid. Governments can supply the good because they have coercive power to tax citizens to pay for the public goods.

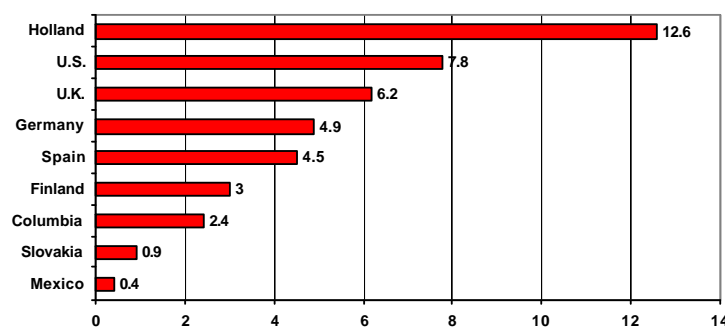
b) Glaeser and Schleife (1998).

c) Zinnes and Bell (2002: 16).

d) Salamon *et al.* (2000).

There is no widely accepted theory that explains the number and importance of not-for-profit organisations in any particular country (*see Box 5*). It is clear from recent research that the non-profit sectors differ markedly from country-to-country. For example, Figure 2 depicts the importance of the sector in terms of non-agricultural employment in different countries.

Figure 2. Non-profit as % of non-agricultural employment



Source: Salamon *et al.* (2000: 3).

While in the above list it is the wealthier industrialised countries that have the largest non-profit sectors, NFPOs are also extremely active in some developing countries. In India, for example, various directories list a total of about one million NFPOs.

The difficulty in developing theories concerning the size and importance of NFPOs is due in part to the fact that various organisations in the non-profit or “Third Sector” play so many diverse roles — Chinnock and Salamon²⁴ for example, list the following roles played by NFPOs:

1. **Service:** Because of its non-profit-distributing character, the non-profit sector can be expected to provide services which involve some “public” or collective character, such as health services, education, personal social services, and cultural services of various kinds. When all three types of organisations (businesses, government, non-profit) are active in a field, the non-profit providers

would need to have a comparative advantage in one or more of the following: *higher quality, greater equity, lower cost/higher efficiency and specialisation.*

2. **Innovation:** Because they are not driven by the “bottom line,” NFPOs are also potentially more flexible than other types of organisations and more able to take risks. As such they can be expected to identify unaddressed issues and focus attention on these, formulate new approaches to problems, and generally be innovative in the solution of societal problems.
3. **Advocacy:** Because they are not beholden to the market and are not part of the governmental apparatus, NFPOs can also be expected to push for changes in government policy or in societal conditions. These organisations may be in a position to serve as a link between individuals and the broader political arena to bring group concerns to greater public attention and to push for policy change.
4. **Expressive and leadership development roles:** NFPOs also potentially perform a broader role as vehicles for individual and group self-expression (ethnic and religious heritages, occupational interests, shared hobbies, musical concerns, etc.). In addition, because they offer vehicles for individual self-expression, NFPOs encourage leadership development.
5. **Community-building and democratisation roles:** NFPOs encourage social interaction, helping to create habits of trust and reciprocity that in turn contribute to a sense of “community” and to build what is termed “social capital”. These have been credited with encouraging both economic growth and democratisation, each of which requires extensive bonds of trust in order to flourish.

Implications for mine action

In the mine action field, it seems clear that not-for-profits have played a number of the roles listed above, at least at specific times and in certain places. Clearly they play a service role when providing mine action services, which often deliver benefits of the public goods nature. For example, after clearing a community path to a water point, exclusion of some community members generally is neither possible nor desirable. Indeed, troubles can arise when the service is not perceived as a public good by members of a community.²⁵

NFPOs have also been responsible for important innovations — including, arguably, in creating the modern field of mine action itself. They also have been at the forefront of the international advocacy campaign for a treaty to ban anti-personnel landmines²⁶ and in continuing mine ban campaigns in countries from all parts of the world. This advocacy role can itself represent an important breakthrough in public expression and democratisation in countries which have suffered from repressive governments. Also, local mine action NGOs, where they are well-managed and avoid perceptions of favouritism within ethnically divided countries, can play a community building role.

However, from the evidence in our case studies, it appears that local mine action NGOs have largely been content to play a public service delivery role. Except in Afghanistan, where they are among the largest and most visible modern organisations in the country, the local mine action NGOs are largely unknown domestically, even within the country’s NGO community. They do not raise funds in any significant amount from local public donations. They do not put themselves forward as exemplars of community building to heal ethnic divisions. Indeed, in Bosnia most of the local demining NGOs are somehow affiliated with one of the main ethnic groups by design²⁷

or because their operations are largely restricted to areas surrounding specific centres which are populated predominately by one of the three ethnic groups.²⁸

Of course, there is nothing essentially wrong with an NGO focusing on a public service delivery role, and the evidence from our case studies suggests that local NGOs which do so can operate as safely and efficiently as any other demining organisation. However, a tight focus on operational matters means there is little to differentiate local NGOs from local firms — they are both competing for funds (mainly from foreign donors) on the basis of value-for-money.

Given this, one can fairly ask the question: would it make much difference to anyone if, say, all the local demining NGOs in Bosnia, Mozambique, or even Afghanistan were reincorporated as local firms (or vice versa)? Indeed, the argument could be made that the main “beneficiaries” of these organisations having a not-for-profit legal status may be officials in donor agencies who, in general, face much less paperwork when awarding grants to NGOs than managing competitive tenders open to commercial firms.

Alternative legal forms of not-for-profit organisations²⁹

Given the variety of roles played by NFPOs, it should not be surprising that at least some countries recognise a number of different legal forms of such organisations. For example, there are over ten laws³⁰ in Pakistan³¹ through which non-profit organisations can be registered or legally recognised, and most of these are administered by provincial governments which can “*create or alter rules to suit their own purposes*”.³² At the same time, each of the laws restricts the organisations to a comparatively narrow range of activities, and Pakistan has no concise legal definition of a “non-profit organisation”.³³

While all NGOs are, by our definition, not-for-profit organisations, not all non-profit organisations are NGOs. One key distinction which is often made is between those non-profits which seek to provide benefits principally to their own members versus those trying to benefit society as a whole, or a major segment of society (such as the poor). NGOs are part of the latter group, while the former includes sports teams, school orchestras, hobby groups and fraternal societies.

A second important distinction is whether the organisation is legally registered or not. An NGO must be legally registered and, thus, is subject to the provisions of whatever laws under which it has registered. In most cases, such registration provides an organisation with a separate existence under the law, distinct from its members or officers. In most countries there are far more organisations which are not legally registered, including most community-based organisations (CBOs), which NGOs may work with in development or community self-help endeavours.

Another critical feature of an NGO (at least for most observers) is that they are autonomous from government. Governments can create not-for-profit entities separate from the public service to discharge various functions. (In Britain, these are termed “quangos”, short for quasi-non-governmental organisations.) The principal advantages of doing this include:

- the entity can be managed without adhering to the often cumbersome rules governing the civil and military services;
- it can be somewhat insulated from overt political influence by, for example, appointing businesses people and eminent citizens to the board.³⁴

Because NGOs are typically thought to be independent, many observers would exclude political parties and non-profit subsidiaries established by political parties from the ranks of NGOs. Most observers would also draw a distinction between NGOs and religious bodies such as churches, mosques and synagogues. Religious bodies may, of course, establish NGOs, but the principal purpose of such “faith-based” NGOs is to benefit others,³⁵ not to meet the spiritual needs of their members or to proselytise.

There are two other types of non-profits which are important in the world of international development (and some of which are considered NGOs by at least some observers): trusts and foundations. A trust is created when someone places an asset (e.g. a sum of money or a building) in a distinct legal entity under the control of “trustees” whose decisions are legally bound to be consistent with the purpose designated when the trust was established. Trusts are often used for “tax planning” (i.e. to reduce taxes payable), but they can also be used to ensure an asset is used to benefit, say, the general public or a community. Thus, a wealthy benefactor could leave a piece of land to be used as a nature conservatory, and the trustees would not be able to sell it to be used for a weapons testing facility.

A foundation is a legal mechanism for taking donations and managing these to give financial support to a good purpose (a school or hospital, to support scholars from developing countries, etc.), usually on a permanent basis. For example, a foundation could be established to pay for prosthetics for landmine victims.

Thus, most countries make legal provisions for not-for-profit organisations to serve a wide variety of purposes. Interestingly however, few countries have legal provisions for something called a non-governmental organisation.³⁶

Non-governmental organisations

Discussions of the roles of NGOs are complicated by the fact that there is no commonly accepted definition for the term “non-governmental organisation”. In most cases, the writers simply note their own definition and press ahead. However, given that this report examines the creation both local NGOs and profit-seeking business firms and their respective roles in mine action programmes comparing them to each other and vis-à-vis alternative types of organisations (State, military), some preliminary discussion is warranted concerning the origin and meaning of the term “NGO”, and how this meaning has evolved over the decades.

A short history of NGOs

The phrase “non-governmental organisation” was coined first in UN conferences of the late-1940s.³⁷ It referred simply to organisations which were not part of the UN or the government apparatus of a UN member State; a definition that would embrace entities that most observers today would not lump into the category, such as profit-seeking businesses. More commonly, NGOs are viewed as part of the non-profit sector, excluding both conventional businesses and profit-distributing cooperatives.

The term then gained currency within international aid circles to describe independent not-for-profit organisations from the wealthy industrialised nations in the “North”, which provided (initially) humanitarian aid³⁸ and (later) developmental assistance in poor countries of the “South”.³⁹ As similar development-oriented organisations became increasingly common in some developing countries, these too came to be termed

NGOs. Thus in 1992 a UN committee outlined six defining characteristics of NGOs — which are:

- service-and-development oriented,
- voluntary,
- non-profit,
- autonomous from the government or political parties,⁴⁰
- having a high degree of motivation and commitment, and
- some form of formal registration.⁴¹

Today, the term often is used more broadly still in referring also to organisations that may not be involved in the provision of aid, including advocacy groups active in fields such as human rights, disarmament, democracy and trade policy, and to many independent not-for-profit organisations established in the so-called “transition economies” in Eastern Europe and the former Soviet Union.

The expansion in the meaning of the term NGO mirrored an explosion in the numbers of non-profit organisations in all regions of the world, beginning with “Northern” NGOs based in the wealthy industrialised countries. In the 1980s, many donor nations began to channel increasing amounts through NGOs from their own countries.⁴² In part this was due to growing disillusionment with the “State-led” strategies which had dominated development thinking to that point,⁴³ but it also resulted from high profile humanitarian emergencies — in particular the Ethiopian famine of the mid-1980s — which resulted in far greater public awareness of the NGOs responding to these emergencies.

Many NGOs capitalised on this increased attention to launch campaigns against the perceived excesses of “structural adjustment”, the dominant development strategy of the time. Structural adjustment programmes were often imposed on poor countries needing financial infusions from the IMF and World Bank. Such programmes sought to reduce the direct involvement of the State in the economy and to promote private sector development, but in many cases the programmes failed to reverse the country’s economic decline and harmed poor people who had previously benefited from government subsidies, as well as public sector and State enterprise workers. The vacuum left by government cutbacks was not in general filled by businesses because these could not turn a profit providing services to poor people and remote communities, so NGOs stepped in; often with financial support from donors.⁴⁴

Often donors contracted Northern NGOs which in turn linked with local NGOs to provide the services, thus spurring the growth of a Southern NGO community.⁴⁵ In South and South-East Asia, some local NGOs grew to surpass even the largest of their Northern counterparts, with the Bangladesh Rural Advancement Committee (BRAC), for example, having 10,000 plus staff by 1993.⁴⁶

Such organisations also began attracting direct funding from donors, bypassing Northern NGOs. In combination, direct funding plus that channelled through Northern NGOs reached very significant amounts; for example, the 15,000 non-profit organisations registered with the government in India received an estimated US\$460 million in foreign assistance as of the early 1990s.⁴⁷

The role and prestige of NGOs was further enhanced with the collapse of communism in Europe and the Soviet Union. Local NGOs and, more broadly, local non-profit organisations in “civil society”⁴⁸ had played a significant role in generating public demand for greater individual freedoms and democracy. Also, the advice given by Western experts on how countries should make the transition from socialist to market

economies was widely perceived to be a failure, with the assets of State enterprises falling into the hands of a tiny minority who behaved more like criminals than entrepreneurs. In brief, many felt the pendulum had swung too far from “State-led” toward “private-sector-led” development.⁴⁹ Some concluded that a greater role needed to be assigned to NGOs and other civil society organisations as a corrective to both government failure and market failure.

The rapid expansion of local NGOs has, of course, led to some searching questions. In some countries the explosive growth in the numbers of local NGOs seems to reflect donor largesse more than true “felt needs” on the part of local populations. Often the local NGOs bore little resemblance to indigenous forms of self-help organisations. Some so-called NGOs were created by governments⁵⁰ (or by individual government officials) as a way to capture some of the international funding.

Other local organisations were set-up by people who might otherwise have established a business, again hoping to profit from the naivety of donors (as well as from country-specific issues such as ease in establishing “NGOs” relative to traditional firms, more generous tax treatment, or less stringent regulations). One researcher suggested as much as follows: “*There are more NGOs in Uganda than for-profit enterprises ... in 1989, only 20 percent of World Bank-supported projects had provisions for NGO involvement, but by 1997, this had increased to 46 percent of projects*”.⁵¹

To the degree this is true, it has important implications for a country’s development. Even if most of the local NGOs are not profit-seeking businesses in disguise, if “the best and the brightest” are attracted to head organisations that depend almost entirely on foreign donations, rather than establishing businesses sustained by local markets, the country’s aid-dependence (which can be a debilitating addiction) could be prolonged.

Implications for mine action

The emergence of local NGOs is a recent phenomenon in many mine-afflicted countries. Globally, this emergence reflects a variety of broader trends, many of which reflect donor concerns and fashions (increasing demand for local NGOs) more than “authentic” local initiatives (providing an increased supply of local NGOs based on local perceptions of what is needed). However, the relative importance of external demand on the one hand, and the domestic forces of demand and supply of local NGOs on the other, varies from country to country (and these different forces often interact in a complex fashion).

Most of these countries have no laws governing NGOs *per se*, so the grouping termed “local NGOs” may comprise a number of different categories of legally registered organisations. As such, different NGOs will have been formed for quite different motivations, and may face quite different legal requirements within the same country.

The upshot is quite simple. It is unwise to generalise about local NGOs across or within countries. In cross-country terms, this means that a successful experience with local NGOs in one country may be hard to replicate in another. Within a country, the variety of legal forms and motivations underlying local NGOs means that such organisations must be assessed individually and donors should recognise the need for due diligence before launching initiatives which are dependent in large part on the performance of one or a small number of local NGOs.

NGO performance

Over time, the view that NGOs had certain comparative advantages vis-à-vis governments or businesses gained wide credence. The “articles of faith” promulgated by their supporters include that NGOs:

- provide low-cost and cost-effective services,
- are innovative and flexible,
- are in touch with local communities,
- employ participatory approaches which increase beneficiary ownership,
- empower local NGOs and communities,
- are successful in poverty alleviation,
- reach marginalised groups and “the poorest of the poor”,
- provide certain services (networking; community mobilisation, information sharing; etc.) that governments and businesses are unwilling or unable to provide.

Of course, critiques of this expanding role for NGOs also began to emerge. Many of the first criticisms were launched by those within the NGO community or their academic supporters, who felt that the growing dependence on official donor funding would compromise the integrity of NGOs and their freedom to pursue distinct development approaches.^{52,53} Also, official donor agencies increasingly began to adopt some of the values and approaches espoused by NGOs, such as more equal partnerships with Southern organisations, participatory planning and gender rights.⁵⁴ Thus, NGOs lost some of their uniqueness which underpinned their so-called comparative advantage.⁵⁵

There also was a glaring lack of hard evidence that NGOs truly achieved what they claimed. The author of a major study on Norwegian NGOs referred to the “*untenable myths about NGO achievements*.”⁵⁶ More broadly, a major synthesis study embracing NGOs from ten countries found that (1) the vast majority of NGO projects did succeed in achieving their narrow project objectives but (2) these projects fail in the main to achieve a broad and sustained impact.⁵⁷

Other critics honed in on precisely this point, attacking the narrow role of NGOs as service providers, perhaps allowing both donors and local governments to avoid the difficult but more fundamental task of strengthening the State. In their view, if the State does not function adequately to establish a suitable environment for development, then no development strategy can succeed: private businesses will not invest and the benefits of NGO projects will never be sustainable.

Criticisms also were levelled at NGO involvement in humanitarian emergencies. An influential evaluation of the international response to the Rwanda genocide concluded that over 200 NGOs were involved. While the performance of many was impressive, the authors were blunt concerning others:

*“It is unacceptable that a NGO with little or no relevant experience is able to send personnel to a humanitarian relief operation and engage in activities that discredit or undermine the overall effort; provide unacceptably poor standards of service and care to their beneficiaries; and then leave without any recourse. Such activities would not be tolerated in Western countries, where many of the NGOs in question are based.”*⁵⁸

It must be emphasised that it would be surprising if evaluations did not raise some uncomfortable questions about NGO performance. Increases in official funding caused

many NGOs to grow rapidly, expanding into activities and countries within which they lacked the requisite experience. NGOs also increasingly found themselves in the role of contractors implementing projects designed, perhaps poorly, by funding agencies. NGOs are also heterogeneous: many are excellent organisations (at least when they stick to their core strengths), but some are unprofessional and are miscast when they are encouraged to manage projects in the field; still others are mere covers of convenience for what are truly government agencies or private businesses.

More fundamentally, while the evaluations of the 1990s usefully debunked some of the hoary myths about NGO effectiveness, they shed less light on whether NGOs performed better than other organisations working in the aid system, particularly in difficult situations. A fundamental dilemma in international development is that those beneficiaries (whether countries, communities, organisations, or individuals) most in need of assistance are often the ones for which achievements are hardest to obtain and sustain. It is fine to observe that NGOs cannot replace the State, but what is to be done when the State is corrupt and predatory?

Box 6. Evolving standards for humanitarian assistance

In response to criticisms (both internal and external) of the international response to disasters, in 1994 the International Red Cross and Red Crescent Movement, together with some of the major NGOs active in humanitarian assistance (particularly Oxfam), developed a code of conduct for disaster response programmes. It incorporated the following principles:

1. The humanitarian imperative comes first.
2. Aid is given regardless of the race, creed or nationality of the recipients and without adverse distinction of any kind.
3. Aid priorities are calculated on the basis of need alone.
4. Aid will not be used to further a particular political or religious standpoint.
5. We shall endeavour not to act as instruments of government foreign policy.
6. We shall respect culture and custom.
7. We shall attempt to build disaster response on local capacities.
8. Ways shall be found to involve programme beneficiaries in the management of relief aid.
9. Relief aid must strive to reduce future vulnerabilities to disaster as well as meeting basic needs.
10. We hold ourselves accountable to both those we seek to assist and those from whom we accept resources.
11. In our information, publicity and advertising activities, we shall recognise disaster victims as dignified humans, not hopeless objects. (Full text available from www.ifrc.org/publicat/conduct/code.asp.)

That same year, pressure on the NGO community “to get its act together” from donor agencies and researchers, as well as from within the community, mounted during the course of the Rwanda crisis and its subsequent evaluation (JEEAR, 1996). This led in 1997 to the launch of the Sphere project. It issued *The Humanitarian Charter and Minimum Standards in Disaster Response*, but is best known for developing minimum standards in five sectors that are central to most relief interventions required in many humanitarian emergencies:

- water supply and sanitation,
- nutrition,
- food aid,
- shelter and site planning,
- health services,

Additional information is available at www.sphereproject.org/. See also Buchanan-Smith (2003).

The evaluations also spurred renewed efforts to enhance and demonstrate the impact of NGO performance⁵⁹ and, for humanitarian emergencies in particular, to adopt minimum standards (see Box 6).

Capacity development of Southern NGOs by Northern NGOs

Most Northern NGOs, or at least the more principled and professional ones, have long advocated non-profit motivations, partnership approaches and building on local capacities. Consequently, one would think it natural that Northern NGOs would be among the leaders in capacity development, and particularly in developing capacities of their Southern NGO counterparts. For example, the standards that members of InterAction⁶⁰ must sign include the following statement: “A member shall give priority to working with or through local and national institutions and groups, encouraging their creation where they do not already exist, or strengthening them where they do”.⁶¹

At the same time, it is far from clear that the majority of Northern NGOs have approached the task of capacity development of their Southern counterparts in an earnest and professional fashion. Consultations by the International Working Group on Capacity Building⁶² in 1997-98 suggested that Southern NGOs felt much was lacking in the both the level of effort and the approaches adopted by many of their Northern counterparts to that point in time:

“The existence of [Southern] NGOs was seen as transitory and as agents of service delivery. The capacity building inputs were project oriented, geared towards implementation of projects. There was little or no emphasis on long term capacity building of the NGOs. Long term sustainability of the sector is a recent realisation on the part of Northern NGOs... Often the northern donors emphasise their own agendas.”⁶³

Further,

“...the capacity building needs of Southern NGOs are mostly defined by the Northern agencies providing resources for these interventions” and “There is a growing need for ensuring the central role of Southern NGOs in defining and managing their own agenda for their capacity building efforts.”⁶⁴

At about the same time, a study on Norwegian NGOs⁶⁵ found that most had recently increased their emphasis on strengthening their Southern partners, but in the field they continued to focus such efforts on the provision of funding, equipment and training in support of specific projects rather than taking a broader organisational development approach. None of the Norwegian NGOs studied used formal organisational assessment or performance diagnostics to supplement their understanding of what type of capacity-building assistance was truly required and, regardless, most could not provide specific types of technical expertise that might be required (e.g. in micro-credit) in addition to funds, equipment and general training.

This suggests that most Northern NGOs lack the capacity for capacity development. In part this is due to a lack of expertise. However, NGO “support organisations” specialising in capacity development for NGOs have emerged in recent years, and these can provide much of the needed expertise (as well as adhering to NGO values).⁶⁶ The fact that more capacity development of NGOs by NGOs is not done suggests there are more deep-rooted issues at play.

When searching for explanations for observed behaviour, a good place to start is with incentives,⁶⁷ and many of the strongest incentives are monetary. Funding to Northern NGOs is often tied to specific projects and programmes intended to benefit the ultimate recipients (e.g. the poor) in developing countries. To fulfil their obligations to their donors, Northern NGOs often need to work in partnership with Southern NGOs, and thus their focus is on those specific capacities their partners require to achieve project outputs and outcomes. Often donors (whose primary objective, after all, is not to strengthen local NGOs) are only willing to cover “direct costs”, and balk at paying for reasonable — and quite necessary — contributions to overhead expenses incurred by the Southern partners.⁶⁸ Such policies can destroy capacities rather than develop them, and even those Northern NGOs for which local capacity building is more than a platitude often must struggle to obtain fair payment for their Southern partners. This gives no leeway to build, rather than consume, local capacities.

When linked to a specific project, Northern NGO funding also has tight time constraints. The project outputs must be delivered to the intended beneficiaries within a set period of time, and rarely is there provision for much local capacity development — a process which, in any case, is fraught with risk and hard to keep to a tight timetable.

Conceivably, Northern NGOs could try to obtain funding for projects aimed specifically at capacity development of their Southern partners (and many Northern NGOs do indeed try to arrange such funding). However, donor funds are to help the poor and not (say) to help middle-class personnel in a local NGO become more capable. In such cases, Northern NGOs do not have money to pay for “luxuries” such as organisational development consulting by outside specialists.

Box 7. Perverse incentives affecting NGO capacity development

Norwegian People’s Aid (NPA) is one of Norway’s largest NGOs working in the field of international development. NPA receives most of its funding for development work from NORAD (Norwegian Agency for Cooperation and Development) on a four-to-one matching basis (i.e. 80 per cent of the costs of the programme are covered by NORAD, and NPA has to raise the other 20 per cent from public donations and other sources).

Conversely, most of NPA’s mine action funding comes from the humanitarian aid budget administered by the Ministry of Foreign Affairs. This covers 100 per cent of programme costs *plus* a 5 per cent mark-up. This means that transferring responsibility for a US\$1 million mine action programme to a local partner could reduce NPA’s funds for development work by as much as US\$250,000 (the US\$50,000 mark-up from Foreign Affairs plus US\$200,000 in matching grants from NORAD).

There are good reasons for the different funding regimes maintained by NORAD and the Ministry of Foreign Affairs when viewed in isolation, but the joint impact of the regimes is to create extremely perverse incentives for NPA vis-à-vis indigenous capacity development (which happens to be one of Norway’s principal aid policy objectives).

Also, Southern NGOs might soon graduate from being capable partners of NNGOs to become formidable competitors. The biggest Southern NGOs are already far larger and, in many ways, more capable than any Northern NGO. Everyone in the development field chants the mantra that their objective is to “do themselves out of a job”, but a much smaller proportion seems to succeed.⁶⁹

While it seems clear that the record of Northern NGOs building capacities of their Southern counterparts remains spotty in the international development field, in the

arena of humanitarian aid it is far worse.⁷⁰ The constraints imposed by short-term funding and project planning are far tighter. Understandably, humanitarian aid is designed to provide people in distress with basic needs to protect their basic rights, so it is even harder to justify expenditures on such “luxuries” as capacity development for local NGOs. In addition, contracts governing humanitarian aid funding to Northern NGOs from official donors are often more generous than the grants provided in support of development projects managed by the same NGOs. This can create perverse incentives for the northern NGO (see Box 7).

Implications for mine action

Given the current features of the international development and humanitarian assistance industry, donor and UN agencies should not expect Northern mine action NGOs to take the lead in the formation of local mine action NGOs and the development of “high-level” capacities to allow such local partners to assume overall responsibility for the Northern NGO’s programme.⁷¹ This may of course happen, but will be due to specific factors at play in a country at a particular moment in time — currently, the cards are stacked against this becoming general practice.

Summary

The performance of organisations is determined not simply by their own capacities and those of their staff, but also by the external incentives they face in the socio-political-economic environment (laws, norms, and mechanisms for enforcing these) and by the performance or lack thereof by other organisations (e.g. suppliers, key customers, donors, as well as competitors). When comparing the performance of local firms relative to local NGOs in the same country, it is vital to realise that they typically face different incentives (e.g. different tax provisions, different levels of regulation or outright harassment from officials, and so on). Also, when they treat local firms and local NGOs differently, donors and other organisations in the mine action “task network” also may have a significant impact on the relative performance of the two types of organisations.

In theory, there also *should* be differences in the objectives of the “typical firm” relative to the “typical NGO”, and in the motivations of the personnel working in the two types of organisations. However, when there are substantial differences in the incentives (laws, norms, enforcement mechanisms) facing firms relative to NGOs, or in the degree of government and donor support accorded to them, we would expect to see firms masquerading as NGOs (or even the reverse where, say, most funds are allocated via competitive bidding and local demining NGOs are excluded from participating).

Also, there should be no presumption that all profit-seeking firms are motivated alike. For example, some may be legally constituted as collectives and, even when they are not, they may behave as if they were if the country has a long tradition of collective firms as the dominant form of commercial enterprise. Such observations hold true as well for local NGOs, and particularly so in the many countries where the phrase “non-governmental organisation” has no legal meaning and, hence, what are termed NGOs are established under a variety of legal provisions.

Dealings with independent organisations (whether profit seeking or not) everywhere always entails risks that *specific* organisations or key personnel within

them will not perform as desired or needed. However, additional **systemic** risks exist in countries beset by corruption or predatory governments, and in societies traumatised by war or internal conflict: the system of laws, regulations, and social norms, plus the mechanisms for enforcing these, are likely to be deeply flawed. This system of institutions establishes the incentives facing firms and not-for-profit organisations, and if the institutional system is deeply flawed, some of the incentives created will be perverse, rewarding poor and perhaps fraudulent performance.

Because organisational performance is subject to many influences, when working in a country with a deeply flawed system of institutions programme planners need to consider the nature of these flaws and the systemic risks these pose for their programmes. In such environments, a commitment to base a national mine action strategy — in whole or in part — on local firms, local NGOs, or both, should be preceded by a thorough analysis embracing at least:

- the country's overall political economy (the distribution of power and wealth, the processes through which power and wealth influences key decisions, etc.) and whether this has changed dramatically in recent times;
- the legal bases for establishing various types of firms and not-for-profits;
- the different incentives facing local firms and NGOs, which are established by laws, regulations, social norms, and the means for enforcing these.

Where the environment facing local firms and non-profits is corrosive rather than propitious, compensating steps are warranted to guard against the high risks of poor or fraudulent performance. Referring to our performance model presented at the beginning of this chapter, three broad sets of compensating measures might be envisaged:

- those designed to “heal” the environment;
- those aimed at organisational and individual capacities;
- those designed to enhance coordination (particularly within the mine action “task network”).

The evidence presented in this chapter suggests the first approach is a difficult, long-term proposition. (It is also beyond the mandate or competence of those responsible for the mine action programme.) The evidence also suggests that trying to build sustained capacities in individual organisations which then must operate in a corrosive environment is far from simple: some successes are possible but some failures are very likely. Therefore, direct efforts to boost the capacities of independent mine action organisations and their personnel might be warranted **in some high-risk cases**, particularly when key donors have significant experience in the country, have made a realistic assessment of the risks, and have a reasonable tolerance for failures.⁷²

Thus, the evidence suggests that **in all high-risk cases**, compensating measures should be put in place at the programme level to provide a properly coordinated task network of mine action organisations which is reasonably well-insulated from the corrosive environment and which provides supplementary incentives to mine action organisations that serve to reward desired performance and punish malfeasance. In short, when the general environment is corrosive, it is even more vital that the overall programme is well coordinated and the key mine action organisations such as the national authority and, most certainly, the MAC are functioning well. In the mine action field, Afghanistan is the prime example of this strategy.

What to do in a corrosive environment when the key mine action organisations are not functioning well? The evidence from the Bosnia case study and from the literature

more generally suggests that the main focus for the development of local capacities should be on restoring the health of the overall mine action programme and the key organisations within it.⁷³ In the absence of proper programme coordination, a strategy which depends significantly on the performance of local mine action organisations is likely to deliver more embarrassment than performance.

Notes

1. As will be apparent in the subsequent discussion, terminologies differ among countries. We will use the terms “firm” and “business” interchangeably to refer to organisations in which owners have claim to any residual surplus as profits, in proportion to each owners’ share of ownership. Following common, albeit not universal, practice, the term “non-governmental organisation” will be restricted to non-profit organisations.
2. One accounting professor used to advise his students that, when an executive asks an accountant what profit the corporation earned, the only proper answer is: “*What sort of figure did you have in mind?*” Recent corporate scandals in the US — most famously, that of Enron corporation — arose out of this inherent difficulty in calculating the profitability of even a moderately complex operation. See Stiglitz (2003, Chapters 5 and 10).
3. These include producer cooperatives (sometimes termed collectives, in which people work collectively to produce goods and services), consumer cooperatives (which purchase items in volume on behalf of members), and financial cooperatives, offering financial services to members.
4. Often the managers will own shares, but usually these constitute only a small proportion of the total numbers of shares. Thus, most large firms feature a separation between management and owners.
5. For example, cooperatives are common in Scandinavian countries, in parts of North America to which many Scandinavians have emigrated, and in the Basque region of Spain.
6. The firm would then “rent” these assets from the State.
7. In economic jargon, someone who is delegated authority (e.g. a manager) to take action on behalf of the higher authority (e.g. the owner) is termed an **agent**, while the higher authority is termed the **principal**. In general, it cannot be assumed an agent will always work in the best interests of the principal. This “principal-agent problem” is a recurring theme in any serious discussion of the performance and governance of organisations.
8. In many situations, this implies that a labour-managed firm will operate with fewer workers (and relatively more capital equipment) than a “normal” firm in order to maximize the profit per worker.
9. The economic implications of labour-managed organisations (which are extremely interesting) were largely worked out between 1965 and 1970. The classic is Vanek (1970).
10. As a useful reminder at how intrusive governments were in many developing countries, one consultant who was for the most part sympathetic with one government’s socialist leanings wrote in one of his reports on poorly-managed State-owned enterprises “*I know of no definition of ‘commanding heights of the economy’ that would include the ladies’ undergarment industry.*” (Personal communication with Van Hall.)
11. See Stiglitz (2003). Chapters 5 and 10 provide a clear account of how deregulation in the US that lowered accounting standards and reduced the independence of external auditors created opportunities for massive fraud resulting in corporate scandals such as Enron and WorldCom.
12. Examples of this include mafias (the prospect of having one’s legs broken tends to make one respect contracts), business networks controlled by extended families (there are strong social norms that “you don’t cheat family”), and ethnic militia in a civil conflict which operate “legitimate” businesses to pay for the conflict and can be ruthless in penalising members who “betray the cause”.
13. Stiglitz (2002, Chapter 5).
14. GAO (2000: 5).
15. *Ibid.*: 6.
16. Aron (2002: 2).
17. This phenomenon of “State capture” has long been an ugly feature in the international aid business. Although the evidence is adequate only to draw hypotheses rather than conclusions, the mine action field may be even more prone to having a donor’s aid policy captured by firms by that country to advance their commercial interests. This may be because of the nexus between many people in the demining business and national defence establishments — in general, defence concerns trump humanitarian motives.
18. The Bank has standards both for “internationally competitive bidding” and “nationally competitive bidding”. When World Bank funds are involved, large contracts must generally adopt the former.
19. Eaton *et al.* (1997c: 19-20).
20. Hellman *et al.* (2002: 21).
21. It is conventional wisdom among believers in the market that no governments can effectively

“pick winners” in terms of individual industries and firms, but the evidence on this much of which is based on the success of the “Asian Tigers” in rapid industrialisation — is extremely controversial. Joseph Stiglitz (2002: 91) notes that the IMF and the World Bank “...almost consciously avoided studying the region... [because] ... the countries had been successful not only in spite of the fact that they had not followed most of the dictates of the Washington Consensus, but **because** they had not”.

22. Batra and Mahmood (2003: 3).

23. Salamon and Anheier (1997: 20).

24. Chinnock and Salamon (2002).

25. Millard and Harpviken (2000).

26. Hubert (2000).

27. This is the case of the “US demining NGOs” – Pro Vita (Bosnian Croat), STOP Mines (Bosnian Serb), and BH Demining (Bosniak).

28. For example, both APM and UG ZOM operate around Bihac, which is predominately Bosniak.

29. Again, as is true for businesses, whether an environment is propitious for non-profits depends both on laws and their enforcement: “...the presence or absence of laws that are favorable to nonprofit action is only one part of the equation that determines the legal impact on the development of this sector. Laws must also be enforced to be effective. Conceivably, repressive laws may not have negative effects because in practice they are not fully enforced...” (Salamon and Toepler, 2000: 2).

30. Seven of these are solely for non-profits, while three cover both for- and not-for-profit organisations.

31. Most of the so-called “Afghan NGOs” involved in the mine action programme were, in fact, first registered in Peshawar, Pakistan.

32. Ghaus-Pasha and Iqbal (2003).

33. Indeed, a multi-country study of the not-for-profit sector found “...in none of the five countries that we examined did a coherent concept of what we here term ‘the nonprofit sector’ exist either in the scholarly community or among practitioners in the field” (Salamon and Anheier, 1997: 10).

34. In countries enjoying a professional and non-political civil service, a distinct entity established by the government might also allow more direct political influence. As well, the current obsession with balanced budgets has in some cases encouraged financial chicanery to get expenditures “off the books”: for example, establishing legally separate public hospitals which then run deficits year-after-year.

35. The target beneficiaries may be co-religious people in other countries or communities.

36. Most countries which do have a statute governing NGOs have enacted these only in the past decade.

37. Its first appearance in an official document came on 27 February 1950 in Resolution 288 (X) of the UN Economic and Social Council. It referred to organisations with no government affiliation that had consultative status with the UN.

38. The first such organisations emerged well before the term NGO was coined; mostly to provide aid to war victims. Aside from the international Red Cross movement (which many consider distinct from the NGO sector) founded by Henri Dunant in 1862, Save the Children was created in Britain in 1919 to assist child victims from the First World War; Foster Parents Plan (1937) to aid child victims of the Spanish Civil War; Oxfam (1942) to address famine caused by war in Greece; and CARE (1946) to deliver food packages to Europe at the end of the Second World War.

39. For simplicity, this report uses: “the North” as the collective term for the industrialised countries of North America, Western Europe, Japan, and Australasia, “the South” when referring collectively to developing countries; and “transition countries” for the former socialist countries and territories of Central and Eastern Europe and the former Soviet Union.

40. Most analysts within the NGO field use the term “independent” (full stop) rather than “autonomous from government or political parties”. This latter formulation seems to be a fudge on the part of the UN, opening the door for “quasi-UN-non-governmental-organisations” which are not independent and, in some cases, seem to represent efforts by a UN agency to retail almost complete control over donor funds, while avoiding the perception that it is keeping the funds and circumventing its own red tape.

41. The UN Interagency Committee on Integrated Rural Development for Asia and the Pacific, noted in Jack (2001: 1).

42. The proportion of official development assistance channelled through NNGOs increased from less than one per cent in the mid-1970s to over 10 per cent — at least US\$6 billion — by 1994 (ODI, 1996).

43. The State-led approach was itself based on the experience of the Great Depression prior to the Second World War. The failure of the major economies to rebound led to the view that “market

failures” were common and that far more government intervention was required to correct these. More active economic management by governments seemed to bear fruit in the 1950s and 1960s, but prolonged “stagflation” in the Western economies coupled with the Third World debt crisis of the 1980s led to greater awareness that “government failure” also existed.

44. Many donors had policies which precluded the engagement of private firms for the delivery of basic needs or, more commonly could only contract firms via lengthy competitive bidding processes. Staff in donor agencies often turned to NGOs which could be awarded project management contracts on a “sole source” basis, thus reducing delays and paperwork.

45. In Nepal, the number of registered NGOs increased from 220 in 1990 to 1,210 in 1993; in Tunisia

46. Edwards and Hulme (1996: 962).

47. Salamon and Anheier (1997: 12).

48. The term “civil society” has a long lineage, referring to associations of people that are not part of traditional social structures (household, kinship, and ethnic groups, etc.) or of the State: in other words, associations in which individuals have some freedom to partake. The term came to be widely used following the 1993 publication of an influential study on democracy in Italy (Putnam, *et al.*, 1994), coupled with a growing awareness of the role played by Western foundations (most famously, the Open Society Foundation) in supporting the growth of local civil society organisations in Central and Eastern Europe prior to the collapse of Communism.

49. This view was articulated most famously by Joseph Stiglitz, a winner of the 1991 Nobel Prize in Economics and the former top economist at the World Bank. See Stiglitz, 2002.

50. These are often referred to disparagingly as GONGOs — government NGOs.

51. Jack (2001: 3).

52. The proportion of total NGO income derived from official aid funds had reached two-thirds or more for NGOs from the US, Canada, Scandinavia, and some other countries by 1994. (ODI, 1995)

53. Edwards and Hulme (1996).

54. ODI (1995).

55. In addition, many businesses that served as contractors to the aid agencies proved adept at incorporating innovations developed by NGOs, and hired large numbers of former NGO personnel.

56. Tvedt (1998).

57. This reviewed 22 major studies of NGO development projects conducted by ten different donor agencies from 1979 to 1996 (Kruse *et al.*, 1997). A summary of findings is presented in Riddell, 1997. See also White and Eicher (1999) for a similar critique.

58. JEEAR (1996: 153).

59. Fowler (1997) and Roche (1999) are good examples of this.

60. InterAction is the largest “umbrella body” for US NGOs (termed Private Voluntary Organisations or PVOs in the US) working in international development and humanitarian assistance.

61. InterAction (2001, para. 7.1.3.).

62. This was established by the NGO Working Group on the World Bank in collaboration with numerous donors. In 1998 the International Foundation for Capacity Building was created to focus on the capacity building requirements of Southern NGOs.

63. PRIA and IIRR (1998: 1-3).

64. *Ibid.*

65. Paterson *et al.* (1998).

66. These include Intrac (in England) and PACT (based in the US).

67. As expressed by economist Steven Landsburg, “*People respond to incentives; all the rest is commentary*” (quoted in *Easterly*, 2002: xii).

68. See Ortiz (2001) for a thorough discussion of this issue.

69. Here the incentives are not simple monetary: there are also issues such as lifestyles, the chance to travel to exotic places, and the intrinsic satisfaction of doing “charitable” work.

70. See Smillie (2001) for some recent case studies.

71. This is not to say that international NGOs will not work with **existing** local NGOs which already have most of the requisite capacities — a situation more likely to arise when the requisite capacities are of a more general nature (e.g. for MRE). Still, such “partnerships” often will be limited to sub-contracting arrangements, particularly when donor funds are provided via humanitarian aid channels.

72. A realistic assessment of the “aid industry” suggests that it will be the exception rather than the rule that such preconditions will indeed exist.

73. The steps taken in Bosnia in the past few years suggest that this approach has started to bear fruit.

Chapter 4

Fostering and working with local firms and NGOs in mine action

This chapter discusses how mine action programmes and donors have attempted to:

- foster local independent mine action organisations through (i) a combination of direct measures to bolster their capacities and (ii) providing or altering the incentives for better performance; and
- work with local organisations in a coordinated fashion.

The discussion draws mainly on the evidence from the three case studies (Afghanistan, Bosnia and Herzegovina, and Mozambique).

Basic comparisons

Some basic comparisons across the three countries are presented in Table 1. The first impression is how remarkably different the programmes are with respect to the roles played by local independent demining organisations.¹ The Afghan NGOs receive approximately three-quarters of all funding for demining in Afghanistan. Most of these NGOs are extremely large by international standards, with one of them (Afghan Technical Consultants — ATC) employing 1,500 staff — almost as many as are employed by all demining organisations combined in Mozambique and more than have ever been fielded at one time by all demining organisations in Bosnia. Conversely, there are no local demining firms operating in Afghanistan.

The Mozambican programme represents the other extreme, with local firms and NGOs playing a marginal role in demining, together garnering perhaps 10 per cent of funding for demining work in recent years. One each of the local firms and NGOs are mid-sized (employing in the range of 40 to 70 staff), but the rest are small. Most funding goes to internationally operated organisations (who hire local staff!).

More than 20 local organisations (firms or NGOs) are registered for demining operations in Bosnia, the largest of which appear to employ in the range of 40 to 50 staff during demining season. Collectively in recent years, local firms appear to win contracts worth about ten-plus per cent of available demining funds, while local NGOs receive a similar amount through a combination of competitive bids and outright grants.

Table 1. Some basic comparisons across countries

	Afghanistan	Bosnia and Herzegovina	Mozambique
Starting year	1988	1995-96	1993-94
Responsibility for key organs of mine action programme	UN	Split between the central and entity governments ^{a)}	Central government
Approximate size (US\$) (1999-2001 average)	17.3 million	18.9 million	14.4 million
First appearance of local orgs.	1989	1996	1997
Approximate shares (estimated share of funding for demining)			
. Local demining NGOs	75%	10+%	3+%
. Local demining firms	0%	10+%	5%
Total share: local organisations	75%	20-25%	8-10%
Local demining organisations			
. No. of local demining NGOs (2002)	5 (plus MCPA)	9	2
. Largest (number of staff)	1,500	40	70
Number of local demining firms	0	13	8 (active)
. Largest (number of staff)	n.a.	50	40+

a) The new Demining Law enacted in 2002 brought the Entity MACs – which had been largely independent to that point – under the authority on the BHMAC, which itself falls under the authority of the Demining Commission appointed by the central government. However, separate priority lists are still approved by the entity governments (Republika Srpska and Federation of Bosnia-Herzegovina).

Source: Data compiled from the case studies plus, for Afghanistan, World Bank (2001c: Annex 2, Table 1).

Thus the Afghan demining programme is dominated by a few large Afghan NGOs, while the other two programmes feature more types of operators² and a much larger number of organisations active in demining.

These cross-country patterns correlate strongly with both the amount and timing of assistance provided to local independent organisations by the international community in the three case study countries.

Patterns of support to local independent demining organisations

Afghanistan

Following the initial but unsuccessful efforts in 1988-89 to train thousands of Afghan refugees in Pakistan in basic demining (in the hope that they would clear landmines “spontaneously” once they returned to their villages) officials in the UN Office for the Coordination of Humanitarian Assistance to Afghanistan (UNOCHA) developed a plan to establish Afghan NGOs to undertake mine action activities inside Afghanistan. As Mine Awareness programmes were already established in the refugee camps, the initial focus for UNOCHA was almost entirely on demining (including survey) in support of refugee repatriation and the operations of other humanitarian agencies.

Beginning with ATC in October 1989, three demining NGOs were in existence by mid-1990,³ followed by the Organisation for Mine Awareness and Rehabilitation (OMAR) in August 1990, which assumed responsibility for the mine awareness project established initially by the International Rescue Committee.⁴ In each case, it appears UNOCHA officials approached suitably-qualified individuals and suggested they create an Afghan NGO,⁵ which UNOCHA subsequently supported via grants using standard agreements developed earlier by UNHCR to fund NGOs providing services to returning refugees. The system of grants ensured the new NGOs did not face liquidity constraints — they received the funds and then provided the services specified in the grant agreement.

UNOCHA retained the common training and support facilities, handled coordination within the broader humanitarian arena and retained authority for overall operational planning, with tasks then specified (along with very detailed budgets) in the grant agreements with the individual NGOs.⁶ These NGOs then were responsible for establishing their internal management structures and the procedures required to provide these services. In the initial years however, UNOCHA arranged for international technical advisers to be assigned to assist with the establishment of the inner workings of each of the NGOs. UNOCHA also developed standing operating procedures (SOPs) which established recommended procedures for finance, logistics, reporting, and personnel management.⁷ It undertook regular audits, during which time UNOCHA personnel identified weaknesses and provided informal training to NGO personnel to address these before they resulted in critical problems. UNOCHA also retained responsibility for centralised procurement of major non-expendable equipment including vehicles, radios, computers and demining equipment.⁸

The strategy adopted by the UN for the MAPA seems to have been motivated principally by pragmatism. With intimate involvement in the very conception of

these NGOs as well as their birth, UNOCHA was more the parent than merely a midwife. The continuing degree of UN oversight of operations — as well as planning, tasking and resource mobilisation — raises questions concerning the true status of the Afghan NGOs (*see text box*). But the programme is widely viewed as a success and the Afghan demining NGOs are cited as the premier example of the important role which could be played by local, quasi-independent organisations within a mine action programme.

Box 1. Are the Afghan demining NGOs truly NGOs?

Real questions exist whether the Afghan NGOs should be viewed as “true” NGOs. As noted in Chapter 3, the characteristics used by the UN to define NGOs are:

1. service and development oriented,
2. voluntary,
3. non-profit,
4. autonomous from the government or political parties,
5. having a high degree of motivation and commitment, and
6. some form of formal registration.

One might quibble about the degree that voluntary motivations underlie the Afghan NGOs, as opposed to a more general public service ethos. But the more fundamental question relates to the fourth characteristic on the list. The NGOs clearly are autonomous from the government and from *formal* political parties.^{a)} However, most observers within the international NGO community view true NGOs as *independent* organisations; not simply from governments but also from organisations such as the UN.

A more accurate characterisation of the demining NGOs in Afghanistan might be UN-QUANGOs (quasi non-governmental organisation). However, unlike QUANGOs in the UK, the UN does not appoint most of the directors to the boards of these organisations and cannot prohibit them from operating more independently by, for example, pursuing contracts and grants from outside donors. Some of these organisations have taken steps in that direction. However, UNOCHA and some of the major donors had concerns about such developments, in part because they were afraid that transparency would be compromised and in part over concerns that the mine action programme would lose the services of capable people who would be assigned by the NGOs to manage any new initiatives. So long as the preponderance of funding to these organisations is disbursed by the UN via grant agreements, the UN exercises tremendous leverage over their activities.

a) In at least the early days, each NGO was seen as being affiliated with a major political faction and ethnic group, but through negotiation and careful operations, the entire programme became generally perceived as purely humanitarian and non-partisan.

One other factor should be emphasised. UNOCHA did provide training for deminers, supervisors and instructors during the first years of the programme,⁹ and arranged for technical advisers to assist the Afghan NGOs establish their operations, organisations and procedures. However, there were only a few international personnel present at any one time to provide technical advice to the demining NGOs.¹⁰ Thus, only modest resources went into capacity development *per se*. However, the combination of a few capable technical advisers supported by regular contacts by UNOCHA managers and auditors proved adequate given the framework in which UNOCHA controlled most of the donations and provided reasonably secure funds on a grant basis to finance the operations of the NGOs.

Bosnia and Herzegovina

Local companies

The US State Department, through its contractor RONCO, provided the initial support for local independent organisations in Bosnia. This began in late 1996, and seems to have been launched to prepare local demining firms to compete for contracts funded through the World Bank Emergency Landmine Clearance Project (approved in September 1996). RONCO trained and equipped three local demining “brigades” — one from each of the main ethnic groups — and oversaw their demining operations until May 1997, at which time the equipment was donated to a special foundation under the control of the three Demining Commissioners. This was then rented to joint-ventures between RONCO and three local firms, which had evolved from the brigades managed by RONCO.¹¹

These local firms — and others — initially obtained work as junior partners to international firms which could meet the minimum financial and experience qualifications established for the competitive bidding process within the Bank-financed project, but by 1998 some local firms were winning contracts on their own. In addition, other local firms won demining contracts arising from a separate World Bank loan to the electrical utilities. By 1999, five local demining firms were accredited by the Bosnia and Herzegovina MAC (BHMAL), a number that grew to nine in 2000 and 13 in 2001.

Since 1999, most of the work undertaken by these firms has been financed by US grants to the Slovenia-based International Trust Fund for Demining and Mine Victims Assistance (ITF), but an increasing proportion of total funding for mine action in Bosnia has been allocated to non-commercial sectors (primarily direct grants to international NGOs, local NGOs, the entity armed forces, and the civil protection corps). Local firms have been successful in winning an increasing share of competitive contracts from their international competitors, but this has been a bigger piece of a declining “pie” available to the commercial sector.

Local NGOs

The first local demining NGO — *Akcija Protiv Mina* (APM or, in English, Action Against Mines) — had its beginnings in 1997 when HI reached an agreement with the UNDP to establish, train and equip a local mine action NGO in Bihac.¹² APM was registered in 1998 and self-managing by September 1998, with HI continuing to provide technical assistance and help with fundraising.¹³ Unlike most other operators in Bosnia, APM adopted an integrated approach to mine action, providing a combination of survey, marking, EOD, clearance and mine awareness services to render the beneficiaries (usually, groups of returning refugees) secure and sustainable. However, in spite of receiving significant financial support from a variety of donors,¹⁴ APM and HI had repeated fallings-out over the need for budget cuts. By mid-2002, APM was in crisis, with about half its staff laid off.

Three additional local NGOs were established with significant outside assistance in 1999. With the encouragement of the US State Department, each of the three Demining Commissioners approached qualified individuals (one from each ethnic group) to establish a local demining NGO.¹⁵ Each received a start-up grant of KM100,000 (US\$50,000) to establish offices and commence demining operations in 1999, and divided the explosives detection dogs (EDDs) and the equipment that had been purchased by RONCO for use in its demining operations with the three “brigades” in

1996-97.¹⁶ The start-ups of these NGOs were successful, and for 2000 and 2001 the State Department provided funds via the ITF for sole sourced (non-competitive) contracts to clear about 100,000 square metres each per year, with the price negotiated with ITF to ensure comparability with amounts paid to commercial firms for similar tasks. In 2001 and 2002 the three also were awarded sole-sourced contracts via ITF to conduct battle area clearance (BAC) work in the Former Yugoslav Republic of Macedonia, and some have received smaller contracts financed by Saudi Arabia or utilities, plus occasional sub-contract work with demining firms.¹⁷

Three other local NGOs were established in 2000, of which at least two (UG ZOM and ECO DEM) were still operating by the end of 2002. These did not receive special start-up assistance from the international community,¹⁸ but by 2002 UG ZOM had agreed on a significant contract with the German Government to clear 300,000 square metres and test a large demining machine.

Thus, seven local demining NGOs were formed between 1998 and 2000. The first of the local NGOs received substantial technical assistance from the international community, delivered via an international NGO with extensive experience in mine action. It, and the next three entrants, also received significant assistance in terms of financing and equipment from international donors. The last three local NGOs apparently received no technical or financial assistance from the international community in starting up. Interestingly, the local NGO that formed first, and which received the most international assistance, was in crisis by mid-2002 when the mission for the Bosnian case study took place, but at least some of the other local NGOs — including one of those which started late with no international assistance — were performing well.

Mozambique

Local independent demining organisations began appearing (or at least, as registered operators¹⁹) in Mozambique in 1997. By 2002, at least two local NGOs and 11 local firms — two of which specialise in quality assurance (QA) — were formed and accredited for demining.²⁰ None of these report any financial or technical assistance from foreign donors in their establishment or on-going operations,²¹ although some of the firms are joint ventures with foreign demining firms or subsidiaries of larger businesses which can provide equipment and financial backing. One of the local NGOs and one of the firms appear to have established a solid foothold in the demining market, almost entirely by winning tenders issued by the National Demining Institute (*Instituto Nacional de Desminagem* — IND) (on behalf of donors), public utilities and construction firms. In addition, one of the firms specialising in quality assurance work appears to have a solid record in terms of obtaining contracts.

Analysis

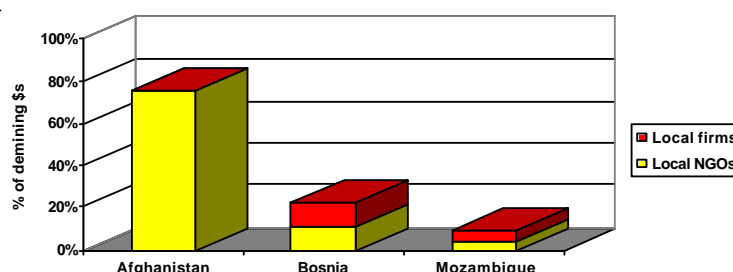
A number of tentative conclusions can be drawn from the evidence from the three case studies.²²

Does capacity development of local firms and NGOs work?

First, the evidence strongly suggests that **capacity development works with respect to local independent organisations in the demining field**. The relative importance of such organisations within a national mine action programme corresponds strongly to

the relative levels and timing of assistance provided to such organisations by the international community (see graph).

Figure 2. Relative importance of local demining organisations



In the case of Afghanistan, UNOCHA sought to foster the capacities of Afghan NGOs from the early days of the programme and provided the bulk of assistance (technical assistance, assured funding, equipment) to this type of organisation. As a result, the Afghan demining NGOs play a dominant role in the mine action programme for that country.

In Bosnia some technical assistance was provided to local demining firms within a year or two of the start of the mine action programme, and these organisations were able to compete for tenders issued by the World Bank's Emergency Landmine Assistance project and, subsequently, by the ITF. Soon after, however, assistance (technical assistance, start-up funding and equipment, earmarked grants) was provided to a number of local NGOs, while an increasing proportion of total donor funding has gone to support other types of demining organisations (international NGOs, entity armed forces, civil protection corps). As a result, both local firms and local NGOs play important but far from dominant roles in the Bosnian programme.

In Mozambique, no special assistance appears to have gone from the donor community to local independent demining organisations (either NGOs or firms). As a result, such organisations play marginal roles in Mozambique's demining programme.

In short, greater efforts at fostering local independent demining organisations pay dividends in terms of the capacities those organisations collectively will possess, particularly when such efforts begin early in the life of the programme

Is technical assistance successful in terms of capacity development?

Comparatively **modest amounts of technical assistance appear to pay significant dividends in terms of fostering capable independent organisations.**²³ A maximum of five technical advisers worked with the large Afghan NGOs at any one time (and this type of assistance was wound up after three-and-a-half years). In Bosnia, except for APM, none of the local firms or NGOs ever benefited from full-time technical advisers, and few of the organisations which did obtain some form of assistance received any in the form of technical assistance. In Mozambique, the local firms and NGOs involved in demining do not appear to have received any technical assistance whatsoever from international donors (although some of the joint-venture firms probably receive such assistance from their foreign partners).

This is in marked contrast to the large numbers of technical advisers assigned to most of the MACs and to the operational units managed by such centres in a number of mine-affected States.²⁴ Of course, the range of responsibilities of a MAC is far broader than those of a typical demining organisation, and some of these responsibilities require more sophisticated skills and more complex systems and procedures than local demining organisations would require. In this regard, the goals established for a project to develop capacities of a MAC would be more ambitious than for a similar project with a local firm or NGO. However, the contrast between the often disappointing outcomes achieved when attempting capacity development via technical assistance for a MAC and the generally successful outcomes associated with quite modest amounts of technical assistance for local, independent demining organisations raises some interesting questions.

One conceivable explanation of these differences is that inputs into capacity development of an organisation are strongly complementary; that is, an organisation requires reasonable amounts of financing and equipment to mix with the skills, policies and procedures it might acquire via technical assistance. We will return to this point later, but it does not appear to explain why seemingly better outcomes have been achieved in terms of meeting capacity development goals for local independent organisations than for MACs.²⁵ If anything, MACs have had greater access to equipment and financing than most, if not all, of the independent organisations covered in these case studies.

There are a number of alternative explanations relating either to the organisations themselves (the individual and collective capabilities of their personnel) or to the incentives faced by the different types of organisations. For example, it may be that the capabilities of the leaders of independent organisations tend to be different than those in the MACs. Presumably, most leaders of independent organisations have some entrepreneurial spirit.²⁶ Leaders of the MACs are generally appointed by national governments. While undoubtedly these individuals are skilled, the set of skills required to win appointment by a government to a responsible position may be decidedly different than the skill-set required to establish a new firm or NGO. By definition, entrepreneurs are individuals who make productive use of resources, and the leadership approaches of these individuals may simply result in more capacity gains from a given amount of technical assistance.

Whether or not the “entrepreneur” hypothesis carries weight, it also is apparent that the national MACs, on the one hand, and independent demining organisations, on the other, face different incentives. A mine-afflicted country requires a MAC, if only for a bare minimum of functions such as providing a national repository of data on contamination and mine action. Certainly there have been cases where donors or a national government have lost faith in a particular MAC organisation or (perhaps more often) in its management, but poor performance is more often met by redoubled efforts at capacity development than by complete abandonment of one model to start anew. Even when a new beginning is made, this may not greatly affect most of the employees, who might transfer to the new MAC or be absorbed elsewhere in the government apparatus.

Thus, while a MAC is “too important to fail” (except in the case of prolonged and egregious performance problems), independent organisations can and do fail. It would be hard to believe that such a fundamental difference in incentives is not a part of the reason why technical assistance appears to have contributed to better capacity development outcomes for independent organisations than for national MACs. At

the same time, the evidence from Afghanistan suggests that this is not the sole explanation.

The main Afghan demining NGOs are extremely large and the failure of any one of them would be more than a mere inconvenience. However, three of these NGOs fill roughly comparable roles in mine clearance (ATC, DAFA, OMAR) and, should one fail the other two could probably absorb much of the demining capacity and “pick-up the slack”.²⁷ However, the other three Afghan demining NGOs play unique roles: the Mine Clearance and Planning Agency (MCPA) in survey, the Mine Detection Dog Centre (MDC) in breeding dogs and training explosives and drug detection (EDD) sets, and the Monitoring, Evaluation and Training Agency (META) in training. These NGOs are perhaps not quite “too important to fail”, but such a failure would be a very severe blow to the programme and the donor community would likely try to salvage one of these organisations rather than let it go under after a period of poor performance. Thus, the fear of potential failure as an incentive would probably be muted within such organisations, suggesting that there must be other factors at play to explain good performance over an extended period.

There are other conceivable hypotheses that might at least partially explain why technical assistance appears on average to have delivered better capacity development pay-offs for independent organisations than for MACs. For example:

- technical advisers assigned to work with independent organisations may have been, on average, more skilled at capacity development;
- the terms of reference provided to technical advisers assigned to work with independent organisations may have been, on average, better designed;
- the sheer numbers of technical advisers assigned to MACs in many countries may have been excessive, allowing a distinct social group to form so that expatriates could stick together and never come to understand the cultural factors of whether local managers are effective or not;
- too much assistance in the start-up period may mean that local managers do not learn to make painful-but-necessary compromises as soon as problems are apparent, making them more inclined to continue seeking hand-outs as an alternative to managing within their budget.²⁸

Unfortunately, the evidence from these case studies does not allow conclusions to be drawn on these questions, which remain hypotheses.

What other forms of assistance promote capacity development in firms and NGOs?

As noted previously, different types of capacity development inputs are likely to be strongly complementary; that is, to perform well an organisation requires money and equipment as well as the skills, policies and procedures that technical assistance is designed to deliver. From the case study evidence, the reasonable expectation of adequate income appears to be particularly important. In the case of the Afghan demining NGOs, income for the coming period at least has always been reasonably assured because the UN (and, in a few cases, international donors) provided grants based on agreed schedules of work.²⁹ In Bosnia, the three “US” local NGOs received start-up grants, equipment and EDDs, and earmarked grants from the State Department, while APM received even greater support from international donors via HI.

However, assured income does not seem to be a prerequisite for success; rather, a reasonable opportunity to earn income through direct or quasi-competitions (e.g.

competing for grants from donors based on the quality of project proposals) appears to provide adequate incentive for local firms and NGOs to enter the market for demining services.³⁰ A number of local firms and NGOs in Bosnia have received no special assistance in their start-ups or operations, but are managing successfully. In Mozambique, both local firms and NGOs have belatedly entered the market in the absence of special assistance.

That being said, without special assistance being delivered at a reasonably early stage, local NGOs and firms are likely to face such strong competition from international competitors who have established themselves in the country that the local organisations will remain marginal or restricted to niches (e.g. quality assurance services or operations in certain regions of the country). In other words, the combination of special assistance (delivered fairly early in the programme) and reasonable opportunities to compete for demining funds may be required if local firms and NGOs are to become significant providers of demining services.

It also does not appear that the donation of demining assets (equipment, EDDs, etc.) is a prerequisite for the entry of local firms and NGOs into the market for demining services, at least once the national mine action programme is reasonably well-established and these assets are present in the country. In Afghanistan, the UN (and, for the initial EDDs, the US) have provided such assets to the Afghan NGOs, but in both Bosnia and Mozambique there are reasonably active rental and resale markets for these assets. Firms or NGOs which have been successful in obtaining contracts can rent both equipment and EDDs.³¹

Thus, the evidence from our case studies suggests that, while special assistance (technical advisers, funding, equipment donations, etc.) may be required to create local firms or NGOs which dominate a national mine action programme, **reasonable access to a reasonable portion of the market for mine action services is sufficient to attract the entry of capable local demining firms and NGOs.** If the bulk of the market has been captured by, say, international NGOs, local firms and NGOs may still enter but will be restricted to niche or marginal roles.

Supporting measures which help local firms and NGOs compete for funds

From the case study evidence, the provision of direct assistance and performance incentives both appear to be fruitful measures in terms of fostering capable local demining firms and NGOs, and are more effective in combination than when provided singly. What other steps are helpful or, perhaps, essential for these local independent organisations to emerge? The case studies point to three measures that help create an environment in which local firms and NGOs can enter and function:

- accreditation of demining organisations,
- other components of quality assurance systems, and
- tendering or other contracts awards systems which are perceived to be fair and honest.

The first two of these are, of course, designed principally to ensure the safety of deminers and the general public, and are normally the responsibility of the national MAC (although the MAC need not conduct the QA inspections itself).³² By providing a level of assurance that demining organisations (including local firms and NGOs) have the basic capabilities to undertake demining operations and that these operations

will be conducted in accordance with reasonably high standards,³³ these measures create a framework in which groups requiring demining services have some level of assurance that they can find a competent demining organisation that will work to acceptable standards. Accreditation lists also make it easier for groups which are not actively involved in a mine action programme (smaller donors, prime contractors for aid-financed projects, construction companies, public utilities, municipalities, etc.) to find-out that local demining firms and NGOs exist, and to include them in their requests for proposals.

Such measures go some way to insulating mine action programmes from the toxic commercial environments which exist in many mine-afflicted countries. The evidence from Mozambique and Bosnia suggests that the number of small contracts issued for demining services by organisations outside the mine action community increases as the post-conflict reconstruction programme winds down and a more normal economic pattern begins to emerge. It is likely that economic demand would lead to such an increase even in the absence of accreditation and quality assurance inspections, but in the absence of such services it might well be that local firms and NGOs would be passed over in favour of their international competitors as a risk reduction measure on the part of the client or because firms providing general liability and site insurance for construction works would require the use of more established firms.³⁴ The case study evidence from Bosnia and Mozambique suggests that local firms and NGOs compete effectively for smaller contracts when given the opportunity to do so.³⁵

The evidence from the case studies also points to the important role that contract tendering mechanisms might play in how the market for demining services evolves. Irrespective of whether corruption does play a part in award of demining contracts, if the perception grows among donors that the system is prone to corruption, they will resort to greater use of direct grants or other sole-sourced contract arrangements. The evidence from our case studies suggests that, when such donor practices prevail, a higher proportion of total funding will flow to international firms and (especially) international NGOs, often those based in the donor country.

Thus in Bosnia some donors shifted their mine action support from a pooled-funding arrangement managed by the World Bank, which financed mine clearance via a system based on competitive tenders, to direct grants for international NGOs, the entity armed forces (financed via the Stabilisation Force — SFOR), the civil defence corps (financed via an international NGO) and local NGOs (financed through another international NGO). The Slovenian-based International ITF stepped in to provide a competitive mechanism after the World Bank decided to wind down its Emergency Landmine Clearance project, but the US remained the only significant donor for competitive tenders through this channel.³⁶

In Mozambique as well, international donors distrusted the competitive tendering process arranged in 1993-94 by UNDP and the United Nations Office for Project Services (UNOPS) because — to put it bluntly — the donors themselves had corrupted the process in their attempts to gain competitive advantages for firms from their own countries.³⁷ Further tenders were awarded over the next few years but, given the overtly mercantilist atmosphere which prevailed, most if not all of these went to international firms. It was not until about 1997 that local firms and NGOs began to win contracts for demining — and these contracts were issued by smaller donors, construction firms and utilities.

Summarising, it appears that **(i) accreditation of demining organisations, (ii) other elements of the quality assurance system, and (iii) contract awards processes which are perceived**

to be fair and honest serve an important role by insulating the market for demining services somewhat from the generally poor commercial environments which exist in many mine-affected States. If done successfully, such measures can encourage donors to use pooling arrangements for their funds and to support fair and open competitions for demining services, both of which offer local firms and NGOs reasonable opportunities to compete for reasonable portions of the market.³⁸

This suggests that a capable MAC which is perceived to discharge its QA and (where relevant) contracts awards functions in a transparent, fair and honest manner would be a great boon to local demining firms and NGOs by bolstering the confidence of donors (and others requiring demining services) that such organisations are capable and will conduct their demining operations according to high standards.

Coordinating local firms and NGOs

A few words should be said concerning the task of coordinating the activities of local demining firms and NGOs. As noted in the DHA Report, the absence of effective coordination compromises the ability to implement strategic and operational plans on a nation-wide basis to ensure those most in need receive priority attention. This concern is likely one of the main reasons why most national mine action managers and technical advisers stated their strong preference for direct control of operational units involved in demining and “...that they would be handicapped by ‘having to rely on a third party’”.³⁹

The evidence from our case studies suggests that local independent firms and NGOs do not present significant problems vis-à-vis coordination of demining activities.⁴⁰ Such organisations typically depend directly or indirectly on the MAC for the bulk of their funding. Afghanistan represents a case where the UN-managed MAC directly contracts most of the work performed by the Afghan NGOs and would be able to withhold future funding should coordination problems arise. In Mozambique and Bosnia, local firms and NGOs depend on the MAC for accreditation and must compete for funding (either through competitive tenders or based on direct proposals to donors). Given the competition in both the for-profit and not-for-profit segments of the market, negative comments by the MAC would almost certainly jeopardise the chances of an individual firm or NGO remaining successful.

In addition, the local demining organisations which depend on contracts have (officially at least) no control over what tasks are given priority.⁴¹ These are determined by the MAC (in consultation with municipal authorities and other stakeholders) or by the issuer of the contract (public utility, construction company, etc.).⁴² If coordination problems exist, these are not likely to be caused by local firms and NGOs.

Thus, coordination of local firms and NGOs via contracting arrangements appears to be effective. Once again however, it is important for those funding demining contracts to be clear on what types of contracting regimes should be used for what types of tasks. Direct competitive bidding should be used when (i) the tasks can be well defined and (ii) both the safety and the quality standards can be monitored and enforced.

Two puzzles

Why not replicate the Afghanistan model?

An obvious question springs to mind when discussing the differences across national mine action programmes. Given the widely held view that the Afghan programme has been a success, why have subsequent programmes not been modelled after its strategy of developing capacities primarily within local independent demining organisations? Some minor differences would be expected, of course. Why however is the organisational make-up of programmes such as Bosnia and Mozambique so profoundly different to that in Afghanistan?

It is often claimed that the success of the Afghanistan programme stems from the absence, until very recently, of a legitimate government. This allowed the UN a reasonably free hand in designing and managing the mine action effort. However, the central government in Bosnia has virtually no authority and the international community has had, in many ways, greater latitude (and certainly greater official authority) in Bosnia since the Dayton Agreement than it ever had in Afghanistan until the overthrow of the Taliban government in late 2001. The “no government interference” thesis seems only half the story.

The 1989 departure of the Soviet army from Afghanistan was followed by a period of anarchy, leading in turn to the Taliban’s success in establishing *de facto* control (although not officially recognised by any of the major donor countries) over most of the country. As a result, almost all the aid provided by the international donor countries was for humanitarian purposes. No large-scale reconstruction or development programming was initiated and the major donors had no direct presence in the country, operating instead via proxies — the UN system (through the Consolidated Appeals Process), the Red Cross movement, and international NGOs. As such, when **designing** its programmes, the UN enjoyed comparative freedom not only from the local government⁴² but also from the major donor countries, which could not operate directly and so, for the most part, played a relatively passive role.

The situation was vastly different in Mozambique and in Bosnia. In both cases international troops were fielded in the post-conflict period, which both signalled and reinforced the national interests of some of the principal donor countries. There were also extensive reconstruction activities financed by the donor countries and the World Bank. A number of international demining firms entered these markets to compete for demining contracts issued in support of the reconstruction projects and the more successful ones have remained.

Afghanistan differed in another way from all subsequent programmes. It was the first humanitarian demining programme and the international demining NGOs were just in the process of establishing themselves. Thus, the first of the big Afghan demining NGOs were created before the entry of international NGOs into the demining field. Once organisations such as MAG, HALO Trust and NPA had demonstrated their capacities to conduct demining operations in difficult situations, they attracted increased donor support and were able to establish programmes in countries such as Mozambique and Bosnia before plans for national mine action programmes were formulated. These plans then had to accommodate the established operations of the international demining NGOs.

The existence of international demining firms and NGOs has allowed programmes to tap into (in the phrase from the DHA Report) enhanced reservoirs of resources, reducing the need to quickly develop local capacities to manage large-scale demining operations. However, a further implication is that these international demining organisations remain in the competition for funding, leaving less available for local firms and NGOs once these begin to emerge.

Thus, Afghanistan appears to be a special case not simply due to the absence of a recognised government. It also was the first programme and there were no international demining organisations that could provide imported capacity.

Why don't international demining NGOs establish local demining NGOs?

International mine action NGOs have supported the creation of only one local demining NGO (APM in Bosnia) in the countries that were studied — this in spite of the policy pronouncements of most of the international NGO community. For example, “The Bad Honnef Framework” adopted by the ICBL states:

“...mine affected people and communities have the right to shape their own lives and...the implementation of the humanitarian action...to promote autonomy rather than creating new dependencies is crucial.” (paragraph 1)

“To correspond as best as possible with the needs and aspirations of affected communities, local institutions should be supported both in establishing themselves as well as in their work (capacity enhancement).” (paragraph 19)

Further, the joint Statement of Principles for HI, MAG and NPA includes as a core principle “the need to support the principle of transfer of competence to the affected communities”.

This is not to say that international NGOs have been bystanders when it comes to indigenous capacity development. They have provided basic training in mine action skills for local personnel who then worked within a programme managed by expatriate staff fielded by the international NGO. They have been important sources of innovation in mine action, particularly in the field of MRE,⁴⁴ and have often served as conduits for replicating innovations (such as the use of EDDs and the use of integrated demining techniques) across programmes. In both cases, this creates the opportunity to develop “new and improved” local capacities.

International mine action NGOs have also worked as contractors to donors or the UN to develop capacities within a national programme (including its MAC), usually by fielding technical advisers. Finally, they often have worked through existing local NGOs to provide MRE, providing funding, materials, and advice. But they appear to have done little to facilitate the establishment of new local NGOs to eventually assume responsibility for the management of mine action programmes, particularly in the field of mine survey and clearance. Why?

There appear to be a number of interrelated reasons for this apparent failure of international NGOs to “walk the talk”. First, as the APM case in Bosnia demonstrates, the creation of sustainable local organisations is a far more difficult task than capacity development at the individual level. It is also high risk, as there are numerous systemic factors (dysfunctional task networks, unfamiliar social norms, poor legislation and regulation) that can constrain or even reverse hard-won progress. Typically,

international NGOs have little leverage to make local governments institute the requisite reforms in matters such as not-for-profit law and regulation: therefore, they remain exposed to these high systemic risks.

The creation of sustainable local organisations is particularly difficult during humanitarian emergencies because: (i) the urgency of the human needs is inconsistent with flexible, open-ended approaches required for capacity development, (ii) donors want their humanitarian aid to go directly to the people at risk, not diverted to “luxuries” such as local capacity development, and (iii) the humanitarian aid tap quickly gushes forth and just as suddenly runs dry — the initial flood of aid will overwhelm rather than enhance the capacity of most local NGOs and any that survive may be unable to downsize to a sustainable level during the ensuing drought once the humanitarian crisis subsides.⁴⁵

Finally, there are the incentives facing international mine action NGOs. Mine action is the *raison d'être* for some of the major demining NGOs (MAG, HALO Trust, the Canadian International Demining Corps — CIDC) and an important programming area for others (HI, NPA). While most of these organisations support the principle of local ownership and capacity development, in practice the emergence of capable local demining NGOs could jeopardise the survival of the international NGOs.

Even when mine clearance is not the principal activity of an NGO, vagaries in its funding may set up strong disincentives for establishing capable local counterpart organisations. For example, NPA receives most of its funding for development work from NORAD (Norwegian Agency for Cooperation and Development) on a four-to-one matching basis (i.e. 80 per cent of the costs of the programme are covered by NORAD, and NPA has to raise the other 20 per cent from public donations and other sources). However, most of NPA's mine action funding comes from the humanitarian aid budget administered by the Ministry of Foreign Affairs, which covers 100 per cent of programme costs **plus** a 5 per cent mark-up. This means that transferring a US\$1 million mine action programme to a local partner could reduce NPA's funds for development work by as much as US\$250,000 (the US\$50,000 mark-up from Foreign Affairs plus US\$200,000 in matching grants from NORAD). There are good reasons for the different funding regimes maintained by NORAD and the Ministry of Foreign Affairs when viewed in isolation, but the joint impact of the regimes is to create extremely perverse incentives for NPA vis-à-vis indigenous capacity development (which happens to be one of Norway's principal aid policy objectives).

Notes

1. Differences in the roles played by local NGOs and other non-profits in MRE are less pronounced. For example, the local Red Cross/Red Crescent societies are active in all three countries.
2. In both countries, there are national and international firms, national and international NGOs, and local militaries active in demining. In Bosnia, the civil protection corps are also conducting demining operations, while in Mozambique the Accelerated Demining Programme (ADP) has been supported by UNDP. Plans are for it to become a “local NGO” although QUANGO might be a more apt description given the government is likely to retain significant oversight authority.
3. ATC, Mine Clearance and Planning Agency (MCPA) to take charge of survey activities in November 1989, and South West Afghan Agency for Demining (SWAAD – later renamed to Demining Agency for Afghanistan – DAFA) in May 1990.
4. OMAR commenced demining two years later, with funding from the EU rather than via UNOCHA.
5. These were legally registered in Pakistan, under provisions established for the many NGOs working with Afghan refugees in that country.
6. From 1996, a number of Regional Mine Action Centres (RMACs) were established inside Afghanistan to enhance coordination.
7. For example, the Afghan NGOs used a common salary structure, devised by I. Mansfield..
8. This reduced costs associated with importing equipment into Pakistan and helped overcome difficulties in importing military equipment such as mine detectors and explosive ordnance disposal equipment. Of course, it also reduced risks of financial irregularities on the part of the NGOs.
9. MCPA assumed responsibility for this at the end of 1991 and, in January 1998 formed a separate NGO (META – Monitoring Evaluation and Training Agency) to manage this function.
10. Over 100 international technical advisers were mobilised for the initial training programme, but not when the strategy shifted to the formation of Afghan NGOs. There also were a number of Pakistani professional, technical and support personnel serving on UNOCHA contracts while the programme was headquartered in Islamabad.
11. At least one of these firms pre-dated the assistance from RONCO, but its owner worked for some time as a local manager under contract with RONCO.
12. Initial funding of KM1 million had been provided by Denmark.
13. Most donors to APM channeled their funds through HI.
14. Austria, Canada, Denmark, France, Germany, Ireland, Switzerland, plus the Open Society Institute, UNICEF and HI.
15. These were BH Demining (Bosniak and based in Sarajevo), STOP Mines (Bosnian Serb, based in Pale), and PRO VITA (Bosnian Croat, based in Mostar).
16. This is the equipment that had subsequently been donated to the foundation controlled by the three Demining Commissioners. The three NGOs received equipment which had originally cost over US\$1 million to purchase.
17. They also have done some victim assistance work financed by the ITF, and at least one was awarded a contract to produce mine awareness material.
18. Although one is reputed to be “owned” by a local demining firm.
19. One local NGO claimed it was “active” in 1995, although it was not registered and did not report any demining work until 1997.
20. Another NGO — Canadian International Demining Centre in Mozambique (MCIDC) — was registered by CIDC as a branch of an international NGO, but is considered “informally” by IND as a local NGO.
21. Again, this excludes MCIDC which, nonetheless, appears to be focused more on “technical assessments and demining equipment procurement services” than on demining *per se*.
22. Because case study methodology is based on non-random selection of a limited number of cases, conclusions may be assessed in terms of “internal validity” (i.e. valid for one or the set of cases studied), but not in terms of “external validity” (i.e. validity with respect to situations that were not studied). With respect to “external validity”, we may believe a conclusion rings true — particularly when the case studies are supported by the literature review and consistent with a plausible theory — but cannot provide any statistical tests of confidence.
23. In all the case study countries, large numbers of technical advisers had been used to provide training in basic and supervisory skills for demining and EOD.
24. The DHA Report contains extensive evidence on this issue.
25. Technical assistance provided to enhance the capacities of local militaries to undertake humanitarian demining has a similarly spotty record, see GICHD (2003).
26. In this regard, the difference between for-profit and not-for-profit organisations may not be

that significant. It may well be that not-for-profit entrepreneurs have similar skills but different motivations than for-profit entrepreneurs. Also, in poorly-regulated environments, the opportunities for making private profits may not be greatly constrained when incorporated as a not-for-profit. Additionally, when donor-dependant countries have poorly-regulated environments (true for most such countries), the market for not-for-profits may also be larger than that available to profit-seeking firms and, thus, more attractive to entrepreneurs regardless of their motivation.

27. The two international NGOs engaged in mine clearance — HALO Trust and DDG — could also expand their operations.

28. This would be consistent with the APM experience.

29. The UN also provided capital equipment.

30. This of course is consistent with the “entrepreneur” hypothesis.

31. It must be emphasized that this conclusion is only valid when discussing established programmes for which the specialised assets have already been brought into the country.

32. In none of the case studies does the MAC provide all the quality assurance functions. In Afghanistan, the UN-managed MAC essentially signals its accreditation of organisations by providing them with funds, and most of the other QA functions are contracted out to META. In Mozambique the IND accredits organisations and quality assurance is performed by specialist firms for at least some contracts. In Bosnia, BH-MAC inspectors conduct inspections of all demining tasks, but the ITF also uses specialist firms to do QA inspections of tasks it funds unless a donor refuses to pay for this service.

33. This includes the proper use of suitable equipment, EDDs, and so on.

34. The role played by private insurance providers to demining operators and to construction contractors operating in contaminated countries may well be a vital element of the commercial market for demining services, but we are unaware of any independent studies on this issue.

35. Further, in Mozambique the IND did not accredit organisations until 1999. Local firms and NGOs have been far more successful in obtaining demining contracts since that date.

36. Other donors provided funds via the ITF, but mainly directed their funds to sole-sourced grants to the entity armed forces and international NGOs. They used the ITF channel mainly to trigger “matching grants” from the US, and it was these matching grants that financed the competitive tenders.

37. See Eaton *et al.* (1997c: 20). The inability of the UN system to act decisively on the tendering process likely contributed to the debacle by opening the door to such tactics.

38. These “fair and open competitions” do not necessarily imply standard commercial tendering processes. “Indirect” competition among NGOs for donor grants could also work so long as the awards are based primarily on the quality of the proposal — assessed by a transparent process and clear criteria such as efficiency, safety, and effectiveness — rather than by, say, the country of origin of the NGO.

39. Eaton *et al.* (1997a: 40).

40. The biggest coordination problems arise between (i) national authorities and international NGOs which have obtained their own funds directly from donors and, in some countries, (ii) between civilian mine action authorities and local militaries. Based on these studies we are not, of course, in a position to say which group is “right” when such coordination problems arise.

41. However, as noted in the recently published World Bank Demining Handbook: “...since the land mine clearance community in a developing country is usually very small, there is a high probability that persons within the coordination structure and the contracting industry know each other reasonably well. Therefore, Bank staff...should be careful to monitor possible conflicts of interest between the members of the governmental demining organizational structure and the contracting industry...” (Buré and Pont, 2003: 20).

42. The evidence from the Bosnia case study suggests that at least one demining firm has prospered as an intermediary in a money laundering scheme; “loaning” contract payment guarantee documents to money launderers, enable them to circumvent “know-thy-customer” regulations imposed by banking regulators in Australia. This did not appear to cause a problem to the mine action programme *per se*, but obviously should be a concern for Bosnian and OECD-member governments.

42. Both the Taliban government and the warlords who preceded the Taliban interfered with operations in many ways.

43. Also deserving mention are experiments using small clearance or EOD teams to address small but vital tasks, often in more remote communities. In some cases such teams target hazards that have been identified by MRE networks established by the international NGO.

44. See also Smillie (2001) for a discussion of the problems of developing local NGOs in the midst of humanitarian crises.

Chapter 5

The case of Afghanistan

Introduction

The first section of this case study provides the historical context for civil society in Afghanistan. The second section provides an overview of mine action in Afghanistan. The third section describes the mine action NGOs within the country and their legal status. The fourth and final section highlights key issues to consider and sets out the main case study findings, including, where appropriate, recommendations for action.

Historical overview: economy and society

Afghanistan is landlocked, mountainous, geographically remote, sparsely populated, and ethnically diverse. It is also a geopolitically important country. It has long been one of the poorest countries in the world, falling near the bottom in rankings of average per capita income and the UNDP Human Development Index.

Afghanistan was at peace between the 1930s and late 1970s, and underwent a modest degree of economic and social development. Modernisation and industrialisation were concentrated in the cities and towns, however, and most rural areas retained their traditional governance structures and social practices. In 1978 — the last year of peace — Afghanistan was largely self-sufficient in food and was a significant exporter of agricultural products. Agriculture was largely concentrated in narrow river valleys and plains where irrigation water from snowmelt was available. Manufacturing industry was largely undeveloped, with only a few plants established in sectors such as textiles, medicines, cement and similar basic products.

Afghanistan's strategic position during the Cold War period resulted in it receiving substantial amounts of foreign aid from both the Soviet and US governments, which funded the running of the State without substantial domestic taxation. Macroeconomic policy was balanced, with budget surpluses, a market-based, competitive exchange rate and modest foreign and domestic debt. As a result of foreign aid, the country had a relatively good major road network, as well as some other infrastructure including major irrigation and hydroelectric facilities. This modern infrastructure, however, did not extend beyond the main arteries and urban centres. Social and other services (such

as education and health) were largely limited to the relatively small urban sector. During this period the Afghan State remained relatively weak and had limited reach in most of the country.

The long drawn-out war of Soviet occupation and subsequent internecine conflict severely damaged Afghanistan's economy. By the mid-1990s, most of the country's limited modern infrastructure was destroyed and traditional irrigation systems suffered greatly from destruction and lack of maintenance. As important as the physical damage was the increasing breakdown of the State and civil society over time, and the progressive erosion of institutions — both modern and traditional, which had governed the pre-war economy and society. Government-provided social services, which had never had a strong outreach into the rural areas, atrophied and, to a large extent, stopped functioning. NGOs and UN agencies have essentially taken up the task of providing essential social services to parts of the population, building on community-based efforts in various parts of the country.

Box 1. Chronology of war

Civil war broke out in Afghanistan in 1979 after Soviet troops invaded the country to back the communist government in power. Islamic and tribal groups opposed to the policies of the communist government and the Soviet occupation responded by mounting armed opposition.

For ten years the country became a Cold War battleground, as Soviet and Afghan government troops fought against armed Islamic guerrilla fighters backed by the US and its European allies, Pakistan, Saudi Arabia and Iran. After the Soviet withdrawal in 1989, fighting continued between government and opposition forces until the communist government finally collapsed in 1992.

The fall of the government did not bring peace, however, as the loosely allied and fractious Mujahideen groups started fighting each other for control of territory and administrative institutions. Despite the formation of a coalition interim government, central political authority was weak and unstable, and Afghanistan plunged into lawlessness. At the end of 1994, a new political and military force — the Taliban — emerged on the scene. Stating as their aim to rid Afghanistan of corrupt Mujahideen groups, the Taliban succeeded in capturing large areas of country from opposing armed groups — grouped together under the banner of the Northern Alliance. They controlled around 80 per cent of Afghanistan. Fighting continued between the Taliban and opposition forces and the political situation remained volatile until 2001 — with Northern Alliance forces gradually losing ground.

Following 11 September 2001, however, US and other forces actively assisted Northern Alliance forces in fighting the Taliban. By December 2001, Northern Alliance forces had taken Kabul and most major towns. The Afghanistan Interim Authority peacefully took over central administration on 22 December 2001, aided by an international stabilisation force (ISAF) for a pre-agreed six-month period. An emergency Loya Jirga (Grand Assembly of traditional leaders) took place in June 2002 and established a Transitional Authority — which paved the way for a new constitution and an elected, fully representative government for Afghanistan.

As a result of the Soviet invasion, war and subsequent insecurity throughout the 1990s agricultural output was substantially reduced, livestock herds were depleted, and large-scale industries almost ceased functioning. The key economic institutions of State-central bank, treasury, tax collection and customs, statistics, civil service, law and order, and the judicial system are extremely weak or simply missing. Basic infrastructure — roads, bridges, irrigation, canals, telecommunications, electricity, markets — have been destroyed or oriented toward the war effort. Millions of Afghans became refugees in neighbouring Pakistan and Iran and, to a lesser extent, elsewhere. In 1999, this refugee population stood at approximately seven million while in the

same year the in-country population was estimated at 18 to 20 million.¹ It is unclear how many refugees have returned since this time. Additionally the wide and indiscriminate use of landmines continues to cause enormous human and economic losses — discussed in greater depth in following sections.

There was a modest economic recovery in the mid-1990s in areas that became largely free of conflict. Agricultural production increased; livestock herds sharply rose in numbers, taking advantage of widely available unused grazing land; and horticultural production also grew, based on restoration and expansion of orchards and vineyards. Substantial numbers of refugees returned to their homes aided by international assistance. The economic recovery was concentrated in areas taken over relatively early by the Taliban. However, the deterioration in social services (particularly education) was aggravated by the Taliban's social policies, which largely excluded women from work and girls from school.

This introduction of a limited certain degree of stability in large parts of the country also facilitated the growth of various kinds of unofficial economic activities, most notably long-distance trade (particularly re-exports to Pakistan) and opium poppy cultivation. Although these activities had always been present, they underwent unprecedented expansion in the 1990s. Unofficial exports to Pakistan were roughly estimated to have exceeded US\$2 billion in 1996 and by the late 1990s Afghanistan had become the largest producer of opium poppy in the world.² Other questionable economic activities included uncontrolled exploitation of natural resources — timber, gems, marble and granite, etc. — resulting in extensive deforestation and environmental degradation, among other problems.

Most recently, Afghanistan has been hit by a severe, protracted drought, which started in 1999 and has lasted until the present. Given the breakdown of the State and civil society and consequent inability to respond adequately, this drought has led to famine. Crop production has been halved and livestock herds heavily depleted, more than erasing the modest gains of the early and mid-1990s. Large and increasing numbers of people have lost their means of livelihood and have become displaced, either internally or to neighbouring countries. Malnutrition has significantly worsened and starvation deaths have been reported. The impact of the drought, which would have been serious under any circumstances, has been aggravated by continuing conflict in parts of the country (particularly in north-eastern and central Afghanistan) and by the run-down condition of irrigation systems and other agricultural infrastructure.

Access to education in Afghanistan, and the quality of the education which is available, remain poor at all levels. Modern education based on Western models in Afghanistan began in the early 20th century when a number of schools were opened in Kabul. The Faculty of Medicine, opened in 1932, was the first ever higher education institute in Afghanistan. Kabul University, established in 1946, became home to a flurry of political activity through the years. By 1992, there were universities in Balkh, Herat, and Kandahar. In Kabul alone, there were thousands of students in 1992 — most of whom were women, as young men were being recruited by all sides to fight in the war. Kabul University was all but destroyed by the shelling of the city in the mid-1990s. Despite the reopening of this institution, access and quality of education remains poor, particularly in rural areas.

With a few local exceptions, girls were officially excluded from formal education in Taliban-controlled areas, exacerbating historical and traditional gender imbalances. While the AIA has now rescinded this decree — and a massive return-to-school

programme was scheduled for September 2002, with assistance from UNICEF and many NGOs³ — official resources for education are limited.

Demand for education, however, is high and far outstrips supply. The primary gross enrolment rate in 2000 was estimated at 39 per cent for boys and 3 per cent for girls. While this figure is now likely to be higher — particularly for girls — the overall figure is likely to remain relatively low.⁴ Secondary and higher education, crucial to producing future skilled professionals, is estimated to be even lower.⁵

The situation in health is equally poor. According to reports at a World Bank-sponsored health workshop infant mortality is estimated by UN and NGO agencies to be one of the highest in the world at around 165 per 1,000 live births, while 257 of every 1,000 live births die before they are five. The maternal mortality rate is estimated to be 1,700 per 100,000 live births, with nearly 99 per cent of deliveries taking place at home and only 9 per cent being attended by trained personnel. Only around 30 per cent of children under one year of age are fully immunised, and life expectancy at birth is estimated at around 41 years.⁶

With Afghanistan's continuing brain drain and lack of education facilities, the number of health professionals has greatly decreased. In addition, Afghanistan probably has the largest population of disabled in the world as the direct or indirect consequence of war — particularly mine and UXO casualties.

In sum, Afghanistan's economic structure has been gravely weakened, distorted and made more vulnerable through two decades of conflict. Agriculture (including livestock), the most important economic activity, is highly vulnerable to natural conditions as is demonstrated by the current drought. Trade activities are vulnerable to the policies of neighbouring countries, while remittances, another major source of income, remain vulnerable to changes in economic conditions in the source countries. Education facilities barely exist in rural areas and health facilities are basic, while public health activities are non-existent in most areas.

The Taliban's complete ban on opium poppy cultivation, although a positive move, sharply reduced the incomes of those small farmers and rural wage labourers dependent on poppy cultivation and related work. Foreign aid, another important albeit smaller source of income, has increased sharply in the wake of first the drought and then (more substantially) following the fall of the Taliban, but also is subject to fluctuations and severe logistical constraints. The conflict has led to a transformation of social and economic networks. Although the majority of the territory of Afghanistan has not been constantly at war, economic distortions and vulnerabilities affect the entire country and there is a pervasive sense of insecurity.

Recent developments

The events of 11 September 2001 precipitated wholesale changes in the political and military situation in Afghanistan, transforming the overall context for national reconstruction and international support to Afghanistan. The collapse of the Taliban regime was followed by the conclusion in Bonn on 5 December 2001 of the *Agreement on Provisional Arrangements in Afghanistan Pending the Re-establishment of Permanent Government Institutions* (the Bonn Agreement). This is an agreement among the different groups in opposition to the Taliban regime on a new structure of government and a process towards the election of a fully representative government.

Fully vested with the sovereign functions of government, the Afghanistan Interim Authority (AIA) peacefully took over central administration on 22 December 2001, with the expectation that it would be in power for six months. An emergency Loya Jirga took place in June 2002 and established a Transitional Authority (TA) with the power to repeal and amend laws and regulations by decree.

Despite being hampered by its very limited capacity and the difficult security situation in many parts of the country, the AIA and later the TA made considerable progress and gained widespread international recognition and some moral authority.⁷ In April 2002, the AIA presented a draft *National Development Framework to the Interim Donors Group*, which laid out the administration's development strategy. However, expectations among the population for a "peace dividend" are high and if the AIA and its successor do not deliver results relatively quickly, the prospects for further progress and the peace process are likely to be jeopardised.

Beyond popular expectations for a peace dividend, developing a strong framework for strengthening local governance and promoting community development will be essential to reduce poverty and to promote social cohesion in the country. TA's policy statements and follow-up actions highlight the balance that must be struck between acting quickly on the humanitarian and reconstruction agenda, and ensuring that emergency relief does not overwhelm the longer-term objective of creating conditions that will promote economic growth, build sound administrative and financial institutions, give people a voice in political decision-making, and develop local capacities for action. Recent statements by the administration highlight an irritation that international funds promised for Afghanistan are being channelled through international NGOs and used for emergency humanitarian rather than long-term development purposes.

Aid flows and structures

Prior to 2002, total international assistance to Afghanistan (in the range of US\$200-300 million annually in recent years) has gone overwhelmingly for humanitarian relief purposes, much of it in the form of food aid and other in-kind assistance.⁸ Another major recipient of funding was the mine clearance programme (Mine Action Programme for Afghanistan — MAPA) funded mainly through a UN-managed trust fund. Key development sectors like education and infrastructure have accounted for only a small proportion of total assistance.

The dominance of humanitarian assistance reflected donor restrictions against providing funding for explicit development purposes to a country without a legitimate and recognised government. The distinction between humanitarian and development activities was very much blurred, however, in the context of a country that has been facing conflict and a "complex emergency" situation for many years.

Funding of assistance for Afghanistan in recent years has come from a large number of bilateral donors, of which by far the largest has been the US, followed by the European Union. Most international assistance to Afghanistan was (and to a large extent still is) delivered by NGOs. Prior to the regime change there were about 40 sizeable NGOs (i.e. annually spending US\$1 million or more each) along with numerous smaller entities. Much assistance passes through UN agencies to implementing NGOs, although the larger and more reputable NGOs (mostly international NGOs) attract substantial direct donor funding. In the absence of effectively functioning government service delivery or leadership, NGOs are the main

actors in many sectors, such as primary education (especially for girls), rural water supply, basic health units, and mine clearance activities. The change of regime and the substantial increase in aid flows to Afghanistan (US\$4.7 billion being pledged at the Tokyo conference in February 2002) has resulted in a massive burgeoning of UN and NGO bodies within Afghanistan.⁹

Prior to the end of Taliban rule there were moves to improve NGO coordination in the field, and promising steps towards sector strategising and programming among some NGOs (for example in the case of rural water supply). However, despite this, and in particular following the increased number of NGOs in-country, aid delivery remains highly fragmented. There are cases of duplication, working at cross-purposes and “crowding” on the part of both UN agencies and NGOs in response to donor demands.¹⁰ The main coordinating body (the Agency Coordinating Body for Afghan Relief — ACBAR) was forced to scale back its activities in 2001 due to lack of funding. However since 2002 funding has increased and ACBAR has relocated to Kabul and changed its name to the Agency Coordination Body for Afghan Relief.

The logistics and location structure of assistance to Afghanistan mean that it has been a difficult, high-cost country in which to work. Rugged terrain and poor transport result in high transport and delivery costs; large parts of the country are inaccessible during winter. Aid management occurred at three different levels: regional hubs in Afghanistan, Pakistan (where most agency country offices were located prior to mid 2002) and New York, plus other UN agency headquarters and donor capitals. This complicated decision-making and raised overhead costs. It is envisaged that following relocation to Kabul from Pakistan there will be some improvement in this decision-making process.

Afghanistan is currently in a state of flux. Kabul is seeing a massive growth in the international community — diplomatic, UN and NGO. There is a concern that as a result there is a danger on over-focusing on the capital and its surrounding region at the expense of the regions. Future aid flows will be dependent on continued donor engagement with Afghanistan, itself intimately linked to security issues, and the capacity of Afghan government and institutions to demonstrate effective impact of aid spent to date. In the medium term it is likely that the number of both international and national NGOs is reduced as donor funding reduces from the current peak.

Civil society

The achievement of “good governance” through mobilisation and representation of group interests and the monitoring and reform of policies and practices of the State is widely held to be a core function of civil society. Current thinking also links “civil society” with issues such as citizenship, rights and democratic representation.

This view of civil society does not fit easily with the model found in Afghanistan. There are few Afghan civil society organisations (CSOs) conforming to this model in today’s Afghanistan. Few CSOs fit the idealised model of organised interest groups — with democratic processes and based on the voluntary participation of individuals as equal citizens — with the exception of a few exile community organisations and possibly a handful of urban organisations.¹¹

However, that is not to say that such organisations have never existed. Modern civil society has had a short but lively history in Afghanistan. In the early 20th century

newly formed constitutionalist movements struggled for modernisation and political reform. In the post 1939-45 war era a relatively sustained process of modernisation led to a rapid growth of CSOs. The cities, notably Kabul, saw the formation of numerous interest-based organisations (e.g. business associations and occupational groups of doctors, architects, etc); social and recreational organisations (e.g. women's groups, art and literary associations, sports clubs, etc); and cultural/ religious/tribal organisations (e.g. organised religious minority communities, such as tribal assemblies, etc). Many of these organisations were largely "separate" from the State, "autonomous" and "voluntary".

The last two decades of conflict has undermined or destroyed most functioning urban CSOs. At the same time, volatile social and political conditions, combined with increased exposure to the outside world, have galvanised the development of a new breed of social organisation. Both inside Afghanistan and in the refugee communities outside the country, there has been large-scale creation of semi-political movements as well as social and community-based self-help organisations, including NGOs.

Most of the new CSOs in the country and within communities in exile bear certain characteristics that attest to the extraordinary conditions under which they have been created. The 14 years of communist rule in Afghanistan (1978-92), for example, saw a growing trend towards government-sponsored CSOs. Among the large refugee communities in Pakistan a more or less similar trend occurred. Most of the community-based associations and self-help groups in the refugee camps were created either by the various military factions that fought communist rule in Afghanistan or by international aid organisations. Afghan NGOs, which grew handsomely in number in the early 1990s, constituted one particular breed of this generation of CSOs in exile and this is particularly the case for MAPA's partner Afghan NGOs.

In most cases, however, these new Afghan CSOs were neither genuinely Afghan nor constituting civil society — properly speaking. The organisations sponsored by the regime in Kabul or the military factions in exile often formed an institutional component of their respective sponsors and, to that extent, were neither voluntary nor separate nor autonomous. In the case of Afghan NGOs, their creation was often driven by donor projects rather than voluntary participation. Although quite a few have attempted to transform themselves, they have a long way to go before they can transform their identity and be considered truly Afghan CSOs. This will be made additionally difficult for many due to the results of two decades of conflict. Years of war, destruction and oppression have left Afghanistan drained of its urban intelligentsia. It will take a great deal of time (and peace) before urban communities can generate a solid base on which civil society can flourish.

Despite this, examples of success do exist. For example, even during the Taliban period, women's groups in Kabul operated underground education cells. In many places, from Khost in the South to Badakhshan in the North, communities also came together to organise against conscription.¹²

Outside the narrow "good governance" approach, civil society can be seen more broadly as the realm of organised groups and associations which form an intermediate domain between the State, on the one hand, and the basic units of society, i.e. individual and family and private sector, on the other. Thus, any organisation that exists and operates in this "intermediate domain" — and is to some extent separate from the State and autonomous from it, and based on the voluntary participation of its constituting members — can be called a CSO.¹³

Viewed from this angle Afghanistan demonstrates a number of deeply embedded social organisations — tribal organisations, religious networks and other basic forms of social, political and economic organisation. In rural Afghanistan, civil society is reflected in norms (e.g. tribal codes of justice, etc.), institutions (e.g. *jirgas* — customary systems for collective decision-making, maintaining law and order, etc.) and community-based systems for social and economic regulation (e.g. *mirabs* — for water regulation, upkeep of mosques, etc.).¹⁴

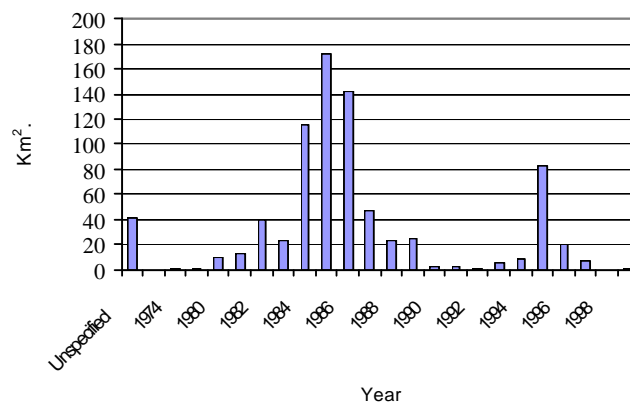
Though most of these tribal and religious norms, institutions and community-based organisations tend by nature to be rather conservative, even reactionary, they undoubtedly constitute an important asset in ensuring “good governance” in rural Afghanistan. There is a paradox in evidence here however: while undoubtedly identified with civil society many of these organisations actively discourage or undermine activities such as democratic approaches, tolerance and civil rights.

The context of mine action in Afghanistan

Background

Afghanistan, despite 12 years of mine action, remains among the most mine-affected countries in the world with an estimated 850 square kilometres of land affected. Landmines and UXO are to be found throughout the country — in urban and commercial areas, in towns and villages, irrigated systems and canals and on grazing land. The mine and UXO problem has been exacerbated by the armed conflict in 2001, with new areas being contaminated by UXO, while there is also evidence of additional mine-laying as fighting and frontlines shifted across the country. Many large ammunition depots in major towns were hit by air-strikes, spreading UXO over a radius of as much as five kilometres at a time.

Figure 1. Minefields in square kilometres by year of mine-laying



Mines and UXO contaminate 30 of the 32 provinces in Afghanistan (affecting 1,585 villages), with the greatest concentration and impact in the eastern, southern and western areas of the country. Prior to the fighting in 2001, it was estimated that 850 square kilometres of land remained contaminated by landmines (of which 360 square kilometres were considered high priority areas for clearance), with a further 500 square kilometres believed to be contaminated by UXO.¹⁵

The recent fighting is believed to have contaminated an additional 100 square kilometres of land, however as of mid-2002, accurate data was not yet available. On top of this, as new areas of the country become accessible for survey new minefields and contaminated areas are being discovered at a rate of 12-14 square kilometres a year.¹⁶ These areas were mined at some time in the past, but are only being discovered by the mine action programme as different parts of the country become newly accessible to survey teams.

Table 1. Mine contamination in Afghanistan as of March 2002¹⁷

Contamination areas	Area in km ²
Total mine contaminated area identified to date	978
– of which high priority area	599
High priority area cleared to date	239
Remaining high priority area to be cleared	360
– agricultural areas	163
– residential and commercial land	16
– irrigation systems and canals	3
– roads	35
– grazing areas	143

Current assessments suggests that if the remaining 360 square kilometres of high priority mined area can be cleared, most Afghans could resume a normal, productive life. The MAPA estimates this will take approximately seven to eight years, provided funding is maintained.¹⁸

In keeping with MAPA's objectives, current priorities for survey and clearance include:

- transit routes and resettlement areas for refugees and internally displaced persons (IDPs);
- emergency service facilities (i.e. hospitals and clinics);
- transport routes for humanitarian assistance;
- primary transit routes;
- highly populated areas.

In addition, as development projects progress,¹⁹ the MAPA will provide necessary clearance and survey input.

Reliable figures for those killed or wounded by landmines do not exist. A number of studies have been undertaken to obtain an estimate of the numbers of injured, and a number of agencies regularly collect victim data for this purpose, but the results vary widely. Data collected is not based on any well-conceived sampling technique, and double counting may occur among the agencies involved:

- The MAPA Annual Work Plan for the year 2000 stated that the number of mine accident casualties may still be as high as 150 to 300 a month, but it adds that many more are believed to die before receiving medical treatment.²⁰
- The Socio-Economic Impact Study (SEIS) estimate for casualties in recent years (1997) was 10-12 a day or 300-360 a month, decreasing from 20-24 people a day or 600-720 a month in 1993.
- The ICRC in Kabul made an assessment of 300-500 victims a month, based on the number of mine casualties arriving at their hospitals.
- The SEIS estimated the total number of landmine victims in Afghanistan at some

90,000-104,000 as of the end of 1997, while the Mine Action Centre for Afghanistan (MACA) gives a figure of 200,000.²¹ There is anecdotal evidence from MAPA partners, in particular Save the Children US, that mine and UXO injuries have increased during 2002 due to new contamination resulting from the fighting in 2001 and to increased population movement, often into unfamiliar areas, as the population has shifted in an attempt to avoid the fighting or to return to newly-secured areas. However, as of August 2002 detailed national mine casualty figures were not available.

The genesis of national mine action capacity

While indigenous NGOs have a long and successful history in Pakistan, India and in particular Bangladesh, prior to the Soviet invasion of 1979 there were few such organisations working within Afghanistan. However, by the mid-1980s their number had increased, encouraged by the success of NGOs in the region and by the large number of international organisations working in and around Peshawar assisting Afghan refugees. Before Operation Salaam — the UN programme to assist refugee return and the rehabilitation of Afghanistan — UN agencies had a very low profile and international NGOs and the ICRC undertook the bulk of activities in support of Afghan refugees. In 1988-89, as a mine action programme for Afghanistan was being established, military trainers²² began training a large number of deminers as part of what was to become Operation Salaam. This was based on the Pakistan border with Afghanistan since at this time Soviet forces had not yet completed their withdrawal from the country. Military trainers were prohibited from entering Afghanistan by their governments, resulting in deminer training being undertaken in Pakistan.

The initial plan was for various military contingents to train large numbers of community deminers in Afghanistan, with a view to the Afghan trainees working as unpaid volunteers to demine areas around their own villages. These deminers would receive an attendance allowance during the short training period but once training was completed no salary was to be paid. No protective equipment or material was supplied other than a prod and explosives for mine destruction. Explosives and detonators would be replenished if and when the deminers returned to the demining training facilities in Pakistan.

The concept relied heavily on persuading volunteers that minefield clearance would be a continuation of the *jihad* or holy war (*see below the section on findings*) against the Soviet forces, which were by then starting to withdraw from the country. Many thousands of deminers were trained,²³ but the programme quickly ran into a number of problems. Military contingents were not allowed into Afghanistan to oversee activities, there was no prioritisation, survey, or record-keeping, and as a result no clear picture of what was being done. For the deminers, the lack of enforcement of standing operating procedures (SOPs) and the absence of protective equipment and medical support made the job extremely dangerous. Although no information is available as to the casualty rate, anecdotal evidence is that this was unacceptably high.

Following this experience, UNOCHA turned its attention to the establishment of a number of Afghan NGOs. With the exception of META, most of the key national partner organisations were established during the period 1989-91. Of the key **national** NGOs, only AREA (Agency for Rehabilitation and Energy Conservation in Afghanistan) and ARI (Ansar Relief Institute, the Iran-based mine awareness

organisation) existed prior to undertaking mine action activities as partners within the MAPA. Most clearance partner agencies were established by UNOCHA/MACA with the explicit intention of providing the UN with operational subcontractor bodies through which the programme would operate. A brief summary of the current MACA national partners is given in the following section.

An Introduction to the MAPA

Mine action operations started in Afghanistan after the Geneva accord in 1989. The current MAPA is one of the largest mine action programmes in the world. Between 1990 and 2002 donor countries have donated or pledged more than US\$180 million for mine action operations in Afghanistan.

Table 2. MAPA, AETF funding in US\$ million and cost per square metre of minefields cleared in 1991-1999²⁴

Year	1999	1998	1997	1996	1995	1994	1993	1992	1991
US\$ million	22.1	22.2	20.2	17.7	15.6	16.9	17.4	11.1	7.9
US\$/m ² of minefield	0.6	0.7	0.6	0.8	0.7	0.8	1.8	1.5	0.8

Table 2 shows MAPA funding levels from 1991 to 1999 with a rough indication of the clearance cost per square metre. This suggests that the costs of clearance operations have generally reduced over time. However, this figure should be regarded as indicative only since the Afghan Emergency Trust Fund (AETF) is only one (albeit the major) funding source and many NGOs receive funding bilaterally from donors. But this trend is decreasing as more donors fund through the UNOCHA AEFT or now the UNDP Voluntary Trust Fund (VTF).

Key to the effective coordination of the MAPA is the MACA. The responsibilities of the MACA include mine action operational prioritisation, tasking and capacity allocation, financial services including auditing NGOs, reporting to donors and seeking funding, administrative, logistics, human resource management, procurement and communication support and monitoring and external evaluation of operational programmes.

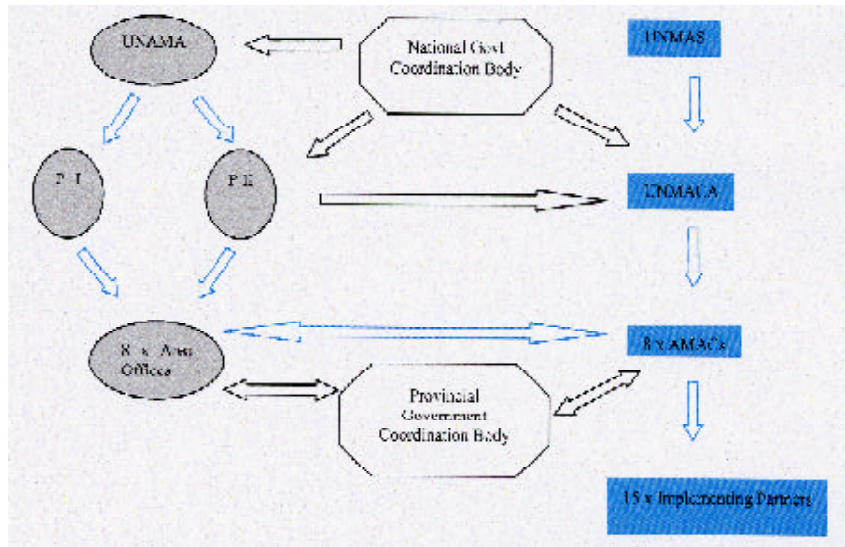
Until June 2002, the MACA was based in Islamabad owing to security issues and most mine action NGOs had their main offices in or near Peshawar. The regional MACs in Mazar-I-Sharif and Herat were operational for most of this period, with the exception of periods of intense fighting. The fighting in 2001-2002 and the subsequent move to Kabul after the end of the conflict have had substantial impact on the short-term capacity of the programme to undertake a number of administrative functions.

Figure 2 overleaf outlines the macro level coordination of mine action between the interim government, the UN Assistance Mission for Afghanistan (UNAMA) structures and the MAPA.

The new MACA structure outlines the format of the programme and reflects the new political formation of the country since the installation of the interim government. For example, while previously there were five regional MACs, there are now to be eight, reflecting the new administrative boundaries of the country. The MACA remains

under direct UN control, while all operational or training aspects are undertaken by MAPA partner organisations.

Figure 2. Overall mine action coordination structure for Afghanistan



Note: PI refers to political systems and structures, PII to humanitarian activities.

The development of a coherent exit strategy has been a hostage to the ongoing political and military developments within Afghanistan. While within the MACA there has been a strong ongoing commitment to the development of national capacity through the strengthening of national NGOs and implementing partners, and a strong commitment *in principle* to the national ownership of the MAPA, there has also been a recognition that such an approach must be undertaken very carefully if the capacity of the MAPA is not to be undermined. This reflected both a recognition of the difficulties of working with the Taliban regime, the need to ensure that demining capacity is not misused and the disappointing results seen in the development of national mine action authorities in a number of other countries.²⁶

With the establishment of the Interim Government in December 2001, the MACA is now developing a three-year programme of capacity development. Over this period capacity will be built up within the Afghan government structures to manage mine action coordination, prioritisation and tasking, and ownership transferred to the Government of Afghanistan's Department of Mine Clearance (DMC) within the Office of Disaster Preparedness (ODP).

Parallel with the process of developing national government oversight MACA is elaborating a strategy to develop nationally recruited staff. The DFID/CIDA/Government of Japan evaluation of the MAPA in 2000 recommended that:

“While highly successful to date, we believe it now would be appropriate for UNOCHA to develop nationally recruited staff to assume greater responsibility for the management of the programme. A strategy for development of a team of nationally recruited staff should include:

- *the development of competency profiles for each member of the mine action management team and specific plans for the further development of individual skills and organisation capacity;*

- a review of the skill profiles for MAPA's internationally-recruited staff, with particular attention to those for the 'Field Coordinator' positions with the view to recruiting staff with operations management and management capacity development expertise, with less emphasis on technical demining skills;
- the documentation of operations management SOPs to assist in specifying work practices and guiding mine action management staff in the MACA and the RMACs. The development of clear and concise SOPs will also aid in the implementation of the capacity development work plans."²⁷

These recommendations were broadly accepted by the MACA, which has since acted to implement them. However, as with many aspects of the programme, this has been disrupted first by the funding shortfall of early 2001 and then the post-11 September situation.

Box 1. The core components of the MAPA²⁵

Mine/UXO survey: To ensure that mine areas are identified, marked and mapped, that resulting data is recorded, and that all necessary information on risk areas is disseminated. This component will contribute to the overall efficiency of the mine clearance and mine awareness tasks.

Mine/UXO clearance: Within this component there are four objectives central to the project

- To reduce casualties among IDPs and refugees and maintain mobility of humanitarian response within Afghanistan, within all eight areas of the country (Central, Northern, North Eastern, South Eastern, Central Highlands, Central Eastern, West, East);
- To make areas safe for productive use through the application of safe and efficient clearance and destruction technology that will clear areas deemed to be high priority areas within seven years and permanently mark all low priority areas within the same period;
- To further improve the safety of demining personnel and reduce the rate of demining accidents; and
- To make available a rapid reaction capacity for response to emergency explosive ordnance disposal or mine clearance tasks.

Awareness component: To reduce casualties caused by mines and UXO through education regarding the identification and avoidance of risks associated with living in a mine/UXO contaminated environment.

Interim administration support: To build capacity with relevant areas of the Afghan Government in order to prepare Afghan Government officials to assume their coordination and policy-making role for mine action in Afghanistan. In addition, awareness regarding the international legal instruments related to mine and UXO contamination will be promoted in order to pave the way for the government accession to key international instruments in this area.

Technical development: To strengthen the technical excellence of the MAPA, in order to promote greater safety, efficiency, and cost-effectiveness within the MAPA.

Coordination and training: To ensure coordination of all aspects of mine action in Afghanistan, in cooperation with Afghan government authorities, ensuring that MAPA remains a programme of excellence. To strengthen the capacity of MAPA's Afghan and international implementing partners through training and the design and implementation of a total quality management (TQM) strategy.

Operating environment

Mine action NGOs, particularly those associated with survey and clearance, appear to have faced fewer operational difficulties and less obstruction from current and past governments than have more mainstream relief and development organisations. The current administration has begun to express its frustration with the proliferation of local and international NGOs. This is due in part to irritation that NGOs are receiving

the greater share of rehabilitation funds promised during the Tokyo Donors Conference of January 2002²⁸ and in part due to the slow speed of visible developmental outputs. This is no doubt combined with frustration regarding the salary levels paid by NGOs in comparison to the government and concern at the perceived imbalance between overheads and outputs. Similarly, the Taliban administration was at times extremely suspicious of and hostile to NGOs, proving at times obstructive to programming initiatives. This resulted in attempts to regulate and control many aspects of the work.

However, a number of factors have ensured that mine action NGOs — both national and international — have not faced these pressures to the same extent. These include:

- the value with which mine action is held by the local community;
- the tangible nature of the work;
- the relatively small number of mine action NGOs; and
- the structure of tasking and prioritisation and the capacity of the MACA to provide a degree of protection and cover.

These issues will be discussed in more detail in the final section of this case study.

Socio-economic impact

In 1998-99, the Mine Clearance and Planning Agency (MCPA) undertook a socio-economic impact study (SEIS) in an attempt to capture and quantify benefits resulting from the programme. This survey focused primarily on the economic value of land cleared by the programme but did additionally attempt to quantify the reduced cost of transport, health and education provision and reduced costs of administering to refugees.

This survey was followed in 2000 by a World Bank/UNDP Study of Socio-Economic Impact of Mine Action in Afghanistan (SIMAA). This built on the SEIS survey — producing eight cost-benefit case studies of agricultural land and cropping systems as well as two case studies for urban areas, providing net present value (NPV) estimates for clearance activities in these areas. The cost of clearance using different technologies was also calculated (*see Figure 3 below*) as was an overall cost-benefit estimate for MAPA clearance activity from commencement up until 1999. In addition to providing a number of findings with regard to the efficiencies of the different demining techniques (manual, mechanical and dogs) the report found that:

1. Total benefits from clearance activities in 1999 were an estimated US\$117 million. Once clearance costs of US\$25.5 million were deducted this gave a net benefit of US\$91.5 million, or an extremely positive cost-benefit ration of 1:3.6. This represents a return of 47 per cent per annum — high in comparison to the usual World Bank rate of 10-12 per cent. Figure 3 indicates clearance benefit by land type.²⁹
2. The average cost of clearance per square metre was calculated at 75US cents. This is somewhat higher than the 60US cents per square metre reported by MAPA but still very respectable. BAC costs were averaging 3.4 US cents per square metre. This is an average cost across clearance types and varied significantly depending on clearance methodology and land type. Table 3 shows cost-benefit ratios by land type and clearance methodology.
3. As might be expected, clearance of irrigation works and irrigated agricultural land yields the greatest net advantage. This is followed by residential areas, roads, agricultural land and finally grazing land. With regard to grazing land, on purely economic grounds the SIMAA survey found that it is seldom cost-effective to undertake mine clearance, however these areas may well be cleared

for political or humanitarian considerations. Figure 4 indicates the net benefits from demining different land types.³¹

Figure 3. Clearance benefits by land type

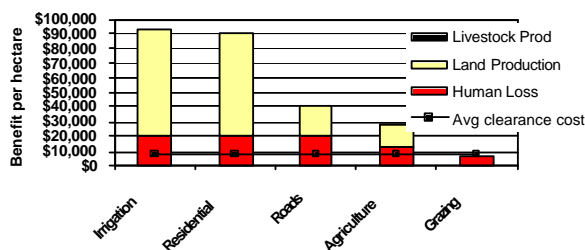
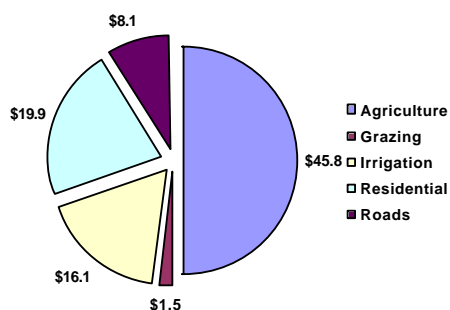


Table 3. Benefit-cost ratios³⁰
(simple averages from SIMAA case studies)

Land type	Clearance technique		
	Manual	Dog	Mechanical
Agriculture	1.23	9.43	0.44
Grazing	0.10	1.40	(0.80)
Irrigation	8.31	29.43	4.36
Roads	1.70	11.35	0.65
Residential	1.80	24.15	0.60

Figure 4. Net benefits from demining by land type in US\$M



Productivity and cost

Productivity and clearance rates have been affected by a number of factors since inception:

- the growth in experience and on-site learning that has been a natural feature of the programme as NGOs have become familiar with the nature and scope of the problem and have developed alternative ways of undertaking clearance;
- the introduction of mechanical clearance techniques and the development of the dog capacity;
- the downsizing of the programme during 2000-2001 due to funding shortfalls; and
- the halting of activities from September 2001, and the subsequent loss of material followed by the period of retraining and lead time to replace lost equipment.

In general, however, the MAPA, the SIMAA study and the recent DFID/CIDA evaluation all consider that overall productivity has increased and costs fallen. Table 4 below is adapted from the SIMAA study³² and shows comparative clearance rates and operating costs for the five national clearance NGOs and the HALO Trust. This table makes no adjustments for the type of land cleared, the level of difficulty of contamination, or the costs of providing the teams with mobile capacity.

Table 4. Comparative clearance rates by organisation

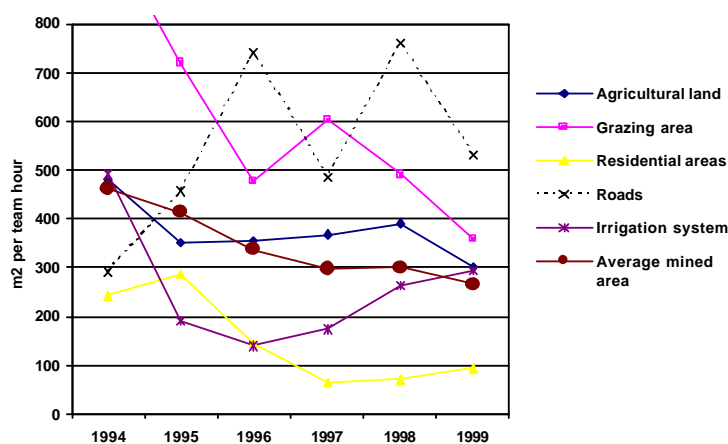
	ATC	AREA	DAFA	OMAR	MDC	HALO	Total
Area cleared 1999 (ha)	663	38	295	348	1,688	165	3,197
Approx operating Cost (US\$000)	5,650	188	2,851	1,966	2,953	1,459	15,067
Cost/m2 (US\$)	0.85	0.49	0.96	0.56	0.17	0.88	-

The table suggests that mobile teams such as ATC and the Demining Agency for Afghanistan (DAFA) are more expensive to maintain than organisations such as OMAR and AREA, which claim to be community-based.³³ AREA in particular has a very different way of operating — training members of the community for the clearance of minefields in their villages, with supervision provided by AREA trainers and supervisors. As a result salary costs are substantially lower. Although the MDC costs are extremely low it should be borne in mind that many areas are not suitable for dog team clearance.

Table 5. Clearance of minefields and battlefields in square kilometres, 1990-2000

	1990 -2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Minefields	220.6	34.2	33.5	32.6	21.6	23.9	20.7	9.9	7.4	10.2	6.4
Battlefields	303.7	75.7	39.1	49.2	34.1	19.5	22.7				

Figure 5. Average clearance rates per team hour, 1994-1999



Source: SIMAA, table 11.2

While Table 5 indicates that clearance per year is increasing due to the increase (up until 2000) in clearance capacity, the rate of average clearance rates per team hour are falling (see Figure 5). This is in part due to the tendency to clear the easiest and most accessible land within each land type first, coupled with a much stronger adherence to safety procedures following an increase in clearance-related accidents during the mid-1990s.

An introduction to the NGOs currently operating in Afghanistan

Legal environment

The legal framework surrounding the existence and authorisation of NGOs is complex. There are approximately 800 NGOs operating within Afghanistan³⁴ of which 200 are international bodies and 600 Afghan. There is currently a vacuum in legislation, causing a degree of confusion in a number of key areas of governance. NGO legislation — such as it is — was until 1996 based on the 1977 Civil Code which contained provisions governing NGOs. The Taliban regime revoked the Civil Code and imposed Shari'a law. This in turn has now been annulled by the present government. The new government has not issued a formal pronouncement on whether the Civil Code has been reinstated. That being said, the current government includes a number of pre-Taliban officials, who, as a practical matter, may look to the Civil Code to fill the legislative vacuum.

According to research undertaken by the International Centre for Not-for-Profit Law (ICNL)³⁵ the Civil Code recognises two primary legal forms for non-endowed NGOs: associations and institutes.³⁶ An association is defined as a “group of real and legal persons organised for a definite or indefinite period of time with the object to achieve charity, public welfare, scientific, literary and artistic objectives (non-profit making)”.³⁷ The Civil Code contains special sections governing “public welfare associations”, “charity associations” and “cultural associations.”³⁸ An institute is defined as a “legal person established for performing humanitarian, religious, scientific, technical and/or physical educational services for an indefinite period of time and shall operate on a non-profit-making basis” (Civil Code, Article 455).

The Civil Code also addresses a variety of issues of relevance to such associations and institutions, including those relevant to their establishment, governance, details of what economic activities may and may not be entered into, and details pertaining to their termination.³⁹ There is also confusion as to whether such organisations may legally receive funding from international sources.

Clearly the current situation requires clarification, with something of a turf battle between various ministries (in particular the Ministry of Foreign Affairs and the Ministry of Planning) over who should be the lead body administering NGOs. The result has been NGOs receiving multiple demands for information from disparate ministries and departments, and often conflicting instructions.

The Afghan government has established an NGO Commission to develop a coherent legal framework for NGOs,⁴⁰ however there is no clear timeframe for the commission to complete its work. The challenge will then be implementation, recognising that Afghanistan currently lacks the infrastructure to enforce these laws effectively.

Governance

As highlighted above, mine action NGOs (with the exception of AREA and ARI) were established at the behest of the UNOCHA/MACA programme, which has continued to shepherd their ongoing institutional development. However, in general they have yet to develop adequate structures for governance and accountability to the government. As mentioned, the State has very little capacity to oversee and regulate national NGOs. While each of the mine action NGOs has a charter and a board of directors or executive committee, the DFID/CIDA/Government of Japan evaluation⁴¹ points out that many of the agencies have the following deficiencies:

- it is unclear who bears the ultimate legal responsibility for the organisation;
- it is not clear how steering committee members are appointed or removed;
- there is no requirement for an Annual General Meeting at which the organisation, including the committee, would be held to account;
- there is no requirement for an external audit (other than by the UN) of the annual financial statements on an annual basis;
- it is not clear in some cases how the executive director is appointed or removed from office;
- the governing charters are often too detailed with regards to operational issues and links to UNOCHA and do not specify adequate frameworks for corporate governance and accountability. This may be a particular concern in the future as certain NGOs begin to operate internationally.

It should be stressed that there is no evidence of wrongdoing. However, such conditions reduce transparency and thus make such a prospect more possible.

A brief overview of indigenous mine action NGOs operating in Afghanistan

Afghan Red Crescent Society (ARCS)

- **History**

ARCS is the National Red Crescent Society and, as such, the Afghan partner to the International Federation of Red Cross and Red Crescent Societies (IFRC). The ARCS programme has been undertaking a mine awareness component since 1991.

- **Current capacity**

The programme has run male and female MRE teams. Female teams are currently working within Kabul, generally providing hospital or health centre based mine awareness to women and girls. The female teams will shortly be expanded to work in seven provinces providing school-based awareness.

ARCS also operates one male community-based education team and two quick response teams as well as one impact assessment team. The ICRC has also commenced direct programming to improve coverage and capacity, providing two teams of five people working in the north and eastern regions.

- **Funding and governance**

The ARCS is governed as part of the IFRC. As such it is managed by an executive committee and a director, with a annual general meeting at which the year's activities are reviewed.

The UNOCHA/MAPA programme funded the ARCS activities from 1991 to 1996, since which time the ICRC has provided funding of approximately US\$300,000 per year.

Agency for Rehabilitation and Energy conservation in Afghanistan (AREA)

- **History**

AREA is a non-political, non-partisan, non-profit humanitarian and development organisation independently established on 1 April 1994 to continue the activities of the GTZ Domestic Energy Saving Project, which was in the process of winding down and nationalising its initiatives.

Prior to this another NGO, Austrians Aid Afghans (AAA), had in 1992 initiated a community-based mine clearance programme. The Community Based Mine Clearance Programme (CBMCP) aimed to provide a low-cost alternative to traditional demining practices. Through mobilisation and motivation of the villagers to clear their own minefields, closely linking demining with self-identified community socio-economic priorities. AREA took over this programme initiative in 1997, integrating it into its own community development programme structure. Technical help and assistance was received from UNOCHA and the MAPA to facilitate this.

- **Current capacity**

As of 2001, a total of 112 persons were involved in the community-based mine clearance programme. AREA has three teams located in Nangarhar province in the east. As of 2002, there were technical staff to oversee each project component, including one expatriate technical adviser, four team leaders, four assistant team leaders, four paramedics and four drivers with their vehicles. Community-based staff consists of 12 section leaders and 72 deminers. The project also has one full-time monitoring and evaluation officer, expected to ensure that the activities of the project are properly recorded and assessed.

- **Funding and governance**

AREA is managed in a decentralised manner. Its head office is in Peshawar, Pakistan. The General Assembly is the strategic decision-making body overseeing all activities. The agency has a board of directors which advises the managing director and meets on a quarterly basis.

AREA receives funding for its CBMCP from UNOCHA, which totalled some US\$340,000 for the year 2000. AREA receives funding for its non-demining programmes from the governments of Canada and the US, as well as bodies such as the Netherlands Organisation for International Development and Cooperation (NOVIB) and Muslim Aid UK.

Ansar Relief Institute (ARI)

- **History**

On 1 May 1994, the Ansar Relief Institute (then known as Refugees Relief Group of Ansar, RRG) joined the UNOCHA MAPA with a mine awareness training project for Afghan refugees returning from Iran. ARI works in close coordination and cooperation with agencies of the Ministry of Interior as well as departments dealing

with refugee affairs. These agencies have agreed to extend all possible assistance to ARI to facilitate smooth running of the project.

Initially, ARI had trained 50 Afghan instructors (40 male and 10 female). Currently the agency has 23 Afghan instructors and 18 other support staff.

ARI's activities are undertaken to support the repatriation process of UNHCR and their annual targets are based on the UNHCR estimate of the mass return of refugees. ARI provides mine awareness training to the returning refugees. ARI is mainly working in three Border Exit Stations (Milak, Ghargharouk and Dogharoun) on the Iranian side of the border.

- **Current capacity**

In 2002, ARI was employing 23 Afghan mine awareness instructors (17 male and 6 female), deploying three six-person teams to the Border Exit Station (BES) at Dogharoun, one three-person team to Ghargharouk and a two-person team to Milak. ARI also employs three site officers, one per location. It proposed in 2000 that one female instructor be added to each of the all-male teams at Ghargharouk and Milak, bringing the total number of instructors to 25. In addition, the programme is supported by 18 Iranian staff.

- **Funding and governance**

ARI is managed by a board of management, headed by the director of the agency. ARI receives funding of approximately US\$260,000 annually from UNOCHA for its mine awareness activities.

Afghan Technical Consultants (ATC)

- **History**

ATC was founded by UNOCHA in October 1989, which appointed as director Colonel Kefayatullah Eblagh — an Afghan ex-army officer and then head of the mujahedeen military engineering training facility near Peshawar. Funding and management assistance was provided by UNOCHA. ATC initially started as a manual clearance organisation with a total of 35 employees. Following a successful pilot programme in Kunar province in early 1990 ATC was rapidly expanded to 750 personnel by early 1991 and in 2002 had approximately 1,500 personnel. In 1990, the project was expanded to areas in the south-east, central and northern provinces.

ATC relies largely on manual techniques of mine clearance. However, the organisation does operate mechanical clearance and in 1990 used Ardvark flails (subsequently discontinued in 1996), and currently use armoured backhoes for mechanical excavation and a rotary cutter. ATC also operates EOD and BAC teams.

ATC has commenced bidding for international contracts, winning the tender for a QA contract for northern Iraq. However following objections from the Iraqi authorities in Baghdad this project was not eventually undertaken. ATC has also undertaken non-demining projects, mainly relief-based activities, starting from 1999.

- **Current capacity**

As of mid-2002 the ATC demining capacity consisted of:

- 25 manual clearance teams, each of 30 staff;

- 12 EOD teams, each of 7 staff;
- 3 mechanical excavation teams, each of 13 staff; and
- 1 mechanical rotary cutter team.

- **Funding and governance**

ATC is overseen by a seven-person steering committee which meets quarterly. The organisation claimed an annual budget of US\$8 million for the year 2001.⁴² Previously this averaged US\$5 million per year. Funding has been provided from UNOCHA through the AETF, of some US\$4 million per year. Since 1993, ATC has also received EU funding of between €1-2.8 million per annum. Future EU funding will be provided through the UNDP trust fund.

Demining Agency for Afghanistan (DAFA)

- **History**

In June 1990, demining activities commenced in south-west Afghanistan. An Afghan NGO, DAFA (then known as SWAAD) was established by UNOCHA as an implementing partner and started operations with four manual mine clearance teams. This grew to 12 teams by 1992. Since then, DAFA has been successfully working in most of the provinces in the south-west Afghanistan.

In early 1993, following concerns regarding the organisation's capacity, DAFA underwent a number of changes and developments to both its clearance and administrative procedures, resulting in significant improvements in operations and system of work. The administrative set-up of the organisation was modified and a new steering committee constituted.

In 1994, DAFA started mine clearance operation in Kandahar. After successful trials using the excavation machines (backhoe), DAFA continues with mechanical clearance methodologies. DAFA is undertaking mine clearance (manual and mechanical) in the provinces of Kandahar, Zabul, Helmand and Uruzgan.

- **Current capacity**

Currently, DAFA has more than 680 staff, of which three-quarters are operational and the remainder are support and office staff. These are divided into 11 manual and three mechanical clearance teams.

- **Funding and governance**

The agency is managed by the director of the agency and a steering committee of seven. The steering committee according to the constitution meets four times a year or when required.

Mine Clearance and Planning Agency (MCPA)

- **History**

MCPA was established in 1989, following which an agreement was signed between UNOCHA and MCPA on 15 March 1990 to undertake survey-related activities to support the UNOCHA MAPA. Since then, MCPA has been conducting minefield surveys, recording information related to survey and clearance operations and providing data for the preparation of operational plans.

In 1993, in coordination with the MACA, MCPA conducted a general level one survey of almost all Afghanistan's provinces, with the exception of those districts inaccessible due to security constraints. This survey formed the basis for planning mine action operations in Afghanistan. To supplement this data a second general survey was conducted in 1996 by MCPA.

Between 1993 and 1996, MCPA also had responsibility for the MACA training project. In 1995, the training centre moved to Jalalabad from Afghanistan. In 1996, the MCPA training management capacity also moved to Jalalabad. In 1997, this training project was separated from MCPA and a separate NGO, the Monitoring, Evaluation and Training Agency (META), established.

MCPA also bids for international contracts. For example, it successfully executed the Landmine Impact Survey in the Republic of Yemen in coordination with the Survey Action Centre (SAC) between 1999 and 2000.

- **Current capacity**

The MCPA currently has 31 five-member technical survey teams and one quick response team. Each team consists of three surveyors, a paramedic/surveyor and a team leader. Each team is supported by a mine dog set from MDC (see below).

- **Funding and governance**

The agency is managed by a director who is overseen by a 12-person steering committee which meets every three months. MCPA's activities are wholly funded by UNOCHA. The total budget of MCPA for 2000 was US\$2.5 million.

Mine Detection and Dog Centre (MDC)

- **History**

MDC was established as an implementing partner at the behest of USAID in Pakistan in 1989. MDC received training from RONCO and Thai military specialists in dog handling and detection in June 1989, using 14 dogs provided by the Thai military. Following two months of training, 14 handlers, dogs and a detachment of Afghan deminers were deployed to Paktika for a two-month trial period. This proved seemingly successful with claims made of 1,300 mines removed and 135 kilometres of road cleared. Further trials in 1990 in Paktika and Kunar province indicated that dogs could be successfully used for mine clearance in Afghanistan.

Over time the programme expanded and by the end of 1993 more than 100 dogs were supporting operations of UNOCHA mine clearance programme partners (at that stage consisting of OMAR, MCPA, ATC, and DAFA). Dogs were both bred by the programme and imported from the Netherlands. In 1993, the expatriate manager of MDC handed over full responsibility to the Afghan director and in February 1994 MDC became an independent Afghan NGO assisted and funded by the MAPA.

Dogs are divided into mine dog clearance groups, which have dogs and deminers, and survey team mine dog sets seconded to MCPA. Currently MDC is the world's largest mine dog organisation and consequently receives substantial donor and press attention, with more than 100 visitors in 2001. MDC actively networks to share experience and techniques.

In 2001, MDC deployed five dog teams to Yemen as part of trials in support of the landmine impact survey, the first international deployment MDC has initiated.

- **Current capacity**

By 2001, MDC employed more than 1,100 staff with 31 mine dog sets and 18 mine dog clearance groups — a total of 194 dogs either in operation, training or breeding operation at any one time. The programme continues with a major breeding programme.

A mine dog clearance group consists of four dogs and 16 staff: one group leader, one assistant group leader, eight deminers, four dog handlers, one clerk and one medic. A mine dog set has two dogs and four staff: one set leader, two dog handlers and one driver. Mine dog sets are seconded to MCPA for survey and clearance activity as part of integrated teams. Both mine dog sets and mine dog clearance groups operate throughout the country.

- **Funding and governance**

Funds were provided direct to MDC from USAID via RONCO up to 1993, after when they were channelled through UNOCHA. The German government funded MDC through the UNOCHA AETF during 1996 and 1997, since when MDC has received all its funding through UNOCHA — approximately US\$2.5 million in 2001 (US\$2.4 million in 2000).

MDC is governed by a six-member steering committee, with two observers (one each from UNOCHA and USAID) sitting in. The committee meets once a year.

Monitoring Evaluation and Training Agency (META)

- **History**

Between 1993 and 1996, training was undertaken by the MCPA. In 1995, the training centre moved to Jalalabad, in Afghanistan. In 1996, the MCPA training management capacity also moved to Jalalabad and subsequently became a separate NGO to ensure greater operational efficiency, objectivity and functional effectiveness. The Monitoring, Evaluation and Training Agency, META, was established in January 1998.

- **Current capacity**

META is responsible for conducting mine clearance training courses for all MAPA partner organisations (with the exception of the HALO Trust), monitoring and evaluation of demining operations in Afghanistan, conducting investigations into mine-related accidents within the programme, assisting with the conduct of trials, and assisting with the production of technical and reference material.

Since 2001 the programme has also been responsible for non-technical management development, running basic supervision courses, and (in coordination with Cranfield mine action staff) it delivers the Cranfield-designed middle management course in Peshawar. By end 2003, this course had provided management training to 350 middle managers and senior supervisors from the various mine action programmes.

In 2002, META provided substantial refresher training for existing mine action staff, as well as training for the large numbers of new deminers recently recruited by various

NGOs. From 2002 META has increased its quality control (QC) and QA capacity through increased national staffing and funding made available for this aspect of operations, and through the assistance of a MACA-seconded international technical adviser. In total, META employs 170 staff.

- **Funding and governance**

The agency is managed by a director through a steering committee which meets quarterly or as required. The budget for 2001 was US\$900,000 and for 2002 it increased substantially to US\$1.9 million reflecting the increase in programming.

Organisation for Mine Clearance and Afghan Rehabilitation (OMAR)

- **History**

OMAR was established at the behest of the UNOCHA MAPA programme in early 1989 in support of the programme of mine awareness. Originally entitled OMA (Organisation for Mine Awareness) the programme initially undertook mine awareness programmes aimed at assisting refugees in the camps on the Pakistan border, prior to their return. OMA also undertook similar work in non-government-controlled areas of Afghanistan along the Pakistan border, beginning in late 1989.

In 1992, the organisation expanded to include mine clearance activities, and focused activities in western Afghanistan, being at the time the only mine action organisation working in this region. This decision to expand into clearance reflected a concern with regard to the limited clearance capacity in the areas in which it focused awareness activities and a desire to act on this.

The management structure of the organisation reflects a template suggested by the MAPA programme and used by all organisations created at the time. These have changed organically over time to reflect the needs of individual agencies.

- **Current capacity**

The organisation has substantial capacity in manual clearance, mechanical clearance and EOD, in addition to an awareness capacity through mobile mine awareness teams working countrywide. The head office is in Kabul, with sub-offices in four provinces (Herat, Mazar- I-Sharif, Jalalabad, and Kandahar). Kabul teams work in Kandahar during winter.

In 2002 the organisation had approximately 600 staff down from 700 in 2001 (prior to the regime change that followed 11 September 2001).

- **Funding and governance**

OMAR is funded by multiple donors, receiving the bulk of its funding for the last few years from sources other than the AETF, including the German and Japanese governments, the EU and NOVIB. For funding-year 2001 the trust fund covered the cost of the six awareness teams and two manual clearance teams. Funding has fluctuated substantially year on year, although both NOVIB and German funding have been multi-year in the past. Such funding covers all core and operating costs of the teams. These teams are then tasked by the MACA, drawing up annual work plans (running from January to December).

OMAR is governed by a charter and is overseen by a steering committee which meets every quarter. This committee includes the executive director.

The future

The DFID/CIDA/Government of Japan evaluation concluded that “*through a combination of foresight and good fortune, MAPA has evolved into a resilient system comprising a variety of organisations, which — individually and collectively — have demonstrated the ability to innovate, solve problems, and improve performance. Many of the individual NGOs are motivated to continue their evolution and prepare for the day when they are no longer dependent on MACA or, eventually, the Afghanistan mine action programme itself*”.⁴³ As to where the programme should go from here, the evaluation went on to outline a number of scenarios for future organisational focus.⁴⁴ These include:

- managing mine action projects internationally;
- supplying goods and services to the international mine action community from Afghanistan;
- providing other public services (e.g. technical training) within Afghanistan; and
- implementing non-mine action development projects within Afghanistan.

The evaluation concluded that the further evolution of the NGOs into independent organisations should be encouraged as this will increase the likelihood that they will survive the future transitions facing MAPA and so ensure the preservation of a decade of donor investment in capacity development.

Conclusions and recommendations

Identity

Conclusion 1

There is a lack of clarity, including among the organisations themselves, as to whether indigenous mine action organisations are truly NGOs or commercial undertakings. Government legislation and practice will have a major bearing on this issue and the final direction chosen will be strongly influenced by pragmatic considerations of taxation and labour law regulations.

Findings

The question of whether an organisation is an NGO or a commercial undertaking may appear to be something of a sterile academic discussion — does it matter what they are as long as they perform effectively? However, it can be strongly argued that identity is important when considering issues of long-term organisational development and direction, and, as such, a foundation for future success. Developing successful organisations equipped with skills to ensure they survive in the long-term requires such clarity of purpose. There are also important considerations with regard to good governance issues, particularly for NGOs.

Prior to the Soviet invasion, NGOs did not exist in Afghanistan to any large degree, despite the strong history NGOs have in the region. However, Pakistan-based Afghan NGOs increased in size, number and importance during the 1980s, emerging as operating partners to international NGOs administering to the refugee camps in and around Peshawar. In part, NGO numbers increased because it was the most straightforward way to access donor funding (influenced by the fact that so many of

the aid agencies administering funding were themselves international NGOs), and a number of organisations that might otherwise have developed as commercial concerns became “NGOs”.

Mine action NGOs visited did not display many of the characteristics traditionally associated with NGOs, having neither a community grassroots focus nor a specific constituency which they claimed to represent. Also lacking was clarity with regard to ownership, democratic governance and oversight — the (ideal) characteristics of NGOs. Within the Afghanistan context there was general agreement among interviewees that the mine action NGOs (with the exception of AREA, a development NGO with a mine action component, and to a lesser extent ARI) stand apart in terms of their way of operating, general attitude and organisational dynamic.⁴⁵ This was especially pronounced for the clearance agencies.

At the same time, however, it should be noted that the mine action NGOs do not seek financial gain: witness the strong involvement of national NGOs in the highly successful advocacy campaign for the Anti-Personnel Mine Ban Convention. The reality is that most Afghan mine action NGOs should be considered hybrids. It is useful to note here that the middle management training courses being run by META were developed directly from a western business school model. Had this been a course run for more traditional NGOs it is likely that additional topics would include issues of, for instance, participation, gender sensitivity and NGO governance. There are also questions as to how well they are adapted to mine action.

Major donors have stated that mine action within the Afghanistan context is funded because it is seen to be necessary, and has proved to be effective. However the vehicle through which mine action should be undertaken is of less interest, provided it demonstrates financial transparency. Within these criteria the national mine action agencies have proved to be valid investments and, as such, have received substantial funding. However, from a capacity-building point of view, it is important to know the identity the organisation desires — as a first step to assisting the achievement of that goal and thus the direction of future capacity-building activities.

Afghan NGOs should be encouraged to strategically consider the future options open to them — whether they wish to remain NGOs or become more commercially-orientated concerns (or as, indeed, with a number of northern “NGOs” which are a combination of the two). In general, there is a need for greater training and for consideration of the issues of organisational governance, transparency and accountability. Consideration also needs to be given to how agencies balance the two conflicting accountability issues — to financial donors and to the communities for whom they work. Similarly there is a great deal of opacity regarding the workings of steering committees and organisational oversight; this was discussed in the DFID/CIDA/Government of Japan evaluation.⁴⁶

Recommendation 1

There is a need to clarify current and future organisational identity and direction, determining whether Afghan mine action agencies wish to be NGOs or commercial organisations, or perhaps possess a hybrid status. This will in turn have implications for the MACA as to how tasking/prioritisation and general support is handled.

Operating environment

Conclusion 2

Political instability and ongoing conflict have actually facilitated the emergence of successful and technically sound indigenous clearance and mine action organisations. However, this may have limited the long-term development of these organisations into cohesive entities with a clear vision, direction and long-term strategy.

Findings

Over the last 12 years, the turmoil of factionalism, ongoing conflict, the Taliban government and the sheer logistical difficulties of operating in Afghanistan, have all acted as a spur to the development of indigenous NGO capacity. With the exception of the HALO Trust, no international NGO, and certainly no commercial organisation, has been willing to risk operating in such an environment (although it could also be argued that no-one would be willing to fund them to take such a risk). For commercial firms in particular the perceived risks — high operating costs, perceived danger, expensive insurance and human resource costs — have made the country a very poor prospect, given limited donor interest. Likewise for donors, the combination of ongoing conflict and the dominance of the Taliban ensured that large-scale rehabilitation and development funding was not on the agenda. At the same time the pressing humanitarian needs of the country could not be ignored. The only remaining option therefore was to fund local mine action organisations. It can be argued therefore that political instability has actually aided the emergence of an indigenous mine action capacity within Afghanistan.

Mine action NGOs, particularly those associated with survey and clearance, appear to have faced less operational difficulties and obstruction from current and past governments than have more mainstream relief and development organisations. Therefore, while operating conditions have been difficult, successful mine action interventions have not been prevented. For similar reasons mine action agencies have also been less prone to the periodic looting of equipment and offices, although this has happened from time to time. Banditry can be a problem, however, with one agency having lost three staff members in a random act of violence and robbery.

However, a number of factors have ensured that mine action NGOs — both national and international — have not faced these pressures to the same extent. These include:

- The value with which mine action is held by the local community. Mines and UXO have scarred nearly every family and community in the country, so people are aware of the damage they cause and the capacity they have to limit rehabilitation efforts.
- The tangible nature of the work in comparison to other sectors.
- The respect engendered as a result of the perceived danger of the clearance work again differentiates mine action NGOs from other organisations.
- The relatively small number of mine action NGOs — ensuring a good degree of cohesion and responsiveness.
- The structure of tasking and prioritisation which would seem to be considered fair by the communities concerned: organisations were not perceived to be biased or working to one faction's agenda.
- The capacity of the MACA to provide support and political protection to MAPA partners as and when required.
- The fact that most organisations were owned and operated by Afghans ensured

better local intelligence and a better perception of the organisation by authorities and communities.

Yet, in the first few years, organisations jockeyed for position, squabbling over territory and over tasking, e.g. who could undertake surveys, use dogs/mechanical assets, etc. Serious problems were avoided by the effective intervention by the MACA as honest broker and regular coordination and planning meetings.

Recommendation 2

Tasking systems should ensure transparency of decision-making and separate prioritisation from tasking in order to minimise the potential for undue pressure being placed on clearance agencies when working in conflict-affected environments. Where multiple indigenous organisations exist or are being created, mine action centres should assist organisations to develop well-defined geographic or functional capacities — therefore minimising the potential for confusion or unnecessary competition.

Mine Action Centre Afghanistan

Conclusion 3

Key to the success of the mine action programme for Afghanistan has been the vital role played by the MACA. The MACA has received universal praise for its role from donors, partners and government officials.

Findings

There has been impressive continuity of management of the MACA, with only four managers in 11 years. And most of these managers had been senior MACA staff before taking the top position. This has been universally welcomed by partner agencies, for whom senior management change can be disruptive. This was highlighted by many mine action agencies as an important contributing factor to the programme's success.

The MACA has been in place since the inception of the demining programme in Afghanistan, hence it has always been part of the landscape — acting as a coordination body almost before there was anything to coordinate. Indeed, to a large extent the MACA established the very NGOs for whom it then provided management oversight and coordination. It has therefore not had the difficulties associated with some mine action programmes elsewhere — of arriving after operations have been running for some time and thus having to face the resultant credibility and functional problems that often emerge.

The MACA has successfully fulfilled the role of honest broker between operational NGOs and agencies. The MACA has maintained a reputation for being unbiased and has successfully arbitrated in emerging disputes, particularly at the start of the programme when each agency was developing its programme focus. It is likely this role will be further developed if the current political stability continues. In this event it is likely that balancing competing demands for resources, not from NGOs this time but from regions, will require a transparent and trusted process for prioritising demands for mine action attention. This is an issue in which the newly emerging DMC — the government body overseeing mine action — will require substantial support as it develops its capacity.

The MACA has also played an important role in attracting sufficient funding for the programme. While 2000 and 2001 proved to be lean and difficult funding years, prior to this funding had shown a progressive increase to some US\$20-22 million by 1999

(excluding direct bilateral funding of NGOs). This important contribution should not be overlooked given the relatively low profile of Afghanistan on the donor countries radar screens for much of this period. A key issue therefore is that the MACA managed to ensure funding more or less matched existing capacity in clearance and MRE activities for most of the decade, thus ensuring mine action continued to be undertaken efficiently.

National NGOs have also commented that at times of political uncertainty the MACA also provided protection and political cover in its umbrella capacity. Agencies were relatively unhindered by the Najibullah regime due to their association with the UN for example. The relatively small number of MAPA partners (16, of which currently nine are clearance-focused, five do mine awareness and two are mixed) also ensures good cohesion at national level, assists more informal discussions, and allows quicker responses to requests for assistance. Certainly when compared to a mine action programme such as Kosovo, the smaller number of mine action players undoubtedly assists management, coordination and communication.

The decision to work mainly through indigenous structures, rather than seeking opportunities to insert further international capacity, has clearly been a key underlying factor in the successful development of indigenous capacity. This was further reinforced by the decision in mid-2002 to expand existing capacity (rather than bring in an external organisation) to meet increased funding pledges for the MAPA. This was made for a mix of practical reasons (lead time, knowledge of local operating conditions, cost) and owing to policy (to reflect the UNDP mandate of strengthening local institutions). It should also be noted that the USAID programme has decided to buy into this decision — using national organisations in its US\$300 million programme of reconstruction rather than bring in external contractors as originally planned. Thus a further factor in the development of national capacity has been the **quality** of existing work (more so than cost) and, equally importantly, the capacity of the MACA to convince donors of the validity of this approach.

In sum, the MAPA programme has successfully sought to build up national capacity as the primary means of overcoming the mines threat in Afghanistan. However, within the MACA it would appear that this **implicit** policy should be made more **explicit**. For example, while the core components of the programme for 2002 state there is a detailed programme of support to the Afghan Interim Administration, there is no reference here or in similar past documents to the desire to strengthen national capacity within the programme, and building this into programme and individual work plans.

Recommendation 3

In the interests of programme continuity and stability, mine action programmes should seek to minimise the turnover of senior MAC technical and managerial staff. Technical staff job descriptions and work plans should explicitly detail issues of managerial capacity development, outlining timeframes for the transfer of skills and benchmarks for an exit strategy. MACs should seek to recruit technical staff with wider managerial skills in addition to technical capacity, or seek to provide staff with management skills/teaching skills prior to arrival in post.

Building managerial capacity

Conclusion 4

A successful national mine action programme must devote time to developing managerial as well as technical skills within indigenous partner organisations.

Findings

With hindsight, most national partners commented that greater attention should have been shown to developing wider managerial skills⁴⁷ within organisations in parallel with the impressive programme of technical skills transfer. Likewise the DFID/CIDA/Government of Japan evaluation highlighted that the MACA should “*review the skill profiles for the internationally recruited staff of the MAPA ... aiming to recruit staff with operations management and management capacity development skills, with less emphasis on technical demining skills*”.⁴⁸

The META programme (and its forerunner within MCPA) has been undertaking technical training of all clearance staff since 1993. However training in basic supervision, operations management and now middle management have only been undertaken much more recently — the first middle management course being run in 2001. It is planned that this course will train a total of 350 staff by the end of 2003.

The current management structure for MACA includes the post of capacity development adviser, to be funded by UNDP. This post is primarily designed to assist the handover of oversight of mine action through developing management capacity within the ODP and DMC. It is not clear whether the incumbent will also seek to assist NGO capacity-building activities. The MAPA programme would have benefited from such an initiative aimed at building partner managerial capacity prior to this.

Recommendation 4

Institution-building should begin as early as possible. MACs should include the post of capacity development adviser, focusing on the development of non-technical aspects of institutional capacity-building with partner agencies. This post should ideally be included from the establishment of the MAC. Furthermore, the objective of long-term national capacity-building of partner agencies should be explicitly stated and included within programme objectives. Such objectives must be disseminated widely, incorporated into job descriptions and annual work plans, benchmarked, developed and annually reviewed.

Safety concerns

Conclusion 5

The Afghan programme has faced substantial problems regarding the high number of demining incidents. Since the introduction of a programme to raise safety consciousness and reduce accidents in 1997, the numbers have fallen substantially, indicating a substantial programming success.

Findings

The Afghan programme has faced substantial problems regarding the high number of demining incidents, reputed to be the worst of any mine action programme. Certainly mine incidents were unacceptably high as can be seen from Table 6 below. During the worst year (1996) incidents reached an all-time high of 71. The reasons for this have

Table 6. MAPA demining incidents, 1990-2002

Agency	Total MAPA demining incidents ^{a)}												Total	
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001		2002 ^{b)}
ATC	19	9	33	27	27	24	30	33	12	9	1	N/a	N/a	m224
DAFA	0	12	13	10	20	14	12	13	12	10	2	N/a	N/a	m118
HALO		1	8	3	4	1	5		2	1	2	N/a	N/a	m27
MCPA	1	5	5	6	9	2	8	1	1	0	2	N/a	N/a	m40
MDC					2	4	8	5	3	2	1	N/a	N/a	m25
OMAR			2	2	2	4	8	5	3	2	1	N/a	N/a	m29
TOTAL	20	27	61	48	64	49	71	57	33	24	9	6	8	477

a). Table adapted from DFID/CIDA/Government of Japan , 2001 , p. 25, updated with figures for 2001 and 2002 received from Dan Kelly, MACA Programme Manager, 20 August 2002.

b) The figure for 2002 is up to and including July.

Source: DFID/CIDA/Government of Japan Evaluation

been put down to a variety of causes, including complacency, the issue of demining being an extension of the *jihad*⁴⁹ and deminers being distracted by family concerns.⁵⁰

Since the introduction of a programme to raise safety consciousness and reduce accidents in 1997 the numbers have fallen substantially, indicating a substantial success for this programme. It should also be noted that this reduction in incidents occurred when the general trend was (with the exception of 2001) for deminers numbers to be increasing. Other positive factors have been the greater consideration paid to regular safety reminders, changing recruitment locations (more deminers being recruited in-country, generally within the areas of operations) and a reviewing leave and holiday patterns and entitlements.

It should also be noted that during the early years of the programme all national partner organisations worked to a single set of demining SOPs. This (according to the DFID/CIDA/Government of Japan evaluation) provided “*excellent control over safety standards within the Afghan NGO community, and contributed to standardised processes and equipment, simplifying UNOCHA procurement and providing economies of scale*”.⁵² However, the process was also found to be extremely centralised and slow to respond to the needs of the NGOs. Since May 2000, national demining partner organisations have been asked to develop their own individual demining operation SOPs — reflecting the MACA’s confidence in national agencies adequately developing and following these, as well as a recognition of the over-centralised nature of this system no longer being appropriate for a programme of such size and depth.

Recommendation 5

Clearance programmes should seek to examine cultural and recruitment policies which impact on safety issues. In addition, consideration should also be given to programme scale and the variety of clearance techniques when developing SOPs. It should also be recognised that greater ownership will result from clearance organisations feeling that they are responsible for the development and adaptation of SOPs.

Human resource management – recruitment, retention and reward

Conclusion 6

The mine action sector has been a major employer, hiring and developing a high calibre of staff, with national organisations maintaining equivalent pay across the sector. With the change in situation, wage competition from UN and other international agencies has become a factor.

Findings

The NGO sector has been one of the largest employers in Afghanistan over the last decade — and within this sector the mine action agencies are by far the largest employers.⁵³ Thus NGOs, and the mine action sector in particular, have benefited enormously from the war economy, being able to attract a high calibre of senior staff — educated high school and university graduates, trained engineers, doctors and other skilled staff, the elite of the Afghan educational system — at a reasonable price. The programme has also benefited from the process of learning from Pakistani NGOs during the 1980s, as well as the formal training received by members of international NGOs such as the Swedish Committee for Afghanistan, and Norwegian Church Aid, that invested heavily in training staff, some of whom now work within mine action.

The programme has also benefited from the establishment of common human resource policies, entitlements and reward mechanisms. At the behest of the MACA, the key

partner organisations (ATC, MDC, OMAR, DAFA, MPCA and META) have all operated the same personnel procedures and salary scales, more or less from the programme's inception. This was a sensible and far-sighted policy and would appear to have prevented, or at least minimised, the potential for disharmonies of work and reward between MAPA partners. It is recommended that future programmes follow this principle. However, the international NGOs, HALO Trust and the Danish Demining Group (DDG), do not conform to these rates, somewhat undermining the principle. The reason for this reluctance to align pay scales is not known.

However, with the huge increase in NGOs, UN agencies and donor and embassies now in Kabul and other major Afghan cities, the recruitment market has changed considerably. The competition for qualified staff is intense and wage inflation rampant. This has the capacity to severely hinder future organisational capacity in the mine action sector. While it is unlikely that senior staff will leave the mine action organisations, some organisations are reporting severe difficulties in filling support staff posts — finance officers, computer technicians, data input staff, etc. For instance, mine action NGOs pay drivers approximately US\$100 per month, but these same NGOs claim that UNDP pays US\$370 per month. Similar discrepancies are recorded with respect to administrative assistants. On the other hand, a few organisations have reported that a small number of trained deminers had left for alternative employment — willing to take a cut in salary for the lesser degree of danger in their new work.

Another factor in the successful development of Afghan mine action NGOs has been the fact that they are clearly learning organisations, demonstrating a strong capacity for experiential learning and the propensity to innovate, as well as facilitating and encouraging the learning of their key staff. Access to conferences, and the exchange of information with international organisations, along with the formal and informal meetings that result, have also facilitated learning for Afghan NGOs (for example MDC). This is an example of success promoting success: the initial achievements of the programme generated international interest, leading to increased cross-fertilisation as ideas have been shared and tested, leading to further refinements and improvements.

The result has been the creation of a resilient, problem-solving, innovative series of mine action organisations capable of working independently of the MACA when that day arises. The next benchmark will be the capacity to bid for and win contracts internationally — a process which has already begun with two organisations.

Recommendation 6

In developing national mine action organisations, common human resource reward policies should be put in place, ideally with the capacity and willingness to enforce them, ensuring that organisations do not simply pay lip service in this regard. National mine action organisations should be encouraged and assisted in obtaining access to appropriate international fora. These can act as key learning tools, facilitating the exchange of ideas and promoting cross-programme learning.

Funding

Conclusion 7

The focus of NGO funding has changed, with funding increasingly being channelled through the MACA as donors recognise that the one-stop-shop approach provides administrative and financial convenience. Further, the perceived cost advantage of national NGOs is less important to donors than the quality, effectiveness and impact of the work.

Findings

In the past, donors placed a great deal of bilateral funding directly to national NGOs, although this is now changing. Increasingly, donors are recognising the advantages of providing funding through MACA directly. This is not a vote of no confidence in national NGOs, rather a result of the inherent advantages in funding one agency that can then disburse funds as appropriate. Although there is a UN AETF handling charge of 13 per cent, this one-stop-shop approach provides administrative and financial convenience to donors, who rely on MACA to provide narrative and financial reporting, undertake audits as appropriate, and so on. Moreover, the administrative costs of bilateral agencies would increase if they gave aid directly, and most of the overhead is for MACA costs that would have to be covered somehow. While national NGOs have had little option other than to accept this approach, bilateral funding remains their preferred option despite the strains this places on their systems — with different donors requiring different reporting mechanisms, formats and time-frames.

One factor influencing the successful development of mine action to date has been the fact that donor governments have been extremely engaged in, and interested by, the Afghan mine action programme. The recent desire to reinforce and support the current government has manifested itself in increased availability of multi-sectoral funding. While welcome, this has reduced capacity among bilateral donor bodies to provide similar levels of attention to mine action as in the past — meaning donors are less engaged in mine action than they once were, although funding has increased for this sector.

Both EU and DFID report being satisfied with the capacity and ability of national agencies, seeing this as the preferred option. Both recognise that in the past the initial agreement to fund these agencies was a risk, but have been more than satisfied with the results in terms of the clearance ability of these agencies. A degree of concern still exists with regard to measuring the impact of mine awareness activities (though this itself reflects a general trend in mine action globally).

Donors reported themselves satisfied with financial reporting skills and systems, although it was recognised that further training in this aspect of work would be useful. However, since increasingly funding is now going through MACA rather than bilaterally, the necessity for this has been reduced. Fraud does not seem to be an issue of particular concern in Afghanistan, the perception being that funds provided to date have been used appropriately. An important check in this regard is the fact that there are only a small number of mine action organisations, all of whom interact regularly at field and headquarters level. Such self-regulation/peer regulation and close interaction substantially reduces the capacity for inappropriate use of funds.

The perceived cost advantage of national NGOs is less crucial than the quality, effectiveness and impact of the work. Cost is a factor, but a secondary one. Thus the capacity of Afghan agencies so impressed USAID that it subsequently amended plans for provision of mine/UXO clearance to the US\$300 million rehabilitation programme. Initially it was planned to fund an external commercial organisation to provide contracted clearance support to USAID projects such as the Kabul, Kandahar, Herat road. Now, however, USAID plans to work through the MACA with MAPA partners to provide this service. USAID feel that there is sufficient capacity, knowledge and ability within existing national capacity so whatever disadvantages exist are outweighed by the reduced lead-time, proven track record and on-the-ground knowledge provided by national capacity. The key from the USAID donor perspective

is not the cost advantage of the national NGOs, but rather the proven quality and effectiveness of their work.

Building on this is the fact that such capacity provides learning opportunities for others. DDG state that one reason DANIDA (the Danish Agency for Co-operation and Development) provide funding is because of the opportunity it gives for international staff to learn from the work being done by Afghanistan NGOs. Shared opportunities for international learning are an attraction for donors funding programmes in country.

Recommendation 7

MACs should seek to strengthen the capacity of national partners to administer funding and respect donor reporting schedules, develop financial transparency and quality either through the secondment/in-kind donation of staff, or through the provision of intensive training and support. MACs should seek to encourage donor government to view support to national agencies — including overhead and administrative costs — as an investment: building world class mine action organisations from which Northern organisations can learn and share experiences with.

Development of national government ownership and oversight

Conclusion 8

There is no governmental ownership of the mine action programme. The creation of this will require substantial capacity-building, systems development and transparent financial structures prior to the handover from the MACA.

Findings

Central to the success of national NGOs has been the success of the MACA — as has been shown above. To date, there has been no formal governmental structure to oversee, input or macro-manage the mine clearance programme — the result is no knowledge, awareness and therefore responsibility — although the DMC within the ODP did have some limited capacity of oversight during the Taliban period. While it is important that national ownership be created, it is equally important that this builds on the success of the programme rather than undermine it. To date, the absence of governmental ownership appears not to have damaged the programme — in part possibly due to the high level of national responsibility for all levels of the decision-making process and the bottom-up nature of planning and resource allocation.

A number of NGOs have expressed the view that while they welcome the eventual ownership of the MAPA by the Afghan government, they feel a number of prerequisites are required. These include:

- The need for there first to be a successful election of the national government so that the authority is seen to have legitimacy, rather than being a mechanism of factional manipulation. Just as it was important that the MACA be seen to be unbiased, so must the national authority.
- The need for substantial capacity-building and systems development prior to responsibility being handed over from the MACA.
- Changing the structure of the DMC/ODP so that rather than being a department within a government ministry, it be developed into a para-statal body. This would allow greater flexibility with regard to payment of staff, with implications for the calibre of staff attracted to the department.
- Legislation governing NGOs be developed so as to avoid confusion about roles and responsibilities.

- Financial structures be developed that ensure transparency and the correct use of funds — preferably through joint UNDP administration.
- Tasking and planning remain on a regional level where it has proved to be most effective, rather than being transferred to Kabul.

Without these, there is concern that the current effective and flexible structure will be undermined. The fact that handover is not initially planned for another three years meets with approval since this will allow time for much training and skills transfer. Likewise the fact that currently there is a UN “push” for handover rather than a government “pull”, again encourages the perception that this is being undertaken for the correct motives.

Recommendation 8

When seeking to build national government ownership MACs should recognise the need to provide extensive support to such a structure, and the time and resources implications this entails.

Gender

Conclusion 9

The development of community support and ownership of clearance activities is crucial. However, there is a danger that the needs of women in these communities are being overlooked.

Discussion

The development of community support for, and to some extent ownership of, demining activities has had important implications for the success of the MAPA. This has been relatively successful, as can be seen by the respect with which demining organisations are held. However, most mine awareness organisations, and nearly all clearance or survey organisations, are exclusively male organisations. As such, there is a danger that the needs of women in the community are being overlooked, particularly in rural areas. While this is recognised as a difficult issue to tackle, it appears that decisions on tasking and prioritisation require greater consideration of issues of gender balance.

Recommendation 9

National mine action organisations should receive support and direction in the development of gender-inclusive policies. Similarly, when developing community priorities agencies must ensure that as wide a section of that community as possible is accessed and consulted.

Advocacy

Finding 10

Clearance organisations have been closely involved in advocacy campaigns within Afghanistan, increasing the profile and credibility of the Afghan Campaign to Ban Landmines (ACBL).

Findings

Advocacy — a central pillar of mine action — has rarely received commitment and attention from mine clearance organisations in most programmes, such work

commonly being left to lobbying and human rights agencies. However, Afghanistan is an example of where clearance bodies have heavily involved in the advocacy strategy and have greatly assisted its success. The ACBL, officially launched in August 1995, is now chaired by MDC, which also administers the group. Other clearance agencies are also actively involved.

Results have been impressive. The Taliban authorities issued an edict in 1998 imposing a total ban on the production, use, stockpiling, and transfer of anti-personnel landmines in Afghanistan.⁵⁴ Crucially at the ACBL meeting in Kabul in July 2002 President Hamid Karzai committed his administration to acceding to the Mine Ban Convention. The ACBL and the International Campaign to Ban Landmines (ICBL) campaigns are believed to have been instrumental in these decisions.

Recommendation 10

National mine action agencies should be encouraged to actively engage in advocacy issues. Basing lobbying on initiatives that receive the active participation of clearance agencies in particular provides increased credibility and weight to national campaigns.

Mine risk education

Conclusion 11

The mine action programme is increasingly focusing on providing mine risk education to targeted groups. There is a concern as to the difficulties in determining the impact of programming and developing indicators of success.

Findings

MRE activities are undertaken by a variety of organisations: stand-alone as well as clearance agencies, international as well as national. Of the 15 partner agencies within the MAPA, nine are involved in MRE activities, four are national organisations while three undertake both clearance and awareness activities.

Most agencies receive funding for MRE from the AETF through MACA, thereby ensuring that MACA has the capacity to coordinate. Awareness activities are only undertaken by a small number of organisations, and the MACA has recently discouraged non-partner bodies from becoming involved, viewing an increased number as having a greater potential for hindering rather than helping the programme's impact on key target groups.

The MRE programme is managed by a UNICEF representative placed within the MACA, assisted by an Afghan counterpart. The programme is increasingly focusing on providing educational activities to targeted groups — returnees, schoolchildren, etc. — rather than general community campaigns. As with many awareness programmes there is a concern regarding the difficulties in determining impact of programming and developing indicators of success.

Recommendation 11

Indigenous clearance agencies should be encouraged to develop MRE teams, tasked to undertake a mine clearance support function alongside clearance teams. Such support should include liaison with the community to assist information flow: priorities, concerns, implications, progress, and to assist in ensuring access to potentially excluded members of the community such as the poor, women etc. Likewise providing information and maps of suspect, hazardous and cleared areas to affected communities will assist in reducing exposure to mines/ UXO. Mine risk education agencies should also seek to

develop key impact indicators, and delineate key target populations. There is a need to evaluate past awareness activities and to establish a clear monitoring system for further analysis.

Notes

1. World Bank (2001a: 4).
2. *Ibid.*: 7.
3. Interview with Angie Kearney, Senior Programme Officer UNICEF, 25 August 2002.
4. *Ibid.*
5. World Bank (2001a: 5).
6. *Ibid.*: 6.
7. World Bank (2002a: 5).
8. *Ibid.*: 6.
9. There were 200 international and 600 Afghan NGOs in mid-2002 according to the ACBAR.
10. World Bank (2002a: 8).
11. Allavida (Alliance for voluntary initiatives and developments), *Alliance* (2002: 2) available at www.allavida.org/index.htm.
12. *Ibid.*: 3.
13. *Ibid.*
14. *Ibid.*: 4.
15. Mine Information System (MIS) database, August 2002.
16. World Bank (2001a: 5).
17. Mine Action Programme for Afghanistan (MAPA) Survey Database, August 2002.
18. MAPA (2002a).
19. For example, the US Agency for International Development is in the process of finalising a US\$300 million, four-year programme of multi-sectoral infrastructure support.
20. UNMAPA (2000: 16).
21. MAPA (2002).
22. From countries including the Australia, Canada, New Zealand, Norway, the U.K. and the US. It is also believed that Pakistan provided training and support.
23. The exact figure is not known although the operations manager of one NGO, OMAR, suggests that it was around 12,000.
24. The figures, reported in World Bank (2001a), are from MAPA.
25. According to a draft of the 2001 MAPA annual report.
26. UNOCHA/MACA (2001: 18).
27. DFID/CIDA/Government of Japan (2001: 4).
28. At which approx US\$4.7 billion was pledged by donors.
29. DFID/CIDA/Government of Japan, 2001, p. 20.
30. This ratio is calculated as [total benefit - total cost]/[total cost]. Therefore, any positive number indicates the benefits exceed the costs. DFID/CIDA/Government of Japan (2001: 20).
31. DFID/CIDA/Government of Japan (2001: 21).
32. World Bank (2001a: Annex 2, Table 1).
33. The claim is based on the fact that they recruit from the province in which they operate — as opposed to moving teams around the country and that the beneficiaries are said to perceive them as being from the area (and therefore having their interests at heart).
34. According to the Executive Coordinator of ACBAR.
35. On which much of this section is based: see www.icnl.org/afghanistan.
36. Civil Code, Articles 403-439 and Articles 455-471. The Civil Code also contains a section governing “foundations (endowments)” (Civil Code, Articles 343-402). A foundation “*is to retain the exercise of the right of ownership over property and to dedicate the profits accruing to it to charitable purposes.*” (Civil Code, Article 343). Specifically, it may engage in “*charitable affairs when it is deemed, from the point of view of the teachings of Islam and national interests, a welfare action*” (Civil Code, Article 355). It is similar to the *waqf* form found in certain other Islamic countries. This Civil Code section contains detailed provisions relating to the endowment, inheritance rights, administration, and supervision over the foundation (endowment).
37. Civil Code, Article 403(1).
38. Civil Code, Articles 440-454.
39. Civil Code, Article 469.
40. The ICNL has been requested to assist this process, and ACBAR is seeking to also be closely involved in its role as representing body for NGOs in Afghanistan. Email with D. Rutzen, ICNL, August 2002.
41. DFID/CIDA/Government of Japan (2001: 19).
42. Afghan Technical Consultants (2002: 26).

43. DFID/CIDA/Government of Japan (2001: 36, para. 80).
44. DFID/CIDA/Government of Japan (2001: Appendix K6, para. 19).
45. Both AREA and ARI were pre-existing organisations with clear community-focused activities prior to their involvement in mine action. It was only as the scale and impact of mines and UXO on their communities became evident that they became MAPA partners. While most MAPA partners were created by the UN, both AREA and ARI developed and grew in identity and philosophy prior to their contact with MAPA. Each organisation therefore exhibits the traits of more traditional relief and rehabilitation agencies, focusing on community need, participation and issues of ownership, and having less of a military structure and outlook characterised by the clearance agencies .
46. DFID/CIDA/Government of Japan (2001: 34).
47. Specifically mentioned were issues of project management, financial management, proposal writing, supervision skills, delegation, human resource management, time management and communication skills.
48. DFID/CIDA/Government of Japan (2001: 47, para. 127).
49. According to Islamic belief those martyred in a *jihad* receive automatic entry into heaven. When extending this principle to mine clearance there is the potential for a deminer to be less careful than otherwise might be the case; death is no longer something to fear but is rather the process of entry to a better future.
50. Most deminers at this stage were still recruited from the refugee populations in Pakistan. Their families remained there and it was often a number of months between visits home.
51. DFID/CIDA/Government of Japan (2001: 26, para. 105).
52. One source has suggested that prior to 2001, of the meaningful employment sectors the military elements of the various factions employed approximately 70,000, the transport sector approximately 50,000 and the NGO sector 22,000 — of which mine action accounted for approximately 5,000. Additionally it is estimated that the opium industry employs approximately 200,000 — however this is only seasonal. ACBAR survey — figures provided in interview with ACBAR Executive Coordinator, Kabul, 22 August 2002.
53. Before its expulsion from Kabul by Taliban forces, the Rabbani Government had indicated its support for a ban on the use of landmines but did not give legal effect to this. It is not clear the impact these edicts had — there were, for instance, reports of continued use of landmines by Taliban forces.

Chapter 6

The case of Bosnia and Herzegovina

Introduction

The first section of this case study gives the background to the Bosnia's landmine and unexploded ordnance (UXO) problem and the evolution of the mine action programme. It includes a discussion of the governance problem arising from ethnic enmities, a dysfunctional constitutional framework, and the role of the international community as this governance problem has greatly complicated the task of devising and managing an effective mine action programme.

The second section examines the challenges facing local demining organisations in Bosnia and Herzegovina (BiH). Many of these are common to other commercial or not-for-profit organisations, but others are unique to the mine action community.

The third section examines the growth of local demining firms and NGOs in BiH, outlines the current or looming issues confronting each and compares their recent performance and current capabilities.

The fourth and final section presents the findings and recommendations of the case study.

The mine action environment

The Bosnian War and its aftermath

Pre-war Bosnia and Herzegovina

Bosnia and Herzegovina was one of the six constituent republics in the Socialist Republic of Yugoslavia formed in 1945. By 1991, its population had reached an estimated 4.3 million, divided into three main ethnic groups: 44 per cent Bosniak (Bosnian Muslim), 31 per cent Serb, and 17 per cent Croat. Although a significant proportion of the population was rural, the country's rugged terrain meant that agriculture remained relatively undeveloped, accounting for only 10 per cent of the

gross domestic product (GDP) and 18 per cent of employment.¹ While life in the cities led to considerable intermingling, rural areas were characterised by mono-ethnic but adjacent communities.

Although Bosnia was one of the less-developed Yugoslav republics, its economy was fairly diversified, with industrial production built on substantial energy, mineral, and forestry reserves contributing about half the gross national product (GNP). There were about a dozen large industrial conglomerates that generally depended on exports, and perhaps 1,000 small- and medium-sized enterprises (producing principally for the local market).

Like other Yugoslav Republics, BiH's business environment was based on the concepts of "market socialism" and "self-management". Self-management meant that enterprises were, in principle, run by workers councils, although in practice the key decisions were made by managers selected by workers councils from among those acceptable to the political directorate. Market socialism meant competition in the product markets was encouraged but enterprises were "socially-owned", with their assets owned by society at large rather than by private individuals or the State. Without State or private ownership, bank credit represented the only form of financing for enterprises. Banks were largely controlled by large enterprises, which used them to obtain financing on favourable terms. Also, the government often encouraged banks to finance priority projects.

One of the key institutions for economic management was the Social Accounting Office, combining multiple functions including payments settlement,² tax and customs collections, financial auditing and holding of banking system cash reserves. Therefore, this office had near complete information on the financial position and requirements of any enterprise. Under political pressure, it was known to exceed its authority on occasion by granting significant credit to favoured enterprises.

The war and the Dayton Agreement

The Bosnian war, initiated in March 1992 by the Serb-dominated Yugoslav National Army in conjunction with Bosnian Serb irregular forces, was the major conflict arising from the break-up of Yugoslavia. The course of the war was complex, with rapid shifts in the intensity of fighting, alliances and conflict locations, plus widespread activity by local militias who attacked rival communities to effect ethnic cleansing. The Dayton peace plan (hereinafter, either the "Dayton Agreement" or, officially, the General Framework Agreement for Peace — GFAP), signed in September 1995 and entering into force on 14 December of that year, ended the war. However, the aims of none of the warring parties had been achieved; the motives underlying the conflict remained potent and many of those responsible for the war retained power.

The GFAP included both military and civilian provisions, with the latter including agreements relating to, *inter alia*, boundaries, elections, human rights and the return of refugees. Annex 4 to the GFAP contained the new Constitution of the Republic of Bosnia and Herzegovina that confirmed the country as a single, confederal State with a very weak central government (the State³) headed by a three-person presidency (Bosniak, Croat and Serb) and a Council of Ministers (roughly, the Cabinet), responsible for "common institutions". Two "entity" governments were recognised: the Federation of Bosnia-Herzegovina (hereinafter, Federation) with a Bosniak majority and a significant Croat minority, and the Republika Srpska (RS) with a Serb majority.⁴ Each entity has its own constitution but these are asymmetric. That of the RS provides for a

strong government at the entity level, with municipalities responsible for the provision of local services. However, in recognition of its multi-ethnic character, the Federation constitution explicitly provided significant authority to cantons and municipalities.⁵ The jurisdictions of the various levels of government are depicted (in part) in Table 1.

The set of constitutions is notable in three ways. First, the authority of the central BiH government is remarkably circumscribed. A minimal range of powers is specifically assigned to the centre, with greater authority reserved for the entity governments, which also hold any residual powers (i.e. covering items not mentioned explicitly in the BiH Constitution). Second, the central government has no distinct fiscal authority that would allow it to discharge even its minimal powers without contributions from the entities.^{6,7} Third, the Federation's constitution is also extremely decentralised, with significant authorities reserved for the cantons⁸ or shared between the entity and cantonal levels.⁹

The constitutional arrangements have a profound impact on virtually all activities in BiH, including those of mine action. For just one example, the international community at its London Peace Implementation Conference in December 1996 required Bosnian authorities to “*support the demining effort by exempting all aspects of demining operations from taxes and customs duties*”. This was agreed to by the State government. However, the entities and — in the Federation — the cantons have authority over virtually all tax collections, and have failed to grant these exemptions on a consistent basis.¹⁰

More generally, the minimalist authority of the central government vis-à-vis the entities recognised — and allowed — the coexistence of two vastly different interpretations of the intent of the Dayton Agreement. One view sees it as a precursor to the division of Bosnia into three ethnic territories, two of which would eventually join their “mother” countries (Serbia and Croatia). The second school of thought views Dayton as the best agreement possible under the circumstances and an intermediate step to a reintegrated, multi-ethnic State with its pre-war borders preserved. The weak governance mechanisms put in place by the GFAP might have been barely adequate to cope in a situation in which the political leaders of the ethnic groups had broadly similar objectives and displayed mutual goodwill. In fact, their objectives are in many areas diametrically opposed and cooperation between the two entities — and between the Bosniaks and Croats within the Federation — has been poor, hindering the adoption of coherent policies and programmes for reconstruction and, hence, reintegration.

The role of the international community

Given the ambiguous nature of the Dayton Agreement and the fact that many of the politicians in power were those who had promulgated the conflict, there was widespread concern the war would resume unless the international community remained actively engaged in the country. Therefore, the international community established the BiH Peace Operation, with the goals and agreements listed in Table 2 overleaf.¹¹

Annex 1A of GFAP provided for a multilateral military force — the Implementation Force (IFOR)¹² — primarily with a military mandate (cease-fire compliance; separation of the three Bosnian militaries; collection of heavy weapons and troops into cantonment sites; and demobilisation) and, after securing its core mandate and within its resource constraints, secondary responsibilities including monitoring landmine clearance by entity armies.

Table 1. Constitutional division of powers in Bosnia and Herzegovina

Policy area (not complete listing)	BiH	Federation		RS	
		Entity	Canton	Entity	Municipal
Foreign policy & foreign trade	X				
Customs	X				
Monetary policy	X				
Immigration	X				
International and inter-entity law enforcement	X				
Telecommunications, inter-entity transport	X				
Defence		X		X	
Citizenship		X		X	
Economic and fiscal policy		X		X	
Agriculture		S	S	X	
Energy		S	S	X	
Natural resources		S	S	X	
Environment		S	S	X	
Infrastructure for communications and transport		S	S	X	
Health		S	S		
Land use			X		S
Housing			X		X
Local works/energy production			X		X
Public services			X		X

Key: X indicates exclusive responsibility; S indicates shared responsibility.

Table 2. The Bosnia and Herzegovina Peace Operation

Broad goals	Specific agreements
Provide security for the people of BiH	Maintain ceasefire and separate forces; undertake arms control; participate in train and equip programme; maintain civilian police that provide security for all people in jurisdiction and respect human rights.
Create a unified, democratic BiH within internationally-recognised boundaries	Implement national constitution that calls for the creation of national institutions; create functioning Federation institutions; ensure conditions exist for free and fair elections that would be a step in country's democratic development; secure highest level of human rights for all persons; cooperate with the international war crimes tribunal.
Rebuild the economy	Rehabilitate infrastructure and undertake economic reconstruction; create a central bank; economically integrate the Federation by unifying the payments systems, activating the Federation Customs and Tax Administrations, and preparing a Federation budget.
Ensure the right of people to return to their homes	Allow all refugees and displaced persons the right freely to return to their homes; take actions to prevent impediments to safe return; cooperate with international organisations; establish an independent property commission.

The GFAP also established the position of the High Representative¹³ representing the international community, to “coordinate the activities of the organisations and agencies involved in the civilian aspects of the peace settlement”. However, the High Representative did not have authority over the IFOR or the international community's civilian organisations; rather “The High Representative shall respect their autonomy within their spheres of operation while as necessary giving general guidance to them about the impact of their activities on the implementation of the peace settlement”.¹⁴

Following the negotiation of the GFAP, a Peace Implementation Conference was held in London on 8-9 December 1995 to mobilise support for the Agreement. The meeting resulted in the establishment of the Peace Implementation Council (PIC) comprising 55 countries and agencies, which held five subsequent meetings in May 2000. A smaller Steering Board works under the chairmanship of the High Representative as the executive arm of the PIC.¹⁵

The resulting organisation structure for the international community's peace operations was extremely decentralised. The major organisations and their lead responsibilities are depicted in Table 3.

Frustrated with slow implementation of the peace provisions, the international community at the PIC meetings in Bonn (1997) and Madrid (1998) granted additional executive authority to the High Representative to accelerate progress; in effect turning BiH into a quasi-protectorate of the international community.¹⁶ Because Bosnian reconciliation and, hence, the basis for lasting security had not been achieved after one year, the international community also recognised the continued need for an international military force. In December 1996, NATO authorised a new mission — the Stabilisation Force (SFOR) — initially for an 18-month period with a mission to deter renewed hostilities and consolidate the peace.

Table 3. Major organisations and their responsibilities in Bosnia and Herzegovina

Parent organisation	Organisation in BiH	Responsibilities
NATO (via SHAPE)	IFOR(later, SFOR)	Ground operations Air Operations Naval Operations Civil Military Cooperation (CIMIC)
Peace Implementation Council (PIC) Steering Board	High Representative	Joint Civilian Commission (JCC) JCC Working Groups Interagency Task Forces
OSCE	OSCE Mission	Elections Human Rights Arms Control
United Nations	UNMIBH UNHCR	International Police Task Force (IPTF) Civil Affairs Mine Action Centre (MAC) Refugee Returns
World Bank IMF European Union EBRD Bilateral Donors	Missions and Embassies	Priority Reconstruction and Recovery Programme

The mine action programme in BiH

- The mine and UXO problem

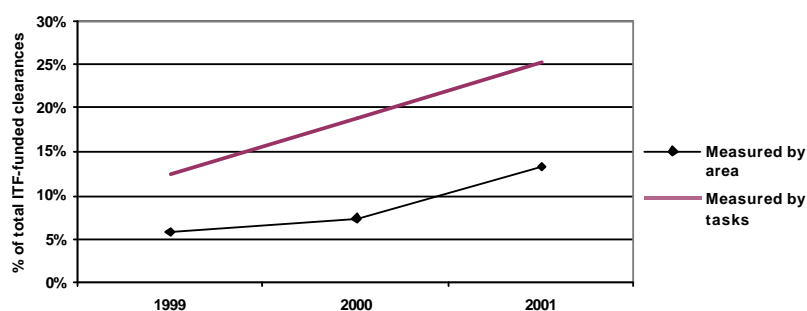
The war resulted in 200,000 fatalities, 1.2 million refugees and massive internal displacement. By mid-1995, the population had fallen by 40 per cent to an estimated 2.7 million, more than half of whom were no longer resident in their former homes. The country sustained severe damage to infrastructure (transportation lines, energy, telecommunications, hospitals, schools, water, sanitation, etc.), housing stocks (56 per cent of the housing in the Federation was destroyed or damaged, as was 29 per cent of that in the RS), and farming assets (70 per cent of farm equipment and 60 per cent of livestock were lost). The government of Bosnia put the cost of the economic damage at US\$65 billion or more. The World Bank estimated that simply the replacement of destroyed assets could amount to US\$20 to US\$25 billion.

The task of reconstruction was also complicated by extensive mine contamination. Combatants left more than 18,000 minefields,¹⁷ particularly in bands of contamination along former confrontation lines and around housing, public buildings and key infrastructure.¹⁸ Under the GFAP, entity armies were required to “lift” their mines from the Zone of Separation¹⁹ and other areas from which their forces were withdrawn, to mark other minefields, and to provide minefield maps and records.²⁰ Mine lifting did not meet international clearance standards and resulted in a reduced but still unacceptable residual hazard to civilians. Also, minefield maps and records often were unreliable while other fields had never been mapped. As a result, BiH was left with extensive but often low density minefields in urban, suburban and rural areas, as well as considerable quantities of UXO.

The widespread but low density nature of the contamination, coupled with the absence of comprehensive survey data and the unsatisfactory results from military lifting operations, created special problems for mine action in Bosnia. First, few areas of the country are deemed completely safe²¹ — including those in which mines had been

lifted by the militaries. Second, many of the approaches used elsewhere for technical survey are not useful in BiH.²² As a result, a significant proportion of the country (approximately 4,000 square kilometres or 8 per cent of the landmass) was until recently categorised as “suspect”. Meanwhile, demining efforts to the end of 2001 had cleared 34 square kilometres to humanitarian standards — less than 1 per cent of the area suspected of contamination. In addition, a significant and, apparently, growing proportion of clearance tasks that have been undertaken have found no landmines or UXO; a tragic waste of scarce resources.

Figure 1. ITF clearance tasks with no mines or UXO found



Notes:

1. Data supplied by ITF and analysed by the author.
2. ITF does not select the tasks for clearance: this responsibility lies with (depending on the location within BiH) BHMAC and the entity MACs.
3. Tasks vary in size, and larger tasks are more likely to contain some devices, which is why the measure in terms of area cleared is consistently lower than the measure in terms of the number of tasks.

• Evolution of the mine action programme

Mine action in Bosnia has gone through three principal phases:

1. the initial rush to respond, when a number of donors established programmes to address humanitarian and priority reconstruction requirements, and to build long-term capacity;
2. the first efforts by the donor community and local authorities to create Bosnian structures to oversee and coordinate a more integrated mine action programme, which ended in crisis;
3. more recently, a second effort to establish an adequate legal framework and programme management structure, both to restore donor confidence and to provide a foundation for devising and executing a strategy to make Bosnia free from the worst impacts of mine contamination within the foreseeable future.

The post-Dayton phase

Mine action began immediately following the Dayton Agreement with a number of separate and very loosely coordinated initiatives. The entity armies commenced some mine lifting under the supervision of IFOR while most of the other early initiatives focused on creating basic capacities for humanitarian demining. In May 1996, the UN created the United Nations Mine Action Centre (UNMAC) to coordinate mine action, supervise the establishment of national bodies and develop local capacities, initially by equipping and directly managing a number of survey and, subsequently, clearance teams. The US State Department provided US\$3.5 million via the company RONCO for the initial MAC installation and data processing facilities, the establishment of three regional centres, training for mine survey and clearance, and the introduction

of an explosives detecting dog programme. NPA also established a large demining programme and provided its own training.

In 1997, the European Commission (EC) provided equipment and training for deminers and EOD teams²³ while the US delivered a programme to train personnel from the entity armed forces in humanitarian demining. Collectively, these efforts resulted in a rapid increase in the numbers of those trained in humanitarian demining, as depicted in Figures 2 and 3.²⁴ Those holding basic humanitarian demining qualifications rose from near zero at the start of 1996 to more than 200 by the end of the year and more than 1,200 by the end of 1998, by which time most of the basic training was being offered by the entity armies.

Figure 2. First-time graduates from demining courses

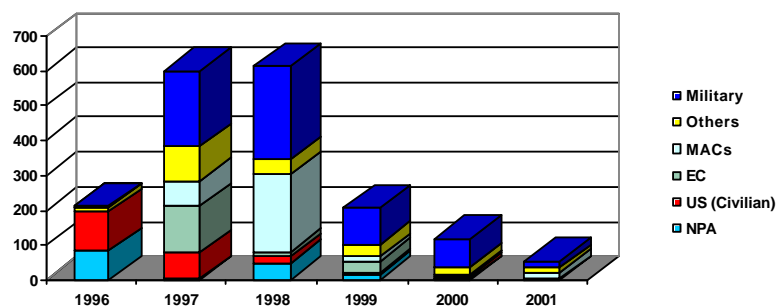
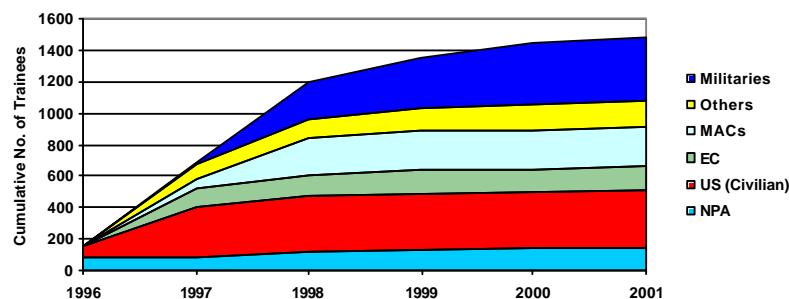


Figure 3. Cumulative graduates from basic demining courses



Unfortunately, arrangements for employing the trained deminers were not adequately worked out. While some agencies including NPA and UNHCR²⁵ raised funds to employ their own demining teams, a number of the principal donors opted for a strategy of contracting demining companies to do the clearance. In July 1996, the World Bank approved a large²⁶ stand-alone Emergency Landmines Clearance Project to support clearance by commercial firms in support of priority reconstruction and resettlement projects,²⁷ as well as institutional development administered through Project Implementation Units (PIUs) working with the MACs in both entities.²⁸ The PIUs awarded contracts to commercial firms based on competitive tenders, thus establishing a “demining market” in which competition was based principally on price. Thus, BiH became the first national mine action programme funded principally by outside donors to adopt a strategy in which clearance was to be done principally on a commercial basis.²⁹ Meanwhile, the US issued a second contract to RONCO in late 1996 to undertake full demining operations with three “brigades” of deminers, which eventually evolved into three commercial firms — SI (Bosniak), Decop (Bosnian Croat) and Unipak (Bosnian Serb).

The slide to crisis

While the rush to establish programmes to cope with the humanitarian emergency and the priority reconstruction effort was understandable, the donor community recognised that continued piecemeal responses would not be adequate to deal with the scale of contamination in Bosnia, which would take decades to address. This required the evolution to a more coordinated programme under Bosnian control. In an effort to reinforce the need for Bosnian authorities to assume responsibility for the long-term task of addressing the country's mine contamination problem, the Peace Implementation Council, at its December 1996 conference in London, stressed the requirement to: (1) establish a national authority to channel donor resources to the entity Mine Action Centres, (2) maintain a central database and mapping facility, and (3) set standards for mine clearance operations. Accordingly, the Council of Ministers appointed a three-member Demining Commission in January 1997 and, in October of that year, the State government entered into an agreement with the Board of Donors³⁰ to establish the Bosnia and Herzegovina Mine Action Centre (BHMAC) that would assume the roles played by the UNMAC.³¹ At the same time, the entity governments agreed to “ensure that the Entity Mine Action Centres (EMACS) and Project Implementation Units (PIUs) are integrated within a defined legal framework ... acceptable to the Board of Donors” to direct the mine action resources made directly to each government and adopt “the priority programme for presentation to the Board of Donors.”³²

Problems were legion, for three principal reasons:

- many international organisations were involved with overlapping mandates but often with very different objectives and motivations;
- the difficulty in establishing a civilian demining authority and programme management structure from scratch in a country that lacked a constitutional framework for effective governance or delivery of public service programmes, and that remained profoundly divided along ethnic lines;
- the desire to build commercial demining capacity in a country that lacked either (i) a sound public procurement system, or (ii) governance traditions that drew a clear distinction between State institutions and the party in power.³³

Hundreds of deminers were enrolled in training programmes without addressing whether they would be employed after training.³⁴ Cooperation among the BH, Federation and RS MACs remained poor.³⁵ The original mechanisms established to effect donor coordination in mine action proved inadequate.³⁶ Salaries for deminers and related personnel were set at remarkably high levels relative to local wages,³⁷ significantly increasing clearance costs. The entity armies gave minimal attention to demining. In 1997, the World Bank suspended the award of some demining contracts following violations to its procurement regulations, after which the US State Department withdrew its grants to the Bank's landmine clearance project and issued the contracts directly. Such problems led to the early closure of the World Bank's Emergency Landmine Clearance Project, following which the International Trust Fund for Demining and Mine Victims Assistance established in 1998 by the Slovenian government (generally known as the International Trust Fund or ITF) became the principal vehicle for channelling funds to Bosnia's mine action programme.³⁸ These problems also led to numerous allegations of corruption and other criminal actions.³⁹ Some of the allegations were fuelled by intense competition among international companies (in particular, among American and British firms) and between the commercial and non-profit demining communities, but in addition there were numerous reports of clearance tasks undertaken to benefit specific individuals or in pursuit of the chauvinist objectives of the nationalist parties.⁴⁰ Eventually, there was a

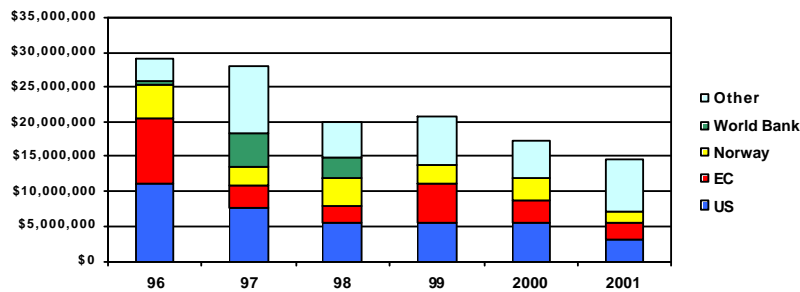
crisis in donor confidence which culminated in the High Representative's dismissal of the Demining Commissioners in October 2000 for conflict of interest.

The impact of the crisis

The crisis in confidence also led to a significant decline in donor funding, particularly via the ITF. While complete data on funding are impossible to obtain, it appears donor expenditures (*Figure 4*) reached US\$25-\$30 million per year in 1996 and 1997, when significant demining was conducted in support of priority reconstruction projects. Funding then seemed to drift down to about US\$20 million per year for 1998 and 1999, perhaps US\$17 million in 2000 and US\$15 million in 2001.⁴¹

The drop in donations resulted in a slowdown in clearance operations, particularly by commercial firms.⁴²

Figure 4. Estimated donor funding for mine action



Note: No breakdown is available for clearance by type of agency in 1997, but most of it would have been by commercial firms.

The fall in the level of clearance activity (*Figure 5*) almost certainly resulted in the ratio of expenditures to area cleared to rise in 2001,⁴³ mainly because the programme was operating so far below its capacity (i.e. the overhead costs of running the MACs and the remaining projects still directly financed by donors remained relatively constant, while direct expenditures on clearance fell (*see Figure 6*).⁴⁴

Figure 5. Clearance 1997-2001

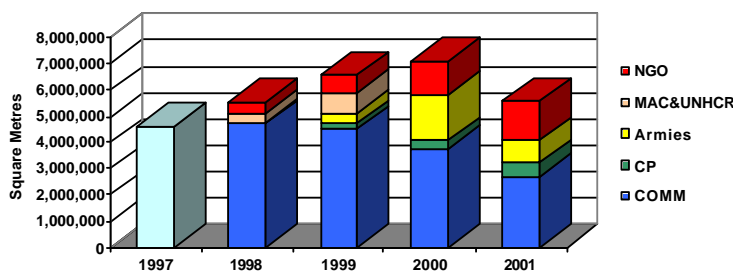
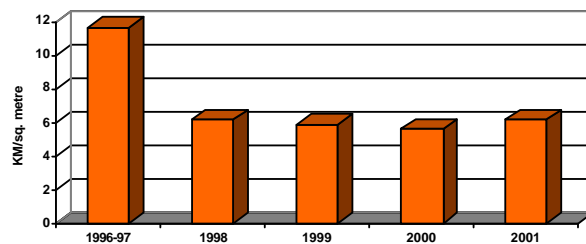


Figure 6. Estimated expenditure per area cleared



Recovery from crisis

Following the High Representative's dismissal of the original Demining Commissioners, the Council of Ministers appointed three new Commissioners, responsible to the Ministry for Civil Affairs and Communication, and submitted to the legislature a draft Demining Law designed to clarify mine action responsibilities and to bring the entity MACs under the responsibility of the BHMAL rather than the entity governments, creating a unified mine action administration. As is common in Bosnia, passage of the new legislation took far longer than anticipated and it was not until 12 February 2002 that the Demining Law cleared the legislative hurdles.

Other actors in the mine action field have continued working on building local capacities, particularly in the entity armies (coordinated by SFOR) and the civil protection corps (an EU project managed by the German NGO *Hilfe zur Selbsthilfe* or HELP). In the meantime, the BH and entity MACs made the transition to near-complete local management,⁴⁵ increased local funding⁴⁶ and continued to make incremental improvements in their operations, including refinements to the process by which "priority lists" of clearance tasks are established and adopted by the entity governments for presentation to the Board of Donors. The Entity MACs have also encouraged municipalities and cantonal governments to appoint "demining coordinators" as the main point of contact between the local government and the MAC.⁴⁷ Finally, the Fed MAC initiated a "systematic survey" programme to, essentially, re-survey all suspect areas and update their records. This exercise resulted in a reduction in the area suspected of contamination by more than 50 per cent.

Also, different mine action organisations have been conducting applied research to develop demining techniques suitable to Bosnian conditions. The most effective clearance technique developed to date is termed "integrated demining". It involves "ground preparation" by machine to cut vegetation and break the surface of the soil, which releases vapour from explosive devices that may be present. This is followed by a systematic search by EDD teams, with each area covered by two different dogs. The EDD teams are supported by a two-person manual demining team that destroys any mines or UXO discovered by the dogs. There are, however, significant amounts of terrain on which machines and/or dogs cannot be used,⁴⁸ in which case less productive manual methods must be used.

- **Current status and outlook**

New legislation⁴⁹

The new Demining Law in Bosnia and Herzegovina passed on 12 February 2002 represents a significant improvement on the previous legal framework, which consisted of a hodgepodge of laws and decrees by the entity governments, decisions of the Council of Ministers and agreements with either the Board of Donors or SFOR. Most critically, it establishes a unified administrative structure under the Demining Commission by converting the entity Mine Action Centres into regional offices of BHMAL. These offices are headed by Deputy Directors appointed by the BiH Council of Ministers and reporting to the BHMAL Director rather than to entity government officials. The law also requires the BHMAL to develop a "Demining Plan for Bosnia and Herzegovina" — essentially, a combination of a long-term strategic plan and a rolling implementation plan — for adoption by the Council of Ministers after approval by the Demining Commission "in coordination with the Board of Donors".

Demining strategy for BiH

Efforts to develop a long-term strategy for the BiH mine action programme began just prior to the enactment of the new Demining Law. A draft *Demining Strategy Plan for Bosnia and Herzegovina* was written up by a team of Bosnian mine action officials who were attending a course for senior mine action managers delivered in Slovenia by Cranfield University, and was presented to the Board of Donors in March 2002. The strategy outlined in the report is to free the country from the negative impact of landmines and UXO by 2010 through:

- eliminating all the suspected contamination in areas classified as Category 1 priority⁵⁰ by area reduction (through general and technical surveys) and clearance;
- marking all suspect Category 2 priority areas and marking approaches to suspect Category 3 areas;
- improving the mine risk training programme through upgrading skills of trainers and organisations, improving coordination, and establishing priority-setting and quality assurance systems, plus expanding the scope of mine risk training in the formal education system to include secondary schools;
- expanding local research and development efforts, both in-house and through Bosnian scientific and technical institutes;
- enhancing regional cooperation including protocols for the deployment of surplus equipment among countries and the establishment of a regional training centre for explosives detection dogs;
- capacity-building within the MAC, particularly in the area of mine survey;
- fostering a journalists network to increase coverage of the country's mine problem; and
- re-stimulating donor interest, in part, through a donors' conference planned for 2003.

Table 4. Revised estimates of contamination

	Previous ^{a)}	Revised
Total numbers of mines	1,000,000	670,000
Total number of UXO	2,000,000	650,000
Total number of contaminated locations	30,000	10,000
Suspect Area, of which:	4,000 km²	2,146 km²
1 st Category		244 km ²
2 nd Category		590 km ²
3 rd Category		1,312 km ²
Of the 1 st Category:		244 km²
Area reduced through general survey (19.6%)		48 km ²
Area reduced by technical survey (22.5% of remainder)		44 km ²
Area to be cleared	400 km²	152 km²
Requiring manual clearance (42%)		64 km ²
Clearance using EDD teams (58%)		88 km ²
Memo: Suitable for mechanical ground preparation (30%)		46 km ²

a) These data are from ICBL (2002).

The plan also calculates the financing requirements implied by these objectives as 657,500,000 KM (€366,225,000) from 2002 to 2010, of which approximately 72 per cent would be required for clearance operations and almost 20 per cent for technical survey. Local financing would rise from an estimated 5.5 per cent of total expenditures in 2002, to 10 per cent in 2003 and an additional 5 per cent each year thereafter (i.e. 15 per cent in 2004, 20 per cent in 2005, etc.) and then jump to 70 per cent of total mine action expenditures from 2010 onwards.

The plan also outlines findings from the systematic survey conducted by the Fed MAC to update earlier estimates of the total area suspected of contamination and the area reduction that might be achieved through general and technical surveys. Table 4 shows the resulting picture, compared to previous estimates where relevant.

Capacities

A wide range of organisations are involved in mine action in Bosnia. For demining in particular, there are national and international commercial firms, national and international NGOs, entity armies, and entity civil protection organisations. Some broad indicators of capacities for each of these groups are given in Table 5:

Table 5. Estimated demining capacities

Capacities (as of 2002)^{a)}		
Maximum number of deminers	Number	Percentage
Commercial – International	162	12%
Commercial – Local	330	24%
NGO – International	158	11%
NGO – Local	152	11%
Entity armed forces	422	30%
Civil protection	172	12%
Total	1,396^{b)}	
EDD teams		
(1 dog & 1 handler/team)		
Commercial – international	31	28%
Commercial – local	10	9%
NGO – international	22	20%
NGO – local	31	28%
Entity armed forces	12	11%
Civil protection	6	5%
Total	112	
Machines		
Commercial – international	4	22%
Commercial – local	5	28%
NGO – international	2	11%
NGO – local	1	6%
Entity armed forces	6	33%
Civil protection	0	0%
Total	18	

a) These data are from ICBL (2002).

b) The Draft Demining Strategy states there were 2,024 accredited deminers as of 1 March 2002. The numbers reported here are those provided by each organisation as the maximum they would employ at any one time.

Key constraints

Based on the above data and on productivity estimates for different clearance techniques and for various terrain and soil conditions, BHMALC believes capacity currently exists in the country to clear up to 24 square kilometres per year and to mechanically prepare up to 20 square kilometres per year for technical survey or

clearance purposes. These capacities could readily be increased if there were sufficient funding to employ additional assets. However, financial resources have not been adequate to keep the existing personnel and assets employed at anything close to capacity.

A further problem in BiH is the quality of the mine action database and — more fundamentally — the data contained within it. In 2002 the US and EC commissioned the Survey Action Centre (SAC) to conduct a Landmine Impact Survey. Such a survey has never been conducted before in South-eastern Europe, where conditions are very different from those prevailing in the developing countries of Africa and Asia, and it remains unclear whether the priority-setting approaches developed by the SAC to be used in conjunction with Landmine Impact Surveys will prove appropriate. Regardless, the survey should greatly improve the quantity and quality of mine action data in BiH and institute quality control processes for future data entry. More and better data will in turn be a boon to BHM MAC managers as they revise the *Demining Strategy* in the future.

One final constraint should be noted. Mine action programme managers in all mine-affected countries face a difficult challenge in obtaining information on national, regional, local and sectoral development priorities on a timely and consistent basis, and in a form that is useful when making decisions about what contamination problems should be addressed first. The complex governance structure in BiH makes this challenge even more daunting because:

- there are many jurisdictions with overlapping responsibilities and it often is unclear which, if any, is taking the lead on, say, agricultural development in a region;
- in many areas, there are no organisations at the highest (State) level to coordinate entity plans and to set pan-Bosnian development priorities;
- the public services — State, entity, cantonal, municipal — in Bosnia are often weak and have not yet developed area or sectoral development plans that would be useful to mine action managers.

Further, the BHM MAC does not have personnel with expertise in a variety of disciplines who could, in a proactive manner, meet with those responsible for sectoral or area development planning to obtain the information needed for setting mine action priorities. Unfortunately, this capacity is also absent at the level of the Demining Commission. The three Commissioners work on mine action only on a part-time basis and are not supported by a secretariat. As a result, any strategy developed by those within the mine action structures is in great danger of being “supply” rather than “demand-driven”.⁵¹

Outlook

With both the new *Demining Law* and a good draft for a *Demining Strategy* in place, and a new Landmine Impact Survey, the Bosnian mine action programme seemingly is poised to vastly enhance its contribution to the country’s development. At the same time, Bosnia remains a difficult environment in which to operate and, given its past difficulties, the mine action programme may be unable to recapture the level of donor support needed to free Bosnia from the negative impacts of mine and UXO contamination by 2010.

Challenges facing local organisations in BiH

Local demining firms

Firms in Bosnia and Herzegovina which hope to operate within the law face an unattractive environment for business and investment because of complex registration procedures, tax structures that are poorly designed and capriciously administered, burdensome inspections from a myriad of government agencies, ineffective judicial and policing systems, difficulties in determining rightful ownership and rampant corruption. Honest businesses also face unfair competition from illegal or “grey” operators⁵² and, in some cases, from State-owned enterprises which receive favoured treatment from politicians who use these State companies to provide jobs for the party faithful and funds for campaign purposes.

*Legal and regulatory framework*⁵³

Most laws in BiH today stem from pre-war Yugoslavia and reflect a bias against private investment and businesses. Other critical laws were written and enacted in a rush during the war by governments promoting ethnic discrimination within their own distinct territories. The post-war legislative agenda has been dominated by the need to satisfy Dayton requirements or the dictates of the international community. As a result, three generations of laws co-exist, each following a different logic and without due regard for harmonisation. This has led to gaps and overlaps, with the latter sometimes resulting in a duplication or triplication of procedures or, in some instances, conflicting provisions, which can make it impossible to be in compliance with all the legislated requirements in force. This would be troublesome even if businesses fell under a single legislative jurisdiction, but in Bosnia there are 14 (the State, two entities, ten cantons, plus the District of Brcko under direct administration by the Office of the High Representative and up to five layers of public administrations — State, entity, canton, city, and municipality — each with its own taxes, fees, fines, and inspectors. By one guesstimate, there are 11,000 regulations with which businesses must, in theory, comply.⁵⁴

The cost of supporting multiple layers of governments is high for a poor country. Tax collection also remains weak, so these costs are borne largely by the most visible and easiest targets — legitimate businesses. Because the tax base is too narrow, tax rates are set high so the various governments get sufficient revenues to muddle through, creating further disincentives to invest in business activities, at least of the legal variety. A plenitude of cash-starved governments also means public servants are poorly and irregularly paid, which increases their incentive to seek bribes by withholding services or, in the case of business inspectors,⁵⁵ being zealous to the point of enforcing non-existent laws. Frequently there are no effective appeal processes⁵⁶ so even honest firms have no recourse but to bribe inspectors to prevent them from closing the business on spurious grounds.⁵⁷ One survey estimated that, on average, bribes represented 8 per cent of expenses for the average firm.⁵⁸

If such problems do not discourage a potential business person, simply completing the paperwork to start a business requires 14 visits to government agencies in both the Federation and the RS — a process that takes an average of 95 days in the Federation and 70 days in the RS. This process must also be repeated should the company’s status change, even for such a minor matter as its address.⁵⁹

BiH's legal and regulatory framework discourages actual or potential businesses from making investments while, at the same time, the judicial and policing systems fail to uphold and enforce laws designed to protect honest businesses from fraud and anti-competitive practices by others. The judicial system is unwieldy and as likely to base its decisions on ethnic or political considerations — or on bribes — as on the facts of the case and the wording of the law. Should a ruling go in one's favour, enforcement may also prove impossible.⁶⁰

While the environment for legitimate businesses is unfavourable, the capricious nature of public administration and enforcement means that businesses which are well connected to politicians in power, or which are run by criminal organisations, are able to evade legal obligations such as taxes and employer contributions to public health and pension schemes. As these taxes and contributions are high, evasion provides a significant competitive advantage, allowing such firms to undercut their legitimate competitors.

Financing business activities

Uncertainties over court decisions and difficulties in getting the legal system to enforce contracts mean that banks will be extremely conservative in providing loans to businesses. Banks often will accept only immovable assets (land or buildings) as collateral for loans. Unfortunately, in spite of its plethora of laws, BiH still lacks adequate legislation covering property ownership and real estate transactions, and has an obsolete system of land registration. This means many people and businesses have not yet received clear title over their property. However, only those with clear title to land or buildings will be able to obtain a bank loan to finance the start-up or expansion of a legitimate business⁶¹ or to provide sufficient working capital to operate effectively.

Special issues for local demining firms

Financing

Financing is an issue of particular importance to demining companies because a firm needs to equip each of its teams with mine detectors and personal safety equipment,⁶² and to supply vehicles for transport and ambulances. In addition, demining firms need significant working capital to cover the industry's high salaries, meal and accommodation costs, and insurance premiums, plus expensive consumables such as fuel and explosives.

The Demining Law and BHMAC regulations

Demining companies (and other demining organisations) face a number of special rules and regulations. Most fundamentally, they must receive accreditation from the MAC for the firm⁶³ and for any explosives detection dogs⁶⁴ and machines they may own.

All demining works are also subject to regular inspections and quality control checks by MAC Quality Assurance inspectors and, in many cases, to private monitoring and quality control firms engaged by the ITF. The MAC inspectors enforce the "BH Standard" which includes productivity limitations that vary by technique (manual prodding, metal detector, EDD team) and ground category (classified as A, B or C depending on the slope, vegetation cover, etc.). A MAC inspector can suspend work

at a clearance site if the operations are non-compliant with either the BH Standard or the specific contract for the work.⁶⁵ Firms may appeal a suspension order, but only to the BHMAL Director, and the suspension order is not stayed while the appeal is under consideration.

Demining organisations must also comply with provisions laid out in the Demining Law concerning deminers and their working conditions: for example, deminers may perform “demining activities” a maximum of five hours each work day and must have at least 12 continuous rest hours prior to a working day. Article 30 of the Demining Law establishes minimum death (KM100,000) and disability (KM200,000) insurance coverage for deminers.

Public procurement environment

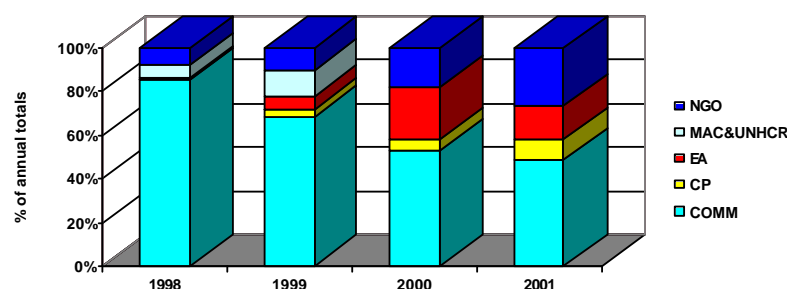
Since late 1996, local demining firms have obtained most of their work by competitive tender. The bulk of this followed the World Bank procurement rules for “national competitive bidding” adopted by the Project Implementation Units of the World Bank’s Emergency Landmine Clearance Project⁶⁶ and a number of Bank-financed projects,⁶⁷ and subsequently adapted by the ITF. Contracts for demining have also been issued to local firms by other donor-funded projects (those of USAID in particular) and by SFOR, although not all of these have been awarded through competitive tendering processes. In addition, a few municipalities and public utilities — particularly the electrical utilities — have contracted local demining firms through both competitive and sole source procurement processes.

Competitive bidding for demining contracts via the major funding channels (first, the World Bank and, since 1999, the ITF) is open to all accredited commercial demining firms — both local and international — subject to pre-qualification requirements relating to a firm’s experience and its financial capacity. These pre-qualification hurdles meant no local demining firms could submit bids on their own until 1998, so initially they served as sub-contractors to international firms. As only BHMAL accredited firms that already meet the experience and financial capacity requirements can submit proposals, bids are assessed principally on price. Most clearance tasks financed via the ITF are subject to additional inspections and quality assurance tests performed by specialised firms contracted by ITF for that purpose.

Competition in the demining industry

Local demining firms face direct competition from other local and international firms that are accredited in BiH. This competition is based principally on price.⁶⁸ Collectively, commercial firms face indirect competition from other types of demining organisations over the shares of total funding that are allocated to international NGOs, local NGOs, entity armed forces and the two civil protection corps (*Figure 7*). Total funding has fallen due to earlier allegations of corruption and donor exasperation with the lethargy of Bosnian authorities in crafting an adequate legislative, organisational, and strategic framework for the national mine action programme. Also, the proportion of funding allocated to competitive channels has dropped, in part because of recent efforts by donors to build demining capacities in the entity armed forces (SFOR, supported chiefly by Canada, Norway and the US), the civil protection corps (the European Commission), and local NGOs (Canada, Germany, US and others).

Figure 7. Proportions of clearance by type of demining organisation



Tax status

Given the importance of price in competitive bidding, anything that allows a firm to reduce its costs confers an important competitive advantage. Because of this, the liability of demining firms for taxes and payroll contributions to various social insurance schemes is extremely important. Under pressure from the international community, in December 1996 the Council of Ministers of the State government exempted all demining operations from taxes and customs duties. However, under the Constitution, the entity governments have jurisdiction over taxation and (probably) are not bound by such a commitment made by the State. Regardless, it appears the entity governments have not implemented the exemption in a consistent fashion.⁶⁹ Also, in the Federation, the cantons have significant authority to levy taxes and there are inconsistencies in the tax structures and rates under their control,⁷⁰ and in how these taxes are administered. Finally, in addition to “taxes and customs duties”, the entity and cantonal governments levy a variety of user fees plus contributions earmarked for public health services, pensions, child care, and unemployment benefits — and it is unclear which of these should be covered by the exemption on “*taxes and customs duties*”. These issues are important because the taxes and contributions based on wages are very high (Table 6).

Table 6. Taxes in the Federation and Republika Srpska

Tax (structure and rates as of March 2001) ^{a)}	Federation	RS
Corporate income tax	30%	10%-20%
Customs duty	0%-15%	0%-15%
Taxes and contributions levied on wages total, of which:	52.5%	55%
Wage tax (on wages net of contributions)	5%	10% ^{b)}
Cantonal wage tax (up to 50% of the above in the Federation)	2.5%	n.a.
Contributions from employee for health, pension, child care, and unemployment (on gross wages) ^{c)}	32%	22%
Contributions from employer (same items & base)	13%	22%

a) It is difficult to obtain comprehensive and up-to-date figures. These are compiled from IMF (June 2000), Appendix I and IMF (July 2001), p. 11, paragraph 28. Different figures are given in International Crisis Group (7 August 2001, Appendix A).

b) The RS changed its personal income tax rate to 10 per cent in 2002. Previously it charged different rates according to the level of income. The average wage tax paid by deminers would have been approximately 10 per cent.

c) The new Demining Law for Bosnia and Herzegovina specifies that “*the time a deminer spends carrying out demining activities shall be included into the pension years of service, as insurance years of service in duration of 16 months for each year*”. We understand that this implies the employee and employer will then pay one-third higher (i.e. 16/12ths) contributions for pension. This would increase the combined contribution due from employers and employees by between 7 and 8 per cent of gross wages.

Based on recent interviews, it appears there are significant differences in how local authorities treat demining organisations and the degree to which different organisations comply with their tax liabilities. To illustrate the importance of this factor, Table 7 gives the results of calculations of the impact of the taxes and contributions levied on wages for three hypothetical organisations based in the Federation,⁷¹ each employing an average of 20 personnel. We assume all three firms structure employee wages so the total wage, tax and contribution cost to the firm is 1,500 KM per month per employee (the oft-quoted “standard wage” for a deminer in BiH), but that:

- Firm “A” (a standard firm) deducts the taxes and contributions from the employees and remits these plus the employer contributions to the relevant governments;
- Firm “B” (a politically connected firm) deducts the taxes and contributions from the employees but retains these rather than remitting any taxes to the relevant governments;⁷²
- Firm “C” (a tax-exempt firm) does not deduct any taxes or contributions and makes no such payments to governments.

Table 7. The impact of the taxes and contributions levied on wages

For Federation (all figures in KM)	A	B	C
(a) Annual payments to employees	205,589	205,589	360,000
(b) Annual payments to governments	154,411	0	0
(C) RETAINED BY FIRM	0	154,411	0
(d) Standard deminer “wages”	360,000	360,000	360,000
<u>Memoranda</u> : Net cost to firm			
(d minus c)	360,000	205,589	360,000
Average monthly take-home wage (a ÷ 12)	857	857	1,500
Average monthly payroll cost per deminer	1,500	857	1,500

So, as a percentage of the standard deminer “wage” an employee in firm “C” receives 100 per cent while those in firms “A” and “B” take home only 57 per cent. Total payroll costs for firm “B” are, however, 43 per cent lower than those in the other firms — a substantial advantage in an industry with high labour costs.

With bank financing being expensive and difficult to obtain, even delaying the remittance of withholding taxes and contributions would confer a significant advantage to a firm. In this example, if the politically connected firm could obtain a six-month grace period without penalties being imposed by the tax authorities, it would boost its working capital by about KM77,000, thus reducing its financing requirements by an equal amount. If the interest on a bank loan is 20 per cent per annum, this represents a savings of KM15,400 each year.⁷³

Other opportunities

Some Bosnian demining firms have won contracts elsewhere in South-eastern Europe or further afield. While Bosnian firms may be able to obtain contracts in their own name within the region, for international work they generally serve as sub-contractors to more established international firms.

Local demining NGOs⁷⁴

The not-for-profit sector in Bosnia⁷⁵

Private not-for-profit organisations play many important roles and there is a growing array of such organisations in the world and, increasingly, in the former Yugoslav republics. Not-for-profits can be grouped into two broad categories: those designed to provide (i) mutual benefits to their members or (ii) services for the public benefit. Examples of the former include sports teams, church choirs, and hunting associations, while public benefit organisations — the class to which NGOs belong — include those providing assistance to the needy, delivering adult education programmes, campaigning for minority rights and (of particular importance in Bosnia) supporting the return of ethnic minorities. The activities of both types of organisations overlap with those of governments and businesses. Private not-for-profit organisations are distinguished from government agencies because they are voluntary, while they differ from businesses as the motivation of those involved is not (in theory at least) private financial enrichment.

While not-for-profit organisations have long existed in Bosnia, what are termed NGOs providing public benefits arose during the war and its aftermath because of pressing needs and because international funding was widely available.⁷⁶ Given Bosnia's shattered economy, many entrepreneurial individuals established local NGOs as the easiest means of providing employment for themselves and their friends. The sector has grown rapidly since 1995, with an estimated 1,500-1,600 not-for-profit associations now in existence, of which 500-600 might be considered NGOs.⁷⁷ Of the NGOs, perhaps 80 have some capacity to implement projects effectively and about 40 of these are "big".⁷⁸ Almost all the NGOs remain dependent on international funding and so tend to be "donor-oriented" rather than "mission-oriented".⁷⁹ According to USAID assessments, the NGO sector in Bosnia remains somewhat weaker than the average for the countries of South-eastern Europe,⁸⁰ except in terms of organisational capacities, reflecting the large inflows of donor funding into the country.

Box 1. The USAID NGO Sustainability Index

Since at least 1997, USAID has conducted assessments of the local NGO sectors in Central and Eastern Europe, and in Eurasia. These assessments examine seven "dimensions" of the sector:

1. legal environment,
2. organisational capacity,
3. financial viability,
4. advocacy,
5. service provision,
6. NGO infrastructure (the existence of "umbrella" bodies that facilitate networking and the building of coalitions, and of specialized organisations providing support services such as training and information to local NGOs), and
7. public image.

Assessors use common criteria to assign a score from 1 (=best) to 7 (=worst) for each dimension in each country, and a country's overall score is simply the average of the seven dimensional scores.

According to the USAID assessment (see Box 1) at least, Bosnia's NGO sector is particularly weak in terms of its financial viability (because of the weak economy and the paltry financial support to NGOs from local donors and governments), the lack of a capable umbrella organisation to facilitate networking and coalition-building,⁸¹ and a poor public image (resentment stemming from the perception that local NGOs are lavishly financed by the international community). Still, Bosnia's NGO sector has been gaining strength over time, with its score improving on every dimension over the past few years.

Figure 8. NGO Sustainability Index 2001: BiH and her neighbours

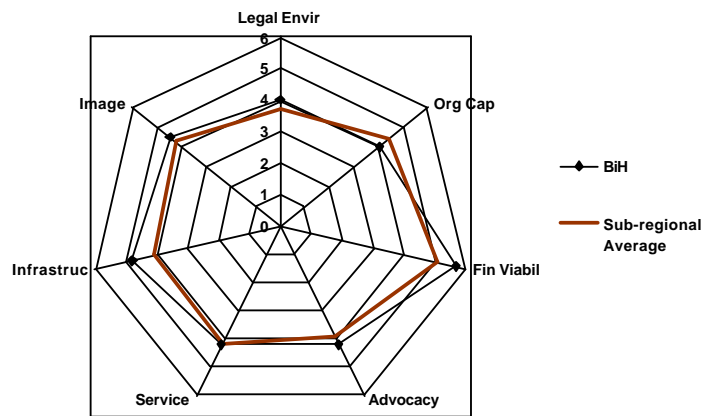


Figure 9. 2001 NGO sustainability scores in South-Eastern Europe

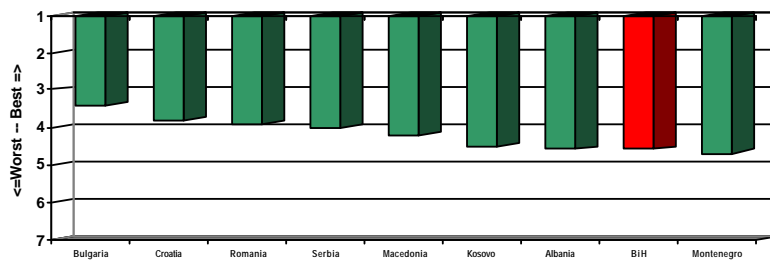
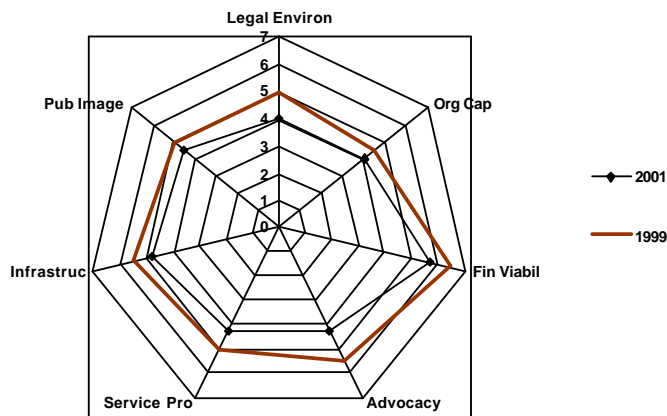


Figure 10. NGO Sustainability Index: Improvements 1999-2001



Legal and regulatory framework

Because not-for-profit organisations differ in fundamental ways from government and from businesses, countries generally provide a distinct legal framework for the “voluntary sector”. When governments believe certain types of private not-for-profit organisations are good for society,⁸² this legislation will allow, and perhaps offer encouragement to, such groups. But different governments may have vastly different views on which types of not-for-profits should be fostered and any encouragements, such as preferential tax treatment or less onerous regulation compared with profit-seeking enterprises, create an incentive for businesses to register as a not-for-profit to masquerade their self-enrichment efforts.⁸³ Getting the not-for-profit legal framework “right” is very important; particularly in Bosnia’s environment in which criminals and ethnic chauvinists have strong links with the political establishment.

- **Legislation prior to 2002**

As in most countries, the term “non-governmental organisation” has no special legal meaning in Bosnia. Yugoslav law, which formed the basis of the relevant legislation in both the Federation and the RS, did recognise “foundations” and “associations of citizens”.

A foundation is a legal entity designed to hold money or property to serve “*some generally useful or humanitarian purposes*”. A “generally useful” purpose “*is considered to be one the fulfilment of which yields a general improvement of cultural, educational, scientific, spiritual, sports, medical, environmental and other social activities, as well as organization of work and other activities in the domain of economic development, restoration and reconstruction*” while “humanitarian” was defined as “*a purpose the fulfilment of which provides support to persons who need help*”.⁸⁴ Thus, a foundation is a legal vehicle to promote “*generally useful or humanitarian purposes*” — the public benefit function. However, this law relates principally to the management of financial assets or other property to support a beneficial purpose rather than to an organisation that directly performs public benefit work. None of the local demining NGOs established themselves as foundations.⁸⁵

An association is a membership organisation (i.e. one in which members rather than the owners/shareholders or staff hold the ultimate authority). Traditionally in Yugoslavia and other socialist countries, most associations performed services to benefit, or further the interests of, its own members — the mutual benefit function — as is clear from the following definition:

“*Citizens freely and voluntarily associate with an aim to realize their cultural, educational, artistic, scientific, medical, social, humanitarian, sports, technical, professional, innovating, ecological and other activities, needs and interest in accordance with law.*”⁸⁶

The law did not provide for associations to promote a wide range of public benefit functions, only “*to realise ... humanitarian ... activities...*”.⁸⁷ Of course, post-war Bosnia was in great need of humanitarian assistance organisations. In recognition that the scant reference to humanitarian activities in the Law on Associations was inadequate, in 1998 the Federation enacted the “*Law on Humanitarian Activities and Humanitarian Organisations of the Federation of Bosnia and Herzegovina*” covering organisations engaged in

“*... activities by which humanitarian aid in the form money, goods and services, without compensation and without conditions concerning territorial, national,*

religious, political and other affiliations, shall be provided to natural and legal persons who, through no fault of their own, find themselves in need for such aid (because of reduced health and working capability, state of war, elemental catastrophes, etc.).”⁸⁸

This law required humanitarian organisations to register with the “ministry in charge of humanitarian aid” (as opposed to the Ministry of Justice, which registered associations). If the organisation intended to restrict its activities to a single canton, it would register with the appropriate cantonal ministry; if it wished to operate in two or more cantons, the Federal Ministry of Social Affairs, Displaced Persons and Refugees had jurisdiction. In deciding whether to register a humanitarian organisation, the Ministry would consider “*in addition to the data required by the Law on Citizens’ Association, the amount of founding capital and the means of financing the organisation’s activities*” which, in Bosnia’s environment, gave politicians and public servants overly much discretion to practice discrimination or to solicit bribes. The law allowed a humanitarian organisation to be formed (i) as an association, (ii) by an existing association, (iii) by an individual or a corporation, or (iv) by a religious order.

What are termed demining NGOs do fall within the legal definition of a humanitarian organisation and in April 1998 the first demining NGO, Akcija Protiv Mina (APM – in English, Action Against Mines), registered in Una Sana Canton.⁸⁹ Since then, six other local demining NGOs have formed and registered in the Federation or the RS.

New legislation

The former legislation was deficient in many aspects.⁹⁰ Concerning governance, it did not incorporate (1) an explicit requirement that the organisation’s highest governing body receive and approve reports on finances and operations; (2) a prohibition on conflicts of interest; or (3) an explicit prohibition on the distribution of profits or other private benefits. It was unclear whether not-for-profits could engage in commercial activities or how surpluses generated by such activities would be treated by taxation authorities (see *Box 2. Profit versus Surplus*). Also, no legislation existed at the State level, so not-for-profits had to register in one of the two entities⁹¹ which would not allow them to operate nationwide without going through a separate registration procedure. The Law on Humanitarian Organisations allowed such bodies to be established by individual persons or corporations, making it simple to mask private enrichment schemes behind a not-for-profit guise, and gave politicians and public servants too much discretion in refusing registration because of purported inadequacies in the “founding capital” or “means of financing”. Recently enacted legislation has, for the most part, rectified these deficiencies. Some of the key changes in the legislative framework are:⁹²

- the State government passed a *Law on Associations and Foundations*⁹³, allowing not-for-profits to register at the State level and to operate countrywide without additional administrative hurdles;
- the RS government enacted (on 17 November 2001), and the Federation government is considering, new legislation on the same model as the State law;
- the new laws require only three citizens (which could be “legal persons” such as corporations) or residents to establish an association, as opposed to the 30 required previously;⁹⁴
- associations and foundations are explicitly allowed to engage in directly related economic activities, and in unrelated economic activities provided a separate subsidiary corporation is established and the untaxed surplus does not exceed 10,000 KM or one third of the parent organisation’s overall budget;⁹⁵

- public benefit associations are more generally recognised – “*if its activity exceeds the interests of its members and if it is aimed primarily for the benefit of the public, or some segment thereof*”. Once registered, a public benefit association “*is entitled to receive tax breaks, customs exemptions and other benefits*”.⁹⁶ However, it remains unclear what those tax benefits will be or how they will be administered.
- applies the conflict-of-interest and disclosure rules to members of decision-making bodies when considering matters in which they or their relatives have a financial interest;⁹⁷
- provides for a permanent Appellate Commission appointed by the Council of Ministers to hear appeals regarding decisions of the ministry responsible for registration and general oversight (the Ministry of Civil Affairs and Communications);⁹⁸
- allows a not-for-profit organisation to generate income from any legitimate source.⁹⁹

Box 2. Surplus and profit

It is a common and damaging misperception that NGOs and not-for-profit organisations must operate to break even financially and that, should their income exceeds their expenses in given year, they have improperly earned a “profit”.

Surplus is the general term for the excess of an organisation’s income over its expenses for a period of time. Profit is specific type of surplus — one that is appropriable or owned by legal individuals (real persons or legally established organisations). A profit-seeking organisation operates with the express intention of earning surpluses that will flow, ultimately, to the owners, which means these surpluses are profits. A not-for-profit organisation may earn surpluses, but these cannot be taken by or used to benefit those people closely connected to the organisation: in BiH, this includes “... *founders, association members, members of managing bodies, responsible persons, employees or donors*”. (Law on BiH Associations and Foundations, Article 5 — this prohibition does not preclude “*reimbursing such persons for work or for expenses*”). Instead, any surpluses generated by or flowing to a not-for-profit organisation ultimately must be used for the good purposes (mutual benefit or public benefit) for which the organisation was established — in the terminology of the BiH Law, its “statutory goals”.

Most not-for-profit organisations that provide significant benefits to the public, such as the local demining NGOs, must accumulate reasonably substantial surpluses over time if they are to be sustainable and able to operate efficiently. These accumulated surpluses are needed to provide working capital (e.g. a demining NGO may have to pay their deminers, purchase insurance, and rent equipment before it receives payment for the mine clearance accomplished, and it needs financial resources to do this), and to cover the organisation’s legal obligations in the event that it has to wind-up its affairs (severance payments to employees, remaining months of rental agreements, etc.). Thus, for many not-for-profit organisations — including the local demining NGOs — it would be irresponsible not to manage their affairs so as to earn a reasonable surplus each year and to accumulate adequate financial reserves over time as may be required for efficient operations and statutory requirements on dissolution.

This distinction between surplus and profit appears to be unclear to many in Bosnia’s not-for-profit community — including the local demining NGOs — and to the financial police who inspect both businesses and not-for-profits. This leads to some financial subterfuge: as one administrator put it, “*we are required to end the year at zero, but there are positive zeros and negative zeros*”.

More recently, the Ministry of Civil Affairs and Communications has promulgated regulations¹⁰⁰ that further clarify the rules of registration and the criteria for granting “public benefit organisation” status.¹⁰¹

Financing and sustainability

As in most countries, Bosnian not-for-profit organisations normally face even more difficulty obtaining bank financing than do comparable profit-seeking enterprises. However, in BiH and other countries receiving substantial amounts of foreign aid, public benefit associations are privileged in terms of access to funding from foreign donors. The major local demining NGOs have, in particular, received large donations of money and equipment that have allowed them to establish themselves as viable organisations in an expensive business. It remains to be seen how long international donors are willing to provide such donations — particularly because Bosnia has significant excess capacity in terms of most classes of demining assets. In the absence of donated equipment, the local demining NGOs will need to earn sufficient income from mine clearance activities to maintain and replace these assets if they are to remain viable over the medium- to long-term.

Special issues for demining NGOs

Demining sector issues

Local demining NGOs face many of the same issues as local demining companies. Their demining activities are subject to the new *Demining Law for Bosnia and Herzegovina*, and the NGOs (and their dogs and machines) must maintain accreditation with BHMAC. Their mine clearance operations are also subject to inspection and quality assurance tests by BHMAC and, when activities are financed via the ITF, by specialised inspection firms engaged by ITF. Local demining NGOs also are affected by whether and how entity and (within the Federation) cantonal authorities implement the so-called exemption from taxes and customs duties for all mine action activities agreed by the State Council of Ministers.

Until recently, virtually all mine clearance by local demining NGOs was funded by foreign donations, whether provided directly by a donor, contracted through the ITF, or channelled via an international NGO. No direct competition for a contract was involved. In 2002, however, the ITF began a series of competitive tenders for demining that are restricted to not-for-profit demining organisations — both local and international. This adds an important new dimension to the competitive environment for demining, already characterised by intense indirect competition for the shares of donor funds allocated among the different types of organisations (entity armed forces, international NGOs, etc.).

The commencement of competitive bidding among demining NGOs raises the possibility that NGOs eventually will be allowed to compete against commercial firms, and *vice versa*. The *Memorandum of Understanding* between the Governments of Slovenia and BiH that governs the operations of the ITF in Bosnia contains no prohibition against such open competitions — only that the Fund “*will respect the donors’ wishes in respect to the methods of implementation*”.¹⁰² However, the recently enacted Demining Law in Bosnia and Herzegovina stipulates:

*“The demining activities on the areas of structures determined by the Plan are handed over to **commercial organisations** based on the executed soliciting for tenders, conducted by the Tender Commission that is appointed by the Demining Commission.”*¹⁰³

The new *Law on Associations and Foundations* at the State and entity levels explicitly allows not-for-profit organisations to establish commercial subsidiaries so long as any surplus generated — up to 10,000 KM or one third of the parent organisation’s

total budget — is used for the good purposes of the not-for-profit. This opens the possibility that local demining NGOs could establish subsidiary firms to compete for commercial tenders. Presumably, however, a subsidiary firm would need to achieve BHMAC accreditation in their own right and it is unclear whether the experience and financial capacities of the parent NGO would be considered when determining whether a subsidiary meets the pre-qualification requirements.

Regional and international work

At least three local demining NGOs have received sole-sourced contracts funded by the US Department of State via the ITF for landmine/UXO survey and clearance work in the former Yugoslav Republic of Macedonia in both 2001 and 2002. Otherwise, the local demining NGOs have not worked internationally.

Relations with the wider not-for-profit sector

The vibrancy of the local not-for-profit sector is of long-term importance to the demining NGOs. If the sector continues to develop, donors probably will continue using local NGOs to implement aid projects. As the economy improves and if the governments institute tax provisions encouraging local donations, Bosnian NGOs may be able to survive the inevitable withdrawal of international assistance. Ultimately, the fortunes of the sector will depend — as it should — on the effectiveness of NGOs in delivering public services, advocating for social reconciliation, and avoiding embroilments in corruption scandals that tarnish the sector's public image.

A major question is whether the local demining NGOs — some of which are very large and financially robust by Bosnian standards — will begin to network with other local NGOs or build coalitions to press for changes in tax treatment and, more generally, public policies. To date, none have done so in any concerted fashion, preferring to remain in the “demining ghetto”.

The roles of local organisations in mine action in BiH

Commercial firms

Growth of the sector

A number of small commercial demining firms were established immediately after the war by demobilised military personnel, using basic equipment acquired from the entity armies. These were hired by villages or local companies for urgent landmine or UXO clearance, which was not conducted to humanitarian standards. Prices were low because the clients could not afford anything more, so companies paid low wages and had to achieve high rates of productivity (measured in terms of the area “cleared”).¹⁰⁴ Many of these “unsupervised” operations continued at least into 1998,¹⁰⁵ but some of these nascent companies began linking with international demining firms to bid on commercial tenders for mine clearance to humanitarian standards. A few of the local firms were also able to win bids on their own for survey and clearance contracts issued by the major public utilities (electrical, water, telephone, gas).

Humanitarian demining began in Bosnia with the establishment of large donor programmes in 1996. From the beginning, two of the major donor organisations involved in mine action in BiH — the US State Department and the World Bank —

focused on creating commercial demining capacity in the country. At first, the principal vehicle was the US\$25.5 million World Bank Emergency Landmines Clearance Project, which introduced a competitive bidding system for most of the demining work it funded.¹⁰⁶ This project ran into a number of difficulties. Bosnian governments originally refused to countenance the award of contracts to foreign companies as they believed there was sufficient expertise locally. However, local firms were unable to meet the pre-conditions — particularly those concerning demining experience of the firm and financial performance guarantees — for the competitive bidding standards required by the Bank. This delay meant the first demining works awarded via competitive bid did not commence until 1997.¹⁰⁷ Then in 1997 the World Bank suspended the award of two demining contracts in the Federation following violations to its procurement regulations, causing the US State Department to withdraw its grants to the Bank's landmine clearance project and issued the contracts directly to RONCO in consortia with three local demining firms.¹⁰⁸ The World Bank subsequently wound down its project after the 1998 demining season and formally closed it on 30 September 1999.¹⁰⁹

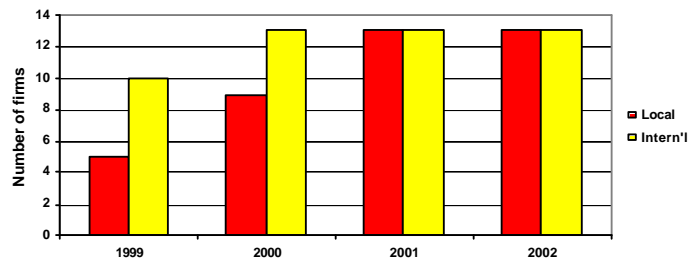
The US, through the Department of State and USAID, has worked on many fronts to foster private enterprise in Bosnia and Herzegovina. Consistent with this overall approach, in late 1996 the Department of State contracted RONCO to engage and equip some of the civilian deminers it had earlier trained, form them into three equal “brigades” along ethnic lines¹¹⁰ to undertake humanitarian demining and supervise their work. This arrangement lasted until May 1997 at which point the equipment was transferred to the control of the Demining Commissioners to support Bosnia's humanitarian demining programme. The Commissioners rented this equipment mainly to RONCO and three local demining firms — SI (Bosniak), Decop (Croat), and Unipac (Serb) — whose owners had worked as managers with RONCO.¹¹¹ These firms began competing for commercial tenders issued by the World Bank Emergency Landmine Clearance Project, initially as junior partners in joint ventures with international firms (including, but not restricted to RONCO) that met the experience and financial pre-qualification requirements. Following the World Bank's suspension of some contracts awarded to RONCO and its local commercial demining partners, the US Department of State awarded the suspended contracts directly. From 1998, these three local firms began winning some bids in their own right, although they continued to take sub-contracts with international firms as well.

Having withdrawn its funds from the World Bank project, the US Department of State needed another vehicle for channelling funds to the commercial demining sector. In November 1998, the US agreed to provide up to US\$28 million in funding to the ITF established earlier by the Government of Slovenia, to match dollar for dollar any funds channelled through the ITF by other donors. While the monies that other donors lodged with the ITF could be directed to a specific task or organisation, the US matching funds were to be used exclusively for work awarded to commercial firms via competitive tenders.

Meanwhile, other local firms were encouraged to form by various international demining companies that had established a presence in Bosnia. The international companies generally had a few managers and supervisors, some equipment, and perhaps dogs and handlers. They wanted to link with local companies which could supply manual demining teams, who were in ready supply because of the large training programmes financed by the US and the EC. For example, Detektor, based in Banja Luka, received encouragement from the Zimbabwean firm Mine Tech and subsequently received its first sub-contract from Emercom, a Russian firm.

The growth of the commercial demining sector — both local and international — (see *Figure 11*) was rapid because of the large amounts of donor funding flowing into mine action from 1996 to 1999. By 1999, ten international and five local firms had received accreditation from BHMAC, and new firms — particularly local companies — continued to enter the field until 2001.

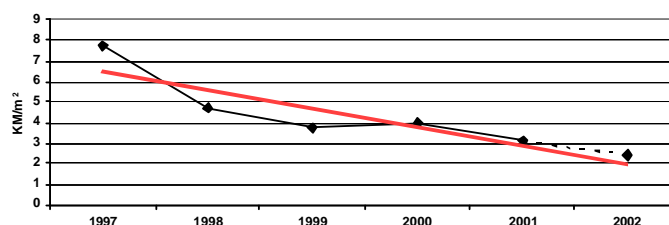
Figure 11. Growth in the numbers of commercial demining firms



Prices and profits

While capacities were still being built up in 1996 and 1997, very high prices were on offer and the well-managed and/or better connected companies made excellent profits.¹¹² Many outlandish claims were made during this time concerning the relative costs and productivities of various commercial firms, and the relative cost-effectiveness of the commercial sector compared to NGOs and other demining organisations. It has not been possible to obtain the actual data from the World Bank and other aid agencies to verify what prices were paid. However, it appears the average price for commercial demining to humanitarian standards in the Federation was about KM9/m² in 1997 and KM4-5/m² in 1998 (see *Figure 12*). In the RS, the average for 1997 was more than KM5/m² in 1997 and KM4-5/m² the following year.¹¹³ These figures seem to be the averages for both survey and clearance contracts, and much higher prices were paid for the more demanding clearance tasks. For example, one company was awarded a contract for surveying some difficult terrain at a price of 12 KM/m². When subsequently the task was reclassified to clearance, the firm was granted a contract variation that increased the price to between KM52 and 157/m².¹¹⁴ Prices for clearance continued to range as high as KM25/m² in 1997,¹¹⁵ but have continued on a downward trend as competition increased due to the reduction in demand (less donor funding, with a higher proportion of this going to non-commercial channels) and the increased supply (more firms with more demining assets).

Figure 12. Pattern of estimated prices: commercial contracts (with trendline)



Notes: (1) Data drawn from Djakovic and Grajic (1998) Annex 4, p. 2; e-mail from Goran Gacnik, ITF, dated 29 March 2002, and Excel file ("Analiza+") containing ITF data attached to that e-mail. (2) Prices are estimates of the average contract price each year, based on the above data and the author's calculations.

Competitive strategies

The strategies employed by local demining firms clearly have changed over time, as is to be expected given evolutions in the markets both for their services (termed the product market) and for the deminers and mine clearance assets they employ as “factors of production” (termed the factor markets for labour, demining equipment, etc.). In the initial months after the war, the motivations of most of the entrepreneurs who started demining companies seem mainly to have been to create gainful employment for themselves and their friends, with profit being secondary. A number of these entrepreneurs quickly enrolled in the humanitarian demining training programmes being financed by the US or EC, and some took employment with RONCO from late 1996 to mid-1997 before resuming control of their own firms.

From about 1997, the continuing stream of graduates from donor-funded training programmes — coupled with the remarkably high wages paid to deminers — resulted in surplus capacity in terms of the numbers of trained personnel seeking work in demining. Also, significant amounts of manual demining equipment (personal protective gear, mine detectors, etc.) were available for rent from the Demining Commission via the PIUs established by the World Bank. But international firms retained a competitive advantage, in part via their control of explosives detection dogs and, in a few cases, ground preparation machines, but particularly in their ability to clear the hurdles concerning experience and financial guarantees to qualify to bid on tenders issued by the World Bank project. This led to a period in which the international firms — exploiting their experience and financial depth — won the bulk of the contracts, with local firms supplying the manual clearance teams as subcontractors. But clearly some of the local firms did very well during this period, earning sufficient profits along with experience to meet the pre-qualification requirements in their own right the following year. What differentiated the successful local firms from the others? What was their competitive advantage?

Certainly, one possible source of competitive advantage was connections with the local political elites and their appointees to senior public service posts. Such connections might afford inside information concerning the specific tasks scheduled for tender, how to get to the head-of-the-line for demining equipment available for rental from the PIUs; who had to be “encouraged” if one’s bid was to be evaluated favourably and; critically, which bank official could be counted upon to approve a loan or line-of-credit guarantee. Such connections might also ensure a respite from tax collectors, financial police, and other inspectors who bedevil local enterprises. A second “extracurricular” approach to building up a company appears to have been money laundering.¹¹⁶ It is impossible to say how pervasive corruption was in the demining industry, but there certainly was no shortage of allegations, which reached a crescendo in advance of the High Representative’s dismissal of the Demining Commissioners in late 2000.¹¹⁷ Indeed, in the Bosnian environment, it would be incredible if the mine action programme remained an island of probity.¹¹⁸

Whatever the truth behind specific corruption allegations, at least some of the local demining firms were also run by talented managers who were able to prepare competitive bids, develop and retain good site supervisors and — above all — build their company’s financial resources and demining assets. A variety of strategies have been employed, including:

- Garnering economies of scale in making better use of headquarters overhead costs (management time, office and support staff costs) by operating other business activities such as “protection services”, which brought in steady income to complement the boom-and-bust cycle in demining.
- Obtaining suppliers credits — particularly from foreign firms¹¹⁹ — covering the purchase of protective equipment, mine detectors, and the like.
- Conducting tests of demining machines developed in other countries, allowing the local firm to obtain some capacity for cutting vegetation and soil preparation at nominal cost.¹²⁰
- One firm was able to capitalise on a small demining contract from SFOR to obtain SFOR approval to acquire some heavy equipment being decommissioned by the RS entity army and converting these into ground preparation machines for demining. The company now has four of these machines, which it is able to rent to the entity armed forces demining corps and to other demining organisations.
- A number of local companies have purchased demining equipment or EDDs from international companies that had left the Bosnian market.¹²¹
- Some firms have won contracts elsewhere in the region (Croatia, Former Yugoslav Republic of Macedonia, Kosovo) and a few have done sub-contract work as far afield as Namibia and Sakhalin Island.

In addition, all local clearance firms that we interviewed confirmed that they continue to take sub-contracts with international or other local companies and offer sub-contracts to other demining firms. Those firms that have acquired special demining assets (machines or dogs) often rent these out.

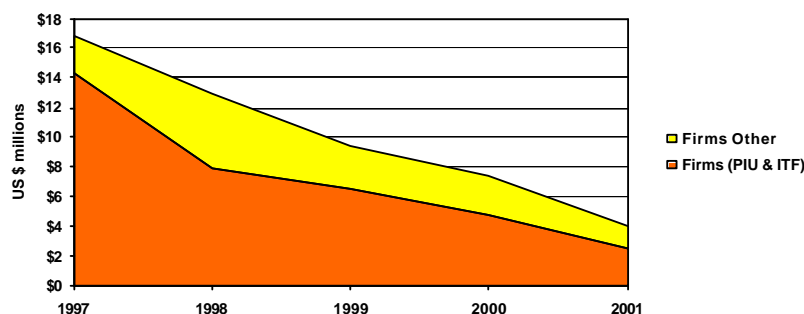
Two Bosnian firms (Terra Prom and Eksploring) operate successfully in a niche market — providing site inspection and quality assurance services on contract to the ITF in Bosnia and other locations in South-eastern Europe (Albania, Croatia, Kosovo, and the Former Yugoslav Republic of Macedonia). Most ITF-funded clearance works are assigned to one of these two firms,¹²² which then assign at least one inspector to remain on site full-time¹²³ whenever clearance teams or equipment are present. Separate teams do quality assurance tests covering at least 5 per cent of the area cleared.

Major issues

Intense competition

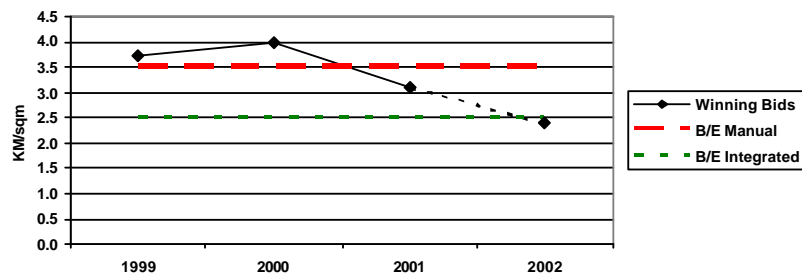
Far and away the major issue facing local demining firms today is the decline in donor funding (*Figure 13*) allocated to the commercial channel.¹²⁴

Figure 13. Estimated donor funding for commercial demining



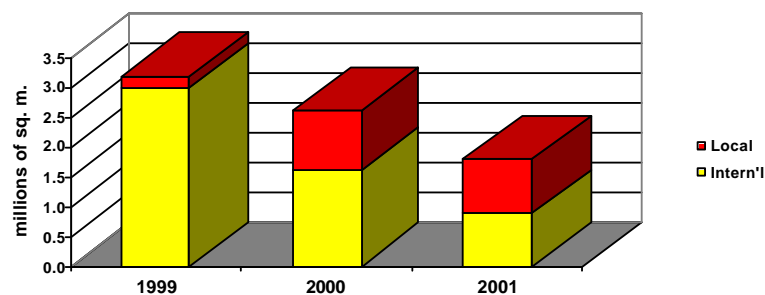
This, combined with rising capacity among commercial firms, has intensified price competition, with average bids on ITF tenders in 2002 almost falling to a reported KM2.40/m² (Figure 14) — below the break-even points for manual (estimated at KM3.5/m² shown on the graph as B/E Manual) and, perhaps, even integrated demining (estimated at KM2.5/m² – B/E Integrated).¹²⁵

Figure 14. Average winning price: ITF commercial tenders



While data from the World Bank's Emergency Landmine Clearance Project are unavailable, it is clear that international firms won almost all the contracts in 1997 and (probably) most of those in 1998. From ITF data it is clear that, for the first three years, local firms won an increasing share of a declining "pie" available to the commercial sector (Figure 15).

Figure 15. Clearance financed by ITF competitive bids



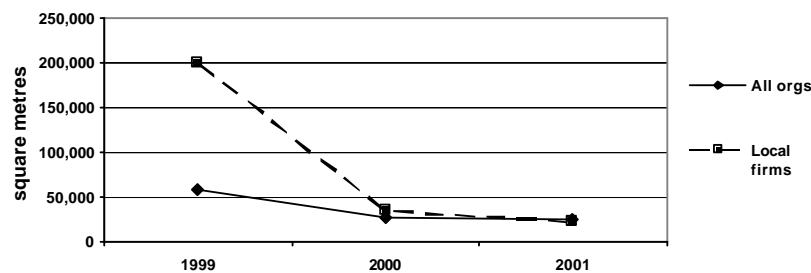
This reportedly led some international firms to bid very aggressively in the first ITF tender round in 2002 — as low as KM1.84/m² — accepting almost certain losses in order to increase market share and, perhaps, force some of the competition out of the market.

Possible responses to competition

Assuming this competitive situation prevails, local firms have three "solutions". They can (1) raise productivity, (2) reduce costs, or (3) exit the demining business. The first option is preferable, but four obstacles stand in the way. First, there has been six years' experience with humanitarian demining, during which time most of the "easy" productivity gains (i.e. from adapting suitable equipment and techniques used elsewhere) have already been garnered. Second, many firms could undoubtedly achieve productivity enhancements by adapting the existing best practice approaches used in Bosnia, but this would require substantial investment in new equipment and EDD teams, or significant working capital if a firm chose to rent these assets from other organisations in Bosnia. The competitive environment is such that it is unclear whether this investment would be recouped. Third, BHM Standards impose

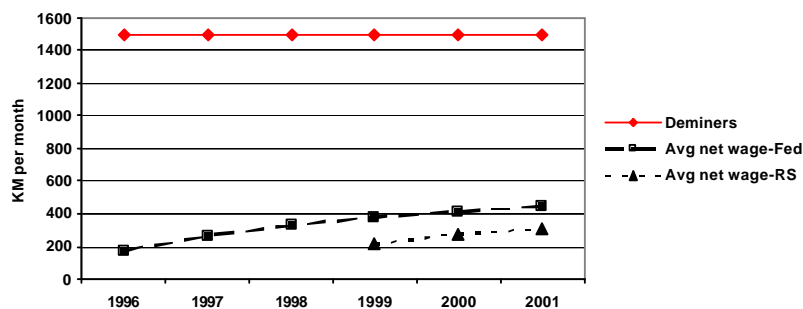
productivity guidelines,¹²⁶ which its inspectors sometimes treat as maximums rather than guidelines. During interviews, most firms and other demining organisations stated that BHMIC inspectors prevent them from clearing as many square metres as could be achieved without compromising safety.¹²⁷ A number of organisations hinted that at least some BHMIC inspectors use these productivity guidelines to harass for bribes¹²⁸ but it could just as well be that companies are offering bribes to be allowed to clear at higher — and perhaps unsafe — rates.¹²⁹ Finally, with the decline in funding to ITF for commercial tenders, coupled with strong pressure to “share” available resources equally between entities and among cantons and municipalities, ITF tasks tend to cover smaller areas,¹³⁰ which lowers productivity and raises costs because organisations must mobilise their personnel and equipment and prepare each new site for clearance. The decline in the average task size (*Figure 16*) has been, for reasons which may be coincidental, particularly pronounced for the bids won by local firms.

Figure 16. Average area of ITF tasks



The second possible response to more intense price competition is to reduce costs paid for factors of production (labour, equipment, dogs, machines). The largest single cost element for demining firms in Bosnia is generally labour, in part because in 1996 the “standard deminer wage” was set extraordinarily high relative to local wages (*Figure 17*) — KM1,500/month plus a meals and incidentals allowance of KM15-20/day.

Figure 17. Deminers wages versus average net wages



Source: IMF (March, 2002c) *Bosnia and Herzegovina: Statistical Appendix*, Table 10. Note that the average net wage figures cover only employed persons. Unemployment rates in Bosnia run at 40 per cent of more, so the overall average wage for all those seeking employment would be far less.

Prior to 2002, informants in Bosnia consistently stated that, in spite of severe over capacity in the sector, deminers would not accept lower wages than the KM1,500/month standard and, therefore, that demining organisations paid this amount.¹³¹ By mid-2002, some organisations admitted they were paying less than the “standard” —

with some suggesting that wages had halved — and there remained no difficulty in hiring qualified personnel.

It appears, therefore, that competitive pressures are forcing local firms and other organisations to reduce costs. Assuming price competition remains fierce, those firms that are unable to lower their break-even points will be forced out of the demining business.

Possible changes in the future

The major change looming in the competitive environment is the announcement in the draft *Demining Strategy Plan for Bosnia and Herzegovina* of a plan to initiate a new “technical survey” procedure, with the area to be technically surveyed increasing from virtually zero at present to over 18 square kilometres per year by 2005. Because of the extremely low density of contamination in most suspect areas, traditional approaches to technical survey (e.g. test lanes) have rarely been used in Bosnia to determine minefield boundaries and achieve area reduction. The plan as we understand is to conduct technical surveys using heavy machines wherever possible. If no landmines are unearthed or detonated by the machines, the area will normally be certified as “posing no apparent risk”.¹³² The cost of this procedure is estimated at one third that of clearance¹³², so this proposal represents an opportunity to dramatically increase the area certified for civilian use¹³⁴ at a reasonable cost. Although the *Demining Strategy Plan* states that the entity armies and civil protection corps will conduct such technical surveys (page 9), these organisations do not have the most appropriate machines or sufficient EDD teams to achieve the ambitious targets set out in the plan. Therefore, demining firms that own machines and EDD teams should see a substantial increase in demand for these assets.

Local NGOs

Growth of the sector

- *Akcija Protiv Mina*

The first Bosnian demining NGO — Akcija Protiv Mina (APM or, in English, Action Against Mines) — arose from a 1996 initiative by the Danish government via UNDP, which led to a 1 million KM agreement the following year with Handicap International (HI) to establish, train and equip a local mine action NGO in Bihac. By the end of 1997, HI had trained a team of 34 in humanitarian mine clearance and EOD, plus a complement of eight staff for support and mine awareness activities. Following a founding assembly in February 1998, APM registered with Una Sana Canton (March 1998) and the Federal Ministry of Defence (May 1998). The formal handover from HI to APM managers took place in September 1998, after which time HI continued to provide technical assistance for management, demining operations and fundraising. Initially APM’s activities were restricted to Una Sana canton, but in early 1999 it registered with the Federation government, allowing it to operate throughout the entity.¹³⁵ In 1999, APM also started a “Train the Teachers” programme to introduce mine risk education into Una Sana schools, which subsequently was replicated in some other cantons with support from UNICEF via the Federal Ministry of Education.

Unlike other demining organisations in Bosnia, APM has a community focus and tries to undertake any mine action activity — survey, marking, EOD, clearance, mine awareness — required to render the target community (usually, groups of returning refugees) secure and sustainable. As such, it attempts to raise donations for the

organisation's overall budget rather than taking contracts to clear a certain area for an agreed price per square metre. Therefore, its record in terms of area cleared has been very modest — about 350,000 square metres since its inception. In support of this community-focused approach, APM had up to 2002 two mine awareness coordinators¹³⁶ and two community liaison specialists in addition to its deminers (at maximum, three demining teams and one EOD team, plus four EDDs and their handlers). Its principal donor has been Canada, which has provided four EDDs along with grants to the general budget, but APM also has obtained donations from Austria, France, Germany, Ireland, and Switzerland, as well as from UNICEF (for the Train the Teachers programme) and the Open Society Fund. Most of the donations are made via HI, which then negotiates an annual agreement and budget with APM.

APM and HI have had repeated disagreements. One crisis in November 2000 resulted in the departures of the APM programme manager, administrator and bookkeeper, the revision of its statutes, and a bolstering of the technical assistance team provided by HI. However, the NGO has not been able to secure donations to support all its planned activities and its managers and presidency — a Board of Directors that meets at least quarterly — could not agree on measures required to reduce costs to a level consistent with its financial resources and APM was again in crisis by April 2002. By this time its programme manager had resigned, its mine awareness coordinators and community liaison specialists were laid off, and the EOD team and one of the three clearance teams had been placed “on standby”. The other two manual clearance teams along with the four EDDs and handlers are working on a larger task (160,000 square metres) in Sarajevo, paid for by Sarajevo Centar Municipality. Unfortunately, APM accepted this contract for a very modest price (2.6 KM/m²) and it risks losing money — perhaps in significant amounts — on the task.

Part of APM's difficulties appears to stem from the composition of its membership and its presidency (i.e. Board of Directors). Approximately 70 per cent of its members are employees and the rest are either related to employees or are community residents with no particular expertise in mine action or in running a not-for-profit organisation. The nine members of the presidency (who are elected for one-to-three year terms) are all APM employees. Some of the managers — including the recently resigned programme manager — have tried to recruit notable people from the community as members to bring financial, legal and business acumen to the presidency. However, the APM statutes state that new members can only be accepted at a meeting of the general assembly, and there is no guarantee prospective members will be accepted, or that, subsequently, they will be elected to the presidency. HI refused to sign an annual agreement for 2002-03 and was continuing the partnership on a month-to-month basis. It had set some conditions for a renewal of the partnership agreement and funding, including changes to the executive of the presidency (president, vice president, and secretary), the employment of a well-qualified programme manager, and the retention of certain other employees including the administrative manager and the accountant. A general assembly was scheduled for late July.

- *STOP Mines, BH Demining, and PRO VITA — “the US NGOs”*

Three other demining NGOs formed in the first half of 1999 with the encouragement of the US Department of State and the original Demining Commissioners. As had been the case when the US and the Demining Commission assisted with the start of three local demining companies in 1997, a decision was taken to create three equal and distinct NGOs: one Bosniak (BH Demining, based in Sarajevo); one Bosnian Serb (STOP Mines, based in Pale); and one Bosnian Croat (PRO VITA, based in Mostar).

Each of the NGOs received a significant amount of equipment¹³⁷ plus nine EDDs that RONCO originally purchased for use by the three demining brigades it managed under its 1996-97 contract with the Department of State, and which the US subsequently donated to the “Agency for Demining and Removal of Mines in the Territory of BiH” (hereinafter, Agency for Demining) under the control of the Demining Commission for rental to demining firms. They also received start-up grants of KM100,000 to establish their offices and initiate demining activities in 1999¹³⁸ and, for 2000 and 2001, received contracts from the ITF for each to clear approximately 300,000 square metres per year in Bosnia. These contracts were financed by the US Department of State and were issued on a sole sourced (non-competitive) basis, but the price per square metre had to be negotiated with ITF to ensure the prices were comparable to those paid to commercial firms for similar tasks. In September 2001, they also received contracts from ITF to conduct emergency battle area clearance (BAC) work in the Former Yugoslav Republic of Macedonia, which were renewed for the period April to July 2002.

Until 2002, 90 per cent or more of the demining work of the three NGOs came from the US Department of State via the ITF, with the rest arising from small grants from Saudi Arabia, small demining contracts with utilities and occasional sub-contract work with demining firms. This keeps them working to perhaps one third of capacity.¹³⁹ They each earn some money from equipment rentals, but at low prices¹⁴⁰ and not for the full demining season because there is over-capacity in Bosnia.

In addition to mine clearance, all three organisations have each year arranged for groups of Bosnian mine victims to travel to the Slovenia Rehabilitation Centre for prostheses and have undertaken other modest victim assistance activities. STOP Mines on occasion has been active in mine risk education activities, including the production of posters and a video through a winning bid it submitted jointly with a local media company for a tender issued by BHMAL in 2001.

- **UG ZOM**

The other major Bosnian demining NGO¹⁴¹ — UG ZOM (*Udruženje građana za zaštitu od mina* or Citizen’s Association for Mine Protection) in Bihac— did not register until May 2000. It was formed by some very senior military engineers who had just left the Federation army and were concerned about the employment prospects for other demobilised soldiers. They were able to obtain BHMAL accreditation quickly, but only worked on one project that year. In 2001, UG ZOM obtained contracts for small demining tasks from Una Sana canton and the cantonal forestry company, and worked aggressively to win sub-contracts with commercial firms which had won ITF bids. It also obtained funding from the German government for two manual clearance tasks in 2001. These various tasks totalled 152,000 square metres for the year. However, the German government was looking for a demining organisation to continue testing of a large demining machine (the “Minebreaker 2000”),¹⁴² and had been favourably impressed with the work of UG ZOM, so it signed an agreement with the NGO covering 2002 with a target of 300,000 square metres.¹⁴³ UG ZOM has been able to expand from 11 permanent employees plus a five-person management team in 2000, to 24 permanent employees and 14 on temporary contract (plus the management team) in 2002.

Some UG ZOM personnel are certified trainers and have provided training for basic demining, team leaders and machine operations both internally and for other organisations. Its personnel give some mine awareness training in schools or for community groups. UG ZOM meets regularly with a network of local NGOs organised

by the International Rescue Committee. Discussions focus on the support of minority returns, for which mine or UXO contamination is sometimes an issue. This forum serves as an information exchange and not a programme planning mechanism.

Major issues

Starting in 2002, US Department of State funding via the ITF that previously had been earmarked for sole sourced contracts with the three “US NGOs” was converted into a competitive tender process restricted to demining NGOs, either local and international. The first round of four tasks attracted bids from eight NGOs, three of which won contracts: STOP Mines (2 tasks), Norwegian People’s Aid (1), and UG ZOM (1).

This represents a substantial change in the environment facing the local demining NGOs. While, in general terms, the better managed of these organisations stand to benefit, the NGOs are entering this competitive environment from different starting points. APM is in disarray and may not survive its internal conflicts. Assuming it continues operations, its community-focused approach to landmine and UXO contamination is at odds with a tendering process that is decided largely in terms of the price per square metre. STOP Mines, PRO VITA and BH Demining are reasonably well equipped and have the most experience working with ITF processes, but, of the three, only STOP Mines has yet proven itself capable of preparing a winning proposal for a competitive tender: BH Demining in particular was disadvantaged by the death of its managing director. Also, in spite of their similarities, these three NGOs seem to have quite different cost structures: neither STOP Mines nor PRO VITA pay payroll taxes and contributions to the government, while BH Demining does, so its personnel costs appear to be significantly higher. UG ZOM started latest and with the least outside assistance, but it has experienced managers who appear to command respect within the demining community. It should be capable of surviving in a more competitive environment, particularly if it continues to receive targeted support from Germany.

Another change that could benefit local NGOs appears to be on the horizon. Some municipalities are beginning to budget for mine clearance within their communities. In 2002, it appeared that most of these municipalities had opted to engage local NGOs for the demining. This is true even when funds were lodged with ITF to trigger matching grants from the US, as the municipality still decides how its own contribution will be spent. While donor funding for the Bosnian mine action programme may rebound in response to the recent *Demining Law* and *Demining Strategic Plan*, over time foreign funding will certainly decline and be replaced by local funding from one or more levels of government. How will these governments view NGOs? If local NGOs have a good reputation, the demining NGOs stand a good chance of benefiting from this shift in how mine action in Bosnia is financed.

The initiation of competitive tendering for NGOs might also presage an eventual shift to open competition for demining contracts, in which both firms and NGOs are able to bid for the same contracts. If this happens, how might local NGOs fare?

Finally, local demining firms are currently in an intensely competitive environment that threatens to put at least some of them out of business. The core reasons for this increased competition are (1) the overcapacity created by uncoordinated donor initiatives to train and equip deminers and to foster demining organisations, and (2) the decline in funding available for competitive contracts. The latter is the result of a decline in international funding for mine action in Bosnia coupled with a fall in the share of funding allocated to commercial firms. This may lead commercial firms — both local and international — to lobby donors and local politicians for a larger share

of the diminishing pie. Such lobbying campaigns in Bosnia tend to lack sophistication, so we might see some increase in corruption and a massive increase in the allegations of corruption, which would further discourage donors.

Comparing performance and capacities

Performance

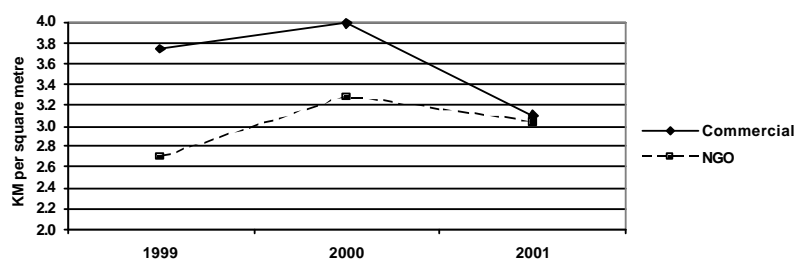
• Clearance

It is extremely difficult to compare the relative performance of different mine clearance organisations because:

- tasks vary significantly in terms of terrain, vegetal cover, soil conditions, metal content and weather, as well as the numbers of landmines and UXO on the site;
- some organisations have received significant donor assistance in terms of financial donations, demining equipment, explosives detection dogs, etc. which can allow them to cross-subsidise their forays into competitive demining, offering to undertake tasks for lower-than-economic prices. Most of the local NGOs have received significant donations in one form or another, but the commercial firms have also benefited from the free training provided by donors and, in many cases, access to military equipment or equipment donated to the national mine action programme, perhaps at subsidised rates;
- a number of international firms are managing, or have managed in the past, large donor funded projects, allowing them to gain a foothold in the market and, in all probability, to use assets originally acquired for the aid project to cross-subsidise their competitive businesses;
- some international firms and their local partners have access to significant subsidies offered through national export promotion agencies in the donor countries;
- safety and quality standards may vary across organisations;¹⁴⁴
- a number of organisations appear to be exempt from, or are not complying with, statutory obligations regarding payroll tax and social security contributions;
- pervasive corruption in Bosnia means that competitive tenders may be determined, in part, on “non-economic” criteria, even when the tender process *per se* is “clean”.

Regardless, some evidence is available through an analysis of ITF contracts (see Figure 18). Broadly, local NGOs have executed ITF contracts at consistently lower prices than commercial firms. The differences narrowed significantly in 2001, which likely indicates the early effects of increasing competition among commercial firms. This competition further intensified and the average price for an ITF commercial tender may fall below that of NGOs.¹⁴⁵

Figure 18. Average prices on ITF contracts



Source: *Demining Strategy Plan for Bosnia and Herzegovina*, Annex 4, p. 2. Currency conversion by the author at IMF-published rates for the relevant years.

The results achieved by local NGOs on ITF-commissioned tasks also compare favourably with those of commercial firms in terms of (1) the percentage of tasks with some devices found and (2) the average number of devices found (*Figures 19-21*).

Figure 19. Percentage of ITF tasks with no devices found

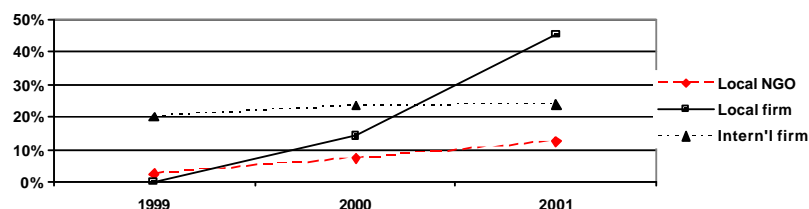


Figure 20. Percentage of ITF tasks with no devices found (weighted by area cleared)

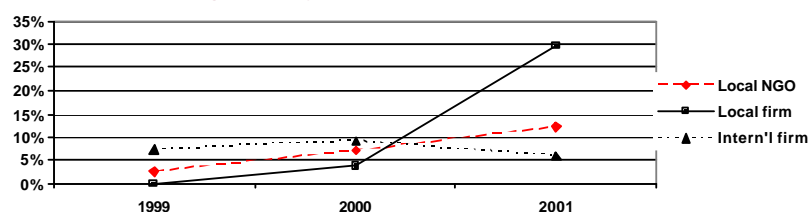
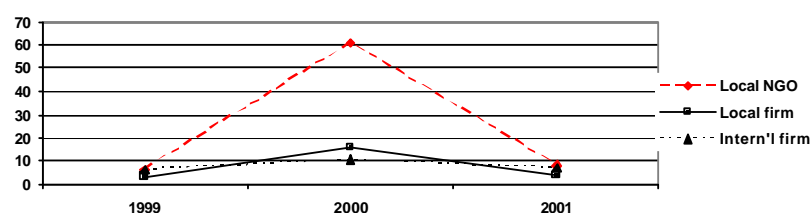


Figure 21. Average number of devices found per hectare cleared



In fact, a single international NGO (NPA) has accounted for almost 60 per cent of all the landmines and UXO found on sites cleared under ITF contracts in 1999-2001, even though it cleared only 8.2 per cent of the total area contracted for clearance via the ITF in this period. Table 8 calculates an “Intensity Ratio” = (percentage of total devices found ÷ percentage of total area cleared) as one measure of the difficulty of the tasks on average. On this, local NGOs and local companies score equally, far behind NPA but significantly better than international companies.

Table 8. Clearance intensity ratio

Type of organisation	(A) % cleared	(B) % devices	Intensity ratio: (B ÷ A)
International NGO	8.2%	59.5%	7.23
Local NGO	19.7%	12.4%	0.63
International company	52.3%	15.6%	0.30
Local company	19.7%	12.5%	0.64

We have obtained one last piece of evidence via interviews with the inspection and quality control firms contracted by ITF. In 2001, quality control checks found at least

six missed devices at five different sites, one of which was being cleared by an NGO. Table 9 scores commercial firms against NGOs (we do not have a breakdown between international and local organisations) on this measure of unsatisfactory performance. NGOs far outperformed commercial firms on this measure in 2001.

Table 9. Unsatisfactory performance: commercials versus NGOs

Failures as percentage of all sites	No of sites	No. failed QC	Percentage failed
Commercial firms	74	5	6.8%
NGOs	43	1	2.3%

Of course, quality control checks would not discover missed devices on sites in which no devices were present in the first place. Assuming that there really were no landmines or UXO on the sites cleared in 2001 in which no devices were discovered, Table 10 calculates the percentage of quality control failures just for those sites in which it was possible to fail. Once again, NGOs clearly outperformed commercial firms.

Table 10. Percentage of quality control failures

Failures as percentage of all sites with devices	No. of sites	No. failed QC	Percentage failed
Commercial firms	51	5	9.8%
NGOs	36	1	2.8%

While it would be rash to draw firm conclusions based on such scant data, the quality control failure rates of commercial firms, on average, do not inspire confidence — their work has been unsatisfactory on perhaps as much as 10 per cent of all tasks assigned to them. While undoubtedly some of the commercial firms are excellent, this simply implies that the work of some of the others is even worse than the averages, which are dreadful.

- ***Demining accidents***

The data on the numbers of accidents appears consistent with the interview data on quality of clearance: commercial firms have experienced more accidents than have NGOs, and a larger number of their personnel have been killed or injured. This is true in terms of absolute numbers of accidents and victims, but also in terms of accidents or victims per area cleared. BHMIC has not agreed to provide a breakdown of areas cleared by local and international commercial firms (and, given the amount of subcontracting that has been done, this breakdown may not be meaningful). Figures 22 and 23 compare the performance of all NGOs to all commercial firms using an accident index in which deaths are multiplied by three, serious injuries are multiplied by two, and minor injuries are taken as is. Therefore, the accident index for a year is:

$$\text{Accident Index} = (\text{Deaths} * 3) + (\text{Serious} * 2) + (\text{Minor} * 1)$$

On this measure, NGOs have outperformed commercial firms in three of four periods¹⁴⁶ for which data are available. The averages for the entire period (1996-2000) are depicted below:

Figure 22. Accident Index per hectare cleared

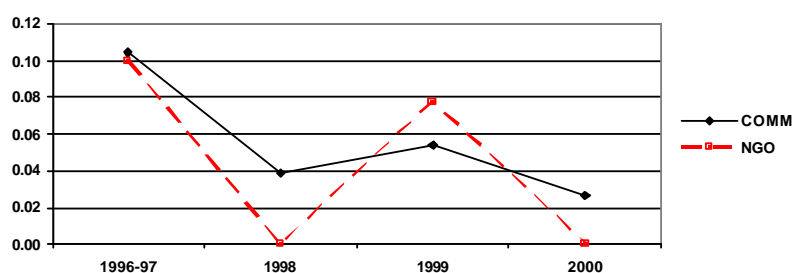
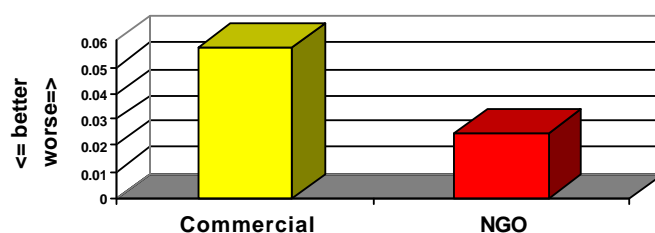


Figure 23. Accident Index per hectare cleared: 1996-2000



Capacities

Table 11 lists the assets available to the various categories of demining organisations.

Table 11. Assets belonging to demining organisations in BiH

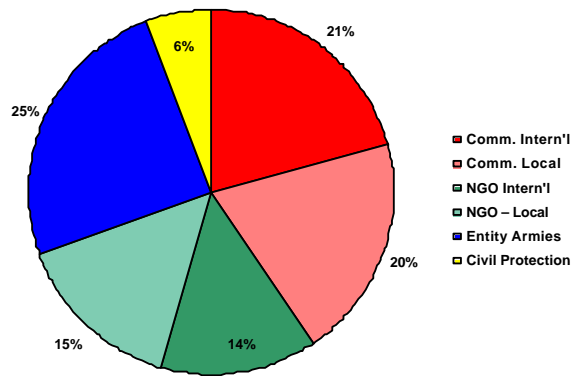
Capacities ^{a)}		
Maximum number of deminers	Number	Percentage
Commercial – International	162	12%
Commercial – Local	330	24%
NGO – International	158	11%
NGO – Local	152	11%
Entity Armed Forces	422	30%
Civil Protection	172	12%
Total	1,396^{b)}	
EDD Teams (1 dog & 1 handler/team)		
Commercial – International	31	28%
Commercial – Local	10	9%
NGO – International	22	20%
NGO – Local	31	28%
Entity Armed Forces	12	11%
Civil Protection	6	5%
Total	112	
Machines		
Commercial – International	4	22%
Commercial – Local	5	28%
NGO – International	2	11%
NGO – Local	1	6%
Entity Armed Forces	6	33%
Civil Protection	0	0%
Total	18	

a) BHMACH data did not distinguish between land cleared in 1996 versus 1997, so we have combined these two years into one period. We only obtained demining accident data for 1996-2000.

b) The Draft Demining Strategy states there were 2,024 accredited deminers as of 1 March 2002. The numbers reported here are those provided by each organisation as the maximum they would employ at any one time.

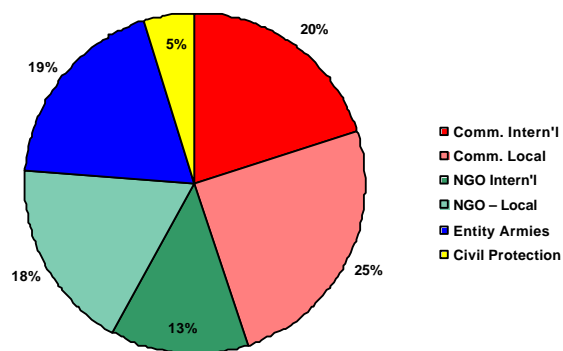
By weighting the importance of each of the major asset groups (equipped manual teams, EDD teams, machines) an index can be calculated to provide a very rough measure of the relative capacities of the different categories of organisations. For example, Figure 24 depicts the relative capacities of each category of organisation if we assume each of the asset groups is of equal importance. On this measure, local companies have about 20 per cent of the total demining capacity, while local NGOs have about 15 per cent.¹⁴⁷

Figure 24. Relative capacities of demining organisations



We can improve on this guesstimate somewhat. For example, BHMACH classifies machines as small (of which there were 12 at the start of 2002), medium (6), and large (2). The planned productivity for ground preparation of small machines is only 2,500 square metres per day compared to 5,000 square metres per day for medium machines and 10,000 square metres per day for large machines. While we do not know the complete ownership listing, we do know all the machines owned by the entity armies are small and that UG ZOM now has use of two machines, including one of the large ones (the Minebreaker). We also know that at least two local companies have acquired machines that are not reflected on the MAC list for 2002. Finally, the new “technical survey” procedure implies that machines will become relatively more important in the future, so we will assume machines account for 40 per cent of the total demining capacity with manual and EDD valued at 30 per cent each. Making the appropriate adjustments, we get the graph in Figure 25, which is probably closer to the mark.

Figure 25. Adjusted relative capacities of demining organisations



Avoiding a race to the bottom

While the new *Demining Law* and the draft *Demining Strategy Plan* represent real achievements and have rekindled hope that Bosnia's mine action programme may finally begin to perform in line with its potential, there is a very real danger that competition for clearance contracts and profits will produce a "race to the bottom". Because of the decline in donor funding, too much capacity is chasing too few contracts, leading some commercial firms to bid very low prices on clearance contracts. This is leading to a fall in deminers' wages, which probably is warranted given average wages and employment rates in BiH. But even with lower wages, current prices still appear to be below the breakeven point. If this continues, firms will need to exit the market, merge with competitors or engage in illegal practices to survive. It is clear that Bosnia represents fertile territory for illegal practices. Two of obvious concern to the mine action programme¹⁴⁸ are (1) non-payment of payroll deductions covering deminers' pensions and (2) increased pressure on (or opportunities for) BHM MAC inspectors to use their discretion in determining the maximum productivities allowed on sites being cleared. The first robs deminers of their future pensions, while the second would endanger their safety as well as debasing BHM MAC and the overall mine action programme. Further, there are worrisome trends such as the increase in the percentage of clearance sites on which no mines or UXO are found that suggest more subtle but more malignant connivances are in play.

What is to be done? At the least, the core institutions (Demining Commission and BHM MAC) need further strengthening, and the BHM MAC needs to conduct post-clearance impact surveys (i.e. "Level 4" surveys to determine the ownership and use of previous cleared land) to close the accountability circle. Given the history of Bosnia's mine action programme, these core institutions should also be supplemented by an independent investigation entity that would accept appeals from demining operators concerning arbitrary decisions made by BHM MAC personnel or other allegations of corrupt practices and launch immediate investigations.

Conclusions and recommendations

Local organisations and the evolution of the BiH mine action programme

The main findings concerning the evolution of the Bosnian mine action programme to date, and the roles played by local demining firms and NGOs within that programme, can readily be summarised.

Conclusion 1

A diverse set of demining operators — local and international firms, local and international NGOs, entity armed forces, and civil protection organisations — has evolved in Bosnia. Each category of operator has received significant support from one or more donors.

Conclusion 2

The overall performance of the Bosnian mine action programme has been disappointing in many respects, including perceptions of widespread corruption, and the programme has lost significant amounts of donor goodwill and potential funding.

Findings

The multiplicity of types of demining operators reflects the international community's initial reaction to the scale of contamination plus the desire of many donors to make a unique contribution rather than support a common solution. Major donors provided lavish assistance to start a variety of mine action programmes both for direct demining and to build local capacities. But these were separate programmes, implemented by different demining organisations which, as invariably happens, sought to capture their "share" of the demining resources. At the same time, the international community did not succeed in establishing a single mine action authority and centre to oversee a pan-Bosnian programme or even to fully coordinate separate entity programmes.¹⁴⁹ In short, major donors engaged in micro-management and achieved micro successes, but on the macro level the national programme floundered for want of adequate central institutions. The result was significant over-capacity, excessive expense, ill will among donors and demining organisations, poorly targeted clearance operations, and — certainly in appearance and perhaps in fact — corruption on a massive scale.

The existence of corruption allegations within the mine action programme and more generally throughout Bosnia raises a number of important questions. Did the introduction of a competitive bidding regime for mine clearance contracts increase the risk of corruption or, at least, the perception that corruption was rampant? Were such risks adequately assessed before committing to the competitive bidding strategy? If so, were adequate safeguards put in place to guard against corruption?

It seems reasonable to conclude that the establishment of a pool of more than US\$20 million for mine clearance contracts to be awarded via competitive bidding did contribute to allegations of corruption as, indeed, a number of such allegations originated with disgruntled firms whose bids were unsuccessful.¹⁵⁰ There is no evidence that the donors promoting the competitive bidding strategy conducted an assessment of the risk of corruption. For example, the project approval document for the World Bank's Emergency Landmines Clearance Project discussed four risks to the programme but — remarkably — corruption was not one of them.¹⁵¹ It also is clear that donors did not insist upon — or directly provide — adequate safeguards against corruption, including clear channels of accountability, effective mechanisms for information sharing and dispute resolution, and resources for timely investigations of allegations.¹⁵² Given the donors' acceptance that the entity governments would bear primary responsibility for mine action, and the known links between these governments and both criminal and ethnic extremist groups, the apparent failure of the international community to address the risk of corruption was remarkably naïve.

Recommendation 1

The major donors should ensure at the beginning of a new mine action programme that adequate provisions are being made to establish an overall authority and mine action centre responsible for core functions including (1) the development and maintenance of a comprehensive and accurate information system, (2) adoption of national standards and an inspection regime to assure quality, and (3) the formulation of a coherent long-term strategy to address the contamination problem. No amount of capacity among operational mine action organisations can compensate for deficiencies in these central institutions and core functions.

Recommendation 2

The introduction of competitive bidding for mine clearance contracts in a "failed State" environment such as Bosnia, or another situation in which the rule of law does not prevail, entails additional risks. Decisions to adopt a

strategy based on competitive bidding should be informed by realistic assessments of whether (1) the additional risks are manageable and (2) the potential benefits from direct competition outweigh the risks. Where both assessments are positive, mechanisms need to be in place to ensure these risks are, in fact, managed.

Current status of the mine action programme

Conclusion 3

The Bosnian mine action programme continues to feature excess capacity among demining organisations, which at current funding levels are operating at perhaps one-third their collective capacity. At the same time...

Conclusion 4

The core institutions remain weak, particularly in the policy coordination and planning functions within both the Demining Commission and BHMAC, and the survey function within BHMAC.

Conclusion 5

The *Demining Strategy Plan* represents a significant advance, particularly in its recognition that the BHMAC needs the capacity to undertake technical surveys. However, it does not squarely address a central strategic issue — the decline in donor funding — which is now the binding constraint on the BiH mine action programme.

Findings

Based on the draft *Demining Strategy Plan*, local mine action authorities appear to be still focused on how to keep the existing demining capacities employed rather than the more pertinent question: how to use the available financial resources most effectively? This orientation is reinforced by pressure from individual members of the international community to ensure “their” demining operators continue to receive funding. Thus, the European Commission continues to champion civil protection; SFOR promotes the use of the entity army demining corps; the US supports both the commercial and not-for-profit channels; and so on, in spite of the fact that the total financial resources available to the programme are inadequate to keep even half the available assets employed. At the same time, underinvestment in the policy and planning functions within the core mine action institutions in the past means the Demining Commission and BHMAC lack the capacity to coordinate with policy-makers at various levels to work out mine action priorities that would better support the country’s development. Indeed, the Demining Commission and BHMAC managers are seemingly unaware of how inadequate their policy coordination and planning capacities are and, therefore, have not presented a case to either the Board of Donors or the Bosnian authorities in the State and entity governments that these capacities need to be bolstered.

Recommendation 3

BHMAC should revise its draft Demining Strategy Plan for presentation to the Demining Commission and the Board of Donors, changing the focus of the plan from...

- *How do we employ all the available demining assets? ... to ...*
- *How do we determine the mine actions that would deliver maximum benefit from the financial resources available to the programme?*

Recommendation 4

The Demining Commission, supported by BHMACH, should formulate a proposal for presentation to the State and entity governments and to the Board of Donors to strengthen their policy coordination and planning functions so that mine action more closely supports the country's development priorities.

The way forward

Conclusion 6

A number of the local commercial demining firms, including some which have received no direct donor support, appear to be capable and, collectively, have significantly more capacity than has been used in recent years.

Conclusion 7

A number of the local demining NGOs appear to be capable and, collectively, have significantly more capacity than has even been used. At least one of the most capable local NGOs began with little or no direct donor assistance.

Conclusion 8

In their operations and orientations, local demining NGOs remain more similar to local demining firms than to archetypical NGOs. They focus more on sound implementation to retain donor confidence than on a social justice mission to change society. The desire to maintain good employment appears to be a strong motivator for many demining NGOs, but this is also true for at least some of the local demining companies.

Conclusion 9

Active markets exist for demining “factors of production” (deminers, EDDs, ground preparation machines, etc.) in Bosnia, and both commercial firms and NGOs rent demining assets to and from other firms and NGOs.

Conclusion 10

Allegations of corruption represent a continuing danger, and the threat of corrupt practices may be increasing due to the intensification of competition for mine clearance contracts.

Findings

There appear to be many Bosnians with the necessary technical and managerial skills, plus the entrepreneurial orientation, to start and manage local demining organisations. Therefore, the creation of local demining organisations — whether profit-seeking or not-for-profit — has not been a constraint for the mine action programme in BiH, and there are more than enough demining organisations for competition to act as a spur to performance. There is direct competition among commercial operators and, more recently, among demining NGOs, plus indirect competition for funding across the different categories of operators. Competition also exists in the factor markets, as evidenced by the apparent fall in wages for deminers — the “factor of production” that currently exhibits the most excess capacity.

The current danger stems not from a lack of competition but rather from heated competition within a seriously flawed legal and commercial environment. The accountability and management systems originally established for the mine action programme were not up to the task of curtailing corruption in a difficult environment, leading to allegations of “grand corruption” and “State capture”¹⁵³ within the mine action programme. Most of the recent complaints relate to petty bureaucratic corruption; often allegations that some BHMACH inspectors threaten to prevent

demining organisations from clearing as much area as could be done safely given the terrain and other conditions, but then relenting when offered a payment. Of course, such allegations could equally arise when an inspector correctly classifies the category of land but the operator wants to clear faster than the standard allows and, perhaps, safety dictates to reduce clearance costs. Regardless of whether or not some BHMAL inspectors are corrupt, it is critical that steps are taken to investigate allegations of corruption so as to remove donors’ uncertainties in this regard.¹⁵⁴

Recommendation 5

Donors no longer need to make special efforts to foster the creation of local demining organisations. Also, donors should not concern themselves with the survival of individual demining firms or NGOs. Instead, they should ensure that the proper framework exists for channelling financial resources to the better performing demining organisations. To ensure this is happening, donors should hold the Demining Commission, BHMAL and the ITF (which serves, essentially, as the tendering commission for the BiH mine action programme) to account for the results achieved with whatever funds are provided. This accounting should include systematic reporting on the ownership and use of lands and buildings that have previously been cleared.

Recommendation 6

The Demining Commission and the Board of Donors should establish an independent mechanism allowing demining operators to lodge complaints against arbitrary decisions by BHMAL personnel and triggering an immediate investigation. This mechanism should also be employed to instigate timely investigations of any other corruption allegations.

Recommendation 7

Donors and the ITF should retain separate competitive bidding regimes for commercial and not-for-profit demining operators at least until the core institutions in Bosnia’s mine action programme have been further strengthened and supplemented by an independent investigations mechanism.

In summary, inadequately coordinated donor decisions have led to a capacity imbalance, with the demining assets of the operators often lying idle while the core mine action institutions (Demining Commission and Mine Action Centre) have not been, to date at least, up to the tasks of coordinating the overall programme, maintaining standards of quality and integrity, setting a strategic direction that supports the country’s development requirements, and maintaining donor confidence and funding support. This capacity imbalance needs to be addressed by strengthening the core institutions if donor confidence is to be regained. Should this be done, local demining companies and NGOs — many of which are quite capable organisations — will be able to enhance their contributions to mine action and to Bosnia’s overall development. However, neither local companies nor local NGOs represent a “magic bullet”. Both can make useful contributions within the context of a well-managed national programme, but neither can substitute for deficiencies within the core institutions required to manage a national programme well.

Currently, Bosnia’s mine action programme is being well served by the separate competitive bidding regimes for commercial and not-for-profit demining operators. Indeed, based on available data, local demining NGOs appear on average to have outperformed their commercial counterparts in terms of cost, safety and clearance quality. This suggests the NGOs could compete in a single competitive system. However, it is unclear that the benefits arising from a unified regime would be significant — indeed, there is the possibility that competitive bidding will produce a “race to the bottom” among commercial firms unless the core mine action institutions are further strengthened and supplemented.

Notes

1. BiH had a dual farming structure, with about 300 large State farms and 570,000 small-scale private farms, of which only about 16 per cent were large enough to operate on a commercial basis. Most rural households supported themselves with some agricultural production (for own consumption and sales) plus non-farm wage employment or (for the many elderly households) savings and remittances.
2. All financial transactions (sales, loans, tax payments, etc.) among economic, social, and political entities were certified or carried out through the office. After the war, these were converted into three payment bureaux — a separate one for each ethnic group — which remained the only legal channel for any payments over KM50 (about US\$24) until they were abolished in January 2001. (Wright, 2001a).
3. In BiH the term “nation” is frequently used to refer to the three national ethnic groups (Bosniak, Serb, Croat) so “State” is used to refer to BiH as a whole and the national level of government.
4. The Federation has 61 per cent of the population, but only 51 per cent of the land and 42 per cent of the land suitable for intensive agriculture.
5. This was to provide the Croats, who are a minority within the Federation, an assured degree of self-government authority in areas (cantons or municipalities) in which they were the majority. It also requires that, where urban areas are multi-ethnic, a sub-cantonal city government will be created to establish a degree of coordination among the municipalities.
6. The GFAP only states that the Federation shall provide two-thirds and the RS one-third of the financing required for the central budget (Annex 4, Article VIII, p. 3)
7. In some countries with significant decentralisation provided for in the constitution, such as Canada, the central government has extensive taxing authority allowing it to use financial leverage to establish a degree of nationwide policy coherence even in areas in which sub-national governments have exclusive jurisdiction.
8. Each of the ten cantons has its own constitution.
9. A canton may further delegate responsibilities to municipalities, which have “self-rule on local matters”. Also, a canton is **required** to delegate its authority over education, culture, housing, public services, local land use and social transfer expenditures to any municipality with a majority population different from that of the canton as a whole.
10. Also, it is ambiguous whether the exemption is meant to embrace certain levies such as employee and employer payments to the public pension plan and health system. These are very significant – 41 per cent of wages in the RS and 43.5 per cent in the Federation.
11. This summary is from GAO (1997b: 23).
12. Technically, this was a NATO-led force established under authority of United Nations Security Council Resolution 1031 on 15 December 1995 to “*help ensure compliance with this Agreement*” (GFAP, Annex 1A, Article 1:1).
13. This was endorsed by the UN Security Council in its resolution 1031 of 15 December 1995.
14. GFAP, Annex 4, Article I: 2.
15. The Steering Board members are Canada, France, Germany, Italy, Japan, Russia, the U.K., the US, the European Union and European Commission, and the Organisation of the Islamic Conference (OIC) represented by Turkey (*PIC London Conclusions*, 8 December 1995). The Steering Board meets with the High Representative every four to eight weeks at the level of political directors and, at the level of Foreign Ministers, once each year “to provide the High Representative with political guidance on peace implementation”. In practice, the PIC Steering Board also selects the High Representative (*PIC London Conclusions*, 5 December 1996).
16. Dahrendorf and Balian (1999: 21).
17. BHMACE estimates the total number will probably reach 30,000 (ICBL, 2001).
18. These were sometimes for defensive purposes, but often were laid to deny access to other ethnic groups.
19. This was a belt two kilometres wide on each side of the inter-entity boundary line.
20. GFAP, Annex 1A: Article IV: 2e and 3b, and Article V: various paragraphs.
21. This is due to the frequent use of landmines by militias for ethnic cleansing purposes, and to their continued use after the war to discourage refugee returns. Landmines were readily available as BiH had a number of munitions factories prior to the war, and there was widespread knowledge about how to use landmines as this was taught at secondary school (Mitchell, 2000) Also, most young men had to perform military service during which they would receive some basic training on deploying landmines.
22. For example, test lanes are unlikely to help in determining the boundary of the area that should

- be cleared when there may be only a handful of mines or UXO per hectare.
23. The EC contracted (a) BACTEC International to train and establish nine EOD teams (four persons each) and (b) DSL to train and establish 18 demining teams (12 persons each).
24. The graphs are based on data from the BHMIC Mine Action Database, which is probably incomplete and certainly rife with errors. The values should be viewed only as approximations.
25. In 1997, UNHCR established a six-team demining programme to support its own refugee return efforts. In 2000, most teams were transferred to the Civil Protection agencies, and one was absorbed by NPA.
26. The approved financing plan called for US\$67 million of which US\$7.5 million was to be from IDA, the Bank's concessional lending arm, and US\$17 million was a "funding gap" (i.e. only US\$50 million was raised). In reality, about half the US\$50 million was provided by separate initiatives (termed parallel financing) while the Bank managed a total of US\$25.5 million via its Demining Trust Fund.
27. The World Bank and other major donors — notably the US — also included funds for mine survey and clearance within the budgets of the large infrastructure reconstruction projects. International companies generally managed the demining components of these projects, but often sub-contracted specific tasks to local demining firms.
28. Initially, both the Federation and RS established mine action centres that reported to the respective entity governments and not to the UNMAC.
29. Most mine clearance was done by commercial firms in Kuwait's post-Gulf War clearance programme, but this was financed by Kuwait.
30. This is the coordination body for donors supporting mine action in Bosnia.
31. Handover of responsibility from UNMAC to BHCD and BHMIC occurred in July 1998.
32. *Demining in Bosnia Herzegovina after 1 January 98 — Agreed Principles*. 30 October 1997.
33. In many cases, the parties in power were also intimately connected with jingoistic ethnic groups that wanted to force a break-up of the country, and with criminal syndicates that financed the parties and the ethnic extremists in return for virtual immunity. See, for example, GAO (2000) and virtually any of the reports from the International Crisis Group.
34. This "over-capacity" has continued to this day. In recent years fewer than half of the accredited deminers have been employed for extended periods.
35. BHMIC had the responsibility to "coordinate" the entity MACs, but had no direct authority over their funding, staffing, or operations.
36. Originally the Mine Clearance Policy Group headed by a representative of the OHR, then the Mine Clearance Task Force, headed by a representative of the UNMBiH, then Board of Donors co-chaired by OHR and UNDP as the programme assumed an institutional and capacity-building approach.
37. Under an apparent agreement by the major demining organisations present in 1996, basic deminers' salaries were standardised at around KM1,500/month, five times higher than medical doctors and seven to ten times typical salary levels. The stated rationale for such salary rates — to ensure trained deminers did not leave for other employment — is difficult to understand in a country with unemployment rates, both in general and for deminers, of 40 to 45 per cent!
38. The success of the ITF stems in large part from a US donation of US\$28 million which is used to match on a dollar-for-dollar basis donations from any other source.
39. Cerkez (2000).
40. Interview with Aida Cerkez-Robinson, 7 December 2001.
41. Expenditure data was obtained from a variety of sources including Landmine Monitor (various years), the Mine Action Investments database (webapps.dfaid-maeci.gc.ca/mai/), US Department of State (2000), ITF annual reports, newsletters, and press releases, World Bank project documents, and GAO reports. Estimates do not include expenditures by the BiH and entity governments, which would have been significant in 2000 and 2001 because of salaries and bonus payments to civil protection personnel and entity army demining units.
42. Clearance by entity armies also fell dramatically in 2001 because of persistent funding problems experienced by the ministries of defence in both the Federation and the RS.
43. This is **not** equivalent to the unit cost of clearance because it (a) includes expenditures for other forms of mine action (although these are modest) and (b) makes no adjustment for costs that should be capitalised (e.g. equipment and capacity-building activities such as training). Regardless, it is clear that the oft-quoted figures for average clearance costs (DM2.5-3.5) do not represent the full costs, including: depreciation of equipment; overheads for survey, quality assurance, contract administration, etc., and various local cost elements.
44. Also, the drop in funding via the least-cost channels — ITF contracts to commercial firms and

local NGOs — was more pronounced than the overall drop in funding.

45. The number of international advisers fell from 33 in July 1998 to four as of June 2002.

46. The entity governments pay the salaries for deminers in the entity armed forces and the civil protection organisations, and for the bulk of the 2002 operating costs for the MACs.

47. These are generally, but not always, Civil Protection officers, who retain their other civil protection responsibilities.

48. In addition, the dogs may be hampered by inclement weather.

49. See also GICHD (forthcoming), *A Study of the Development of National Mine Action Legislation*.

50. The BiH and entity governments agreed in December 1997 that demining would reflect the following “priorities”: (1) humanitarian purposes (for the resettlement of refugees and displaced persons and other forms of human settlement) or (2) economic purposes (for the expansion of agriculture and grazing land, and rehabilitation, reconstruction and development projects). Using these criteria — supplemented by the general concern for public safety — the entity MACs developed a simple system of priorities categories, as follows: Category 1 — locations in everyday use, or for the repatriation of refugees and displaced persons, or for restoration and reconstruction of infrastructure or other economic projects; Category 2 — locations in temporary use or adjacent to Category 1, plus agricultural and forestry land; Category 3 — all other land, including peripheral areas.

51. Strategic and operational plans need to give due attention to both “supply-side” and “demand-side” factors. The former relate to questions like: how can we best use our assets or how much funding do we require to fully employ our assets? However, it is demand-side factors that should determine mine action priorities such as: which land or infrastructure should we clear first? Demand side factors determine the **effectiveness** of mine action, and are ultimately at least as important as the supply-side factors that determine **efficiency** and **safety**.

52. The “grey economy” accounts for 50 to 60 per cent of GDP by some estimates (Wright, 2001d).

53. See especially International Crisis Group (2001).

54. *Ibid.*, p. 15.

55. Businesses are subject to inspections from sanitary, market standards, environmental, municipal, customs and financial audit agencies, some of which are replicated at various levels of government. Many inspectors are empowered to shut down a company’s operations on the spot. One observer has estimated that 35 per cent of a manager’s time is spent dealing with inspections. International Crisis Group (2001:10-11).

56. International Crisis Group (1999a: 13-14).

57. International Crisis Group (c: 13).

58. World Bank (2000?a: para. 51).

59. From the Financial Investment Advisory Service, *Bosnia and Herzegovina: Commercial Legal Framework and Administrative Barriers to Investment*, quoted in International Crisis Group (2001: 10).

60. International Crisis Group (1999b: 11-13).

61. Firms with strong political and/or criminal connections will be able to receive loans from banks controlled by the party or crime organisation.

62. It costs KM10,000-12,000 to equip a deminer for manual clearance, and most of this equipment needs to be replaced every four to five years. (Interview with Fadil Hasanagic *et al.*, UG ZOM, Bihac, 2 July 2002.

63. Accreditation reviews cover (i) the management and supervisory structure, (ii) competence of personnel and training standards, (iii), Standard Operating Procedures (SOPs), (iv) safety policy, (v) quality assurance policy, (vi) equipment quantity, quality, and suitability, (vii) insurance coverage for operational personnel, (viii) history of recent operations, and (ix) quality of reporting to MAC (BHMAL, *Regulations for Accreditation for Humanitarian Demining in Bosnia and Herzegovina*, Article 5). BHMAL reviews the accreditation of each organisation annually.

64. Dogs must be reaccredited every six months.

65. This issued about US\$21 million in demining contracts from 1997 to early 1999.

66. *Demining Law in Bosnia and Herzegovina*, Article 34.

67. About US\$3.5 million in funds for landmine clearance were included in projects such as Emergency Transport Reconstruction; Water, Sanitation, and Solid Waste Urgent Works; Emergency District Heating Rehabilitation; and Emergency Electric Power Reconstruction.

68. Allegations of corruption or ethnic favouritism were rampant until 2000, but have subsided somewhat.

69. Of the demining organisations interviewed, some say they do not pay taxes while most claim their competitors do not pay taxes or remit contributions from the employer or employee.

70. A recent study found that “...it was determined that there are few identical forms and approaches to

the same category of the costs that a small and medium size business company can have as a precondition for starting its normal work" (Porobic and Havic, 2001: 5).

71. Figures for the RS are very similar in total, although the employer's contributions are generally higher while those from employees are lower.

72. In 2001, short-term interest rates ranged from about 10 per cent to 60 per cent in the RS and from 7.5 per cent to 30 per cent in the Federation (IMF, 2002c: Tables 21-23). They were generally higher in previous years, ranging up to 218 per cent in the RS during 1998.

73. For example, if direct labour charges represent half the total demining cost on average, 43 per cent lower labour costs would lower a firm's breakeven price by over 20 per cent.

74. There is much debate internationally concerning the proper definition of an NGO. (See, for example, Fowler, 1997: Chapter 2.) The phrase "*non-governmental organisation*" was first used in UN conferences in the late-1940s simply to refer to organisations which were not part of the UN or one of its member States. We understand an NGO to be a voluntary, self-governing, not-for-profit organisation established to promote the public benefit. If, as in BiH, there is no specific legislation dealing with NGOs, they are covered by legislation governing not-for-profit organisations.

75. This section draws upon USAID (2001). The 2000 NGO Sustainability Index, (available at search.info.usaid.gov) and interviews with Milan Miric of the International Council of Voluntary Agencies in BiH and with Hrvoje Batinic of the Open Society Fund Bosnia-Herzegovina.

76. In countries such as Bosnia with weak and corrupt public sectors, donors often use NGOs to deliver basic public services. Most donor agencies also prefer to use NGOs rather than profit-seeking companies, in part because of widely-held but rarely demonstrated beliefs that NGOs are more committed, more innovative, and better able to target assistance to the poor. Another potent reason why official donors provide funding to NGOs rather than businesses is that most donor agencies require competitive bidding for aid contracts that businesses will manage, but the agencies are free to award aid contracts to NGOs without competitive bidding, which can be very time consuming.

77. The comparable estimate in 2000 was 300-500 NGOs (USAID, 2001: 49).

78. Interview with Milan Miric, *op. cit.*

79. The terms are from Hrvoje Batinic of the Open Society Fund.

80. The comparator group comprises Albania, Bosnia, Bulgaria, Croatia, Kosovo, Macedonia, Montenegro, Romania and Serbia.

81. "*The BiH NGO Council and its numerous regional NGO fora are widely perceived to be so dysfunctional and unfocused that they serve to discredit the sector rather than promote it*" (USAID, 2001).

82. People can and do organise for malevolent purposes as well: criminal gangs and racial supremacist societies such as the Ku Klux Klan are but two examples.

83. This reportedly is a problem in Bosnia (interview with Hrvoje Batinic, *op. cit.*), but some instances may reflect "employment creation" rather than "profit-seeking" motivations.

84. Federation of Bosnia and Herzegovina, *Law on Foundations and Funds*, 1998, Article 2.

85. There was an agreement in May 1997 between the US Department of State and the original Demining Commission to donate about US\$3 million in equipment to the "Agency for Demining and the Removal of Mines in the Territory of BiH". This was a governmental body reporting to the Demining Commissioners. Legally, it may have been a foundation but we have been unable to obtain confirmation concerning the details of this agreement.

86. Federation Law on Associations of Citizens, 1995, Article 2.

87. Most socialist countries were ambivalent about independent voluntary organisations that sought to promote public benefit. Supposedly, socialism had eliminated "exploitation" and the State claimed to provide all necessary public services to all citizens, so in theory there was no pressing need for distinct organisations to deliver public services. As well, independent and voluntary organisations would essentially compete with State- or Communist Party-sponsored mass membership organisations (youth, women, etc.). As was the case with so many issues, Socialist Yugoslavia was not as draconian as the Warsaw Pact countries in this regard, but it remained less liberal than the Western democracies.

88. Federation Law on Associations of Citizens, 1995, Article 2.

89. It registered with the Federation in early 1999.

90. For a more general analysis of the requirements for not-for-profit legislation, see International Center for Not-for-Profit Law, *Checklist for NPO Laws*, www.icnl.org.

91. In the Federation, it is also possible to register under cantonal legislation to operate in a single canton.

92. See also Golubovic (n.d.).

93. *Official Gazette* No. 32 of 28 December 2001.

94. *Law on Associations and Foundations*, Article 2.

95. *Ibid.*, Article 4.
96. *Ibid.*, Article 13.
97. *Ibid.*, Article 20.
98. *Ibid.*, Articles 36 to 41.
99. *Ibid.*, Article 46.
100. Deliciously entitled, *Regulation on the Manner of Keeping and the Content of the Registry of Associations and Foundations of Bosnia and Herzegovina, Foreign and International Associations and Foundations and Other Not-for-Profit Organisations (Official Gazette, No. 9/2002)*.
101. These Regulations incorporated a requirement that an application for registration of an association include evidence concerning the “minimum founding capital”. At a public seminar to discuss the regulations, Ministry officials acknowledged this was a mistake and the “minimum founding capital” provision will not be implemented. See Golubovic (2002).
102. *Memorandum of Understanding between the BH Council of Ministers and the Government of Republic of Slovenia*, Annex A, para. 12.
103. *Ibid.*, Article 12, para. 1, emphasis added.
104. Prices paid to such operators were estimated at KM0.5-2.0/m² in 1997 — one-quarter or less than being paid to accredited demining firms at the time (Djakovic and Grajic, 1998). Payments to deminers reportedly were in the range of KM25-30/day without additional benefits — perhaps a quarter of the “standard deminer wage” set in 1996 for the humanitarian demining sector.
105. One estimate suggested that these small unsupervised firms “cleared” 2.9 million square kilometres in 1997, compared to just over 4 million square kilometres cleared to humanitarian standards in that year (*ibid.*).
106. It also allowed for a limited amount of direct (i.e. sole source) contracting for clearance in support of urgent reconstruction projects (World Bank, 1996b: 14).
107. These all were awarded to international firms. In most cases, however, these sub-contracted much or most of the work to local firms, which gradually gained the requisite experience and financial resources to bid for contracts on their own.
108. Communication from US Embassy to A. Cerkez, 12 May 2000.
109. World Bank (2001c, 1998, 1996b), all available from the World Bank’s website. An Implementation Completion Report was issued in June 1999, but the World Bank requires approval from the Bosnian government to make this available and, to date, the author has not received a copy.
110. Each had 55 personnel and nine explosives detection dogs.
111. At least Unipak had been incorporated before its association with RONCO.
112. An unpublished report on a criminal investigation of the former Demining Commissioners undertaken by the OHR documented that a joint venture (one international and one local firm) received payments of KM9.2 million for five demining contracts in 1997-98, making over KM1.5 million in profits — about a 16.5 per cent margin on sales, which is a good but not extravagant return. Interviews with local firms suggest that some were achieving margins of 30 per cent in 1996 and 1997.
113. Djakovic and Grajic (1998).
114. Isaacs (1998).
115. *Ibid.*
116. One scheme reported to the author used the following approach. After obtaining a large contract for mine survey and clearance with a Bosnian utility company, a demining firm obtained documents from the utility company confirming the contract and guaranteeing payment of at least a portion of value. These documents were “loaned” to another individual from South-eastern Europe but resident in an OECD country, who in a few weeks returned the documents **plus** 25 per cent of the guaranteed portion of the contract. We believe the documents were used to justify a large transfer of funds to the OECD country to beat the “know-thy-customer” and other anti-money laundering provisions. The local demining company said it had no idea what the loaned documents had been used for, but confirmed that it made many hundreds of thousands of dollars on just one such deal in the matter of a few weeks.
117. By no means were all allegations levelled against local politicians, public servants, and demining firms. The author has heard or come across allegations against international companies, various international staff working within the mine action programme, and at least one manager of a local NGO.
118. See GAO (2000).
119. Most developing countries have export promotion agencies that offer subsidised credit and insurance to their national exporters, allowing them to extend credit on good terms to importers

of their products.

120. Testing is required on each new type of machine for BHM MAC accreditation, as well as for product development/local adaptation purposes. The local organisation may only pay for running costs, but in some cases will also contribute transport costs and/or a nominal rent.

121. At least Global (a Texas firm that supplied EDDs through a sub-contract with RONCO), Emercom (Russian), and Tamar Consulting (German) have sold their dogs after deciding to leave the BiH market.

122. BHM MAC is also required to inspect all sites and perform quality assurance tests, but BHM MAC inspectors do not remain on site, instead visiting tasks periodically. Some donors that funnel funds via ITF to trigger US matching funds refuse to pay for supplemental site inspection and quality assurance. It appears that full-time inspection and supplemental quality assurance checks amounts to between 2½-3 per cent of the clearance cost. ITF also takes 3 per cent of all donations as its administrative fee.

123. One inspector can cover a maximum of three clearance teams.

124. The value of contracts issued by local clients (utilities, municipalities, etc.) is unknown and, therefore, not depicted in the graph. This segment of the market remains significantly smaller than donor financed work, but it may be holding steady or even growing.

125. The interviewed firms and NGOs consistently volunteered a figure of KM3/m² or slightly higher as the overall break-even point — given the mix of terrain and techniques used — with manual techniques costing significantly more than integrated (machine/dog/manual) approaches.

126. “Theoretically Possible Productivity of Clearance According to BH Standard Procedures”, *BH Standard*, Chapter XI, Annex B.

127. Terra Prom and Eksplorng, which do inspections on behalf of ITF, are paid on a per square metre basis. These firms therefore have no incentive to slow clearance rates.

128. For example, an organisation could be working on Category “A” ground with low metal content, allowing the use of metal detectors. The BHM MAC productivity standard is 155 m²/day for a two-person manual demining team. If an inspector arbitrarily assesses the land to be Category “B”, the maximum productivity allowed would be limited to 130m²/day for the team — a drop of over 16 per cent. If the inspector also says the metal content in the ground restricts the team to a combined method — one-half time detector and the rest prodder — the productivity standard falls to 65 m²/day, a decline of almost 60 per cent. This would increase costs in inverse proportion to the productivity decline, putting pressure of the organisation to “facilitate” a reclassification to Category “A” ground with low metal content.

129. This problem is aggravated by the low density nature of the landmine contamination coupled with the unsuitability of traditional approaches to technical survey, which makes area reduction extremely difficult. This leads to situations where large swathes of land are categorized as suspect even though only a small area is likely to contain any mines. Operators are often able to assess from experience and their knowledge of the conflict which portions of a task are likely to be dangerous and which are not. They may then want to “race through” the areas that are unlikely ever to have been mined, but need the BHM MAC inspector to sign off on this, which creates strong incentives for “facilitation” payments.

130. This likely reflects decisions made by BHM MAC rather than ITF.

131. In some cases, people confirmed that they were able to recruit Bosnian deminers for work elsewhere in the region for lower wages. There also were numerous allegations that competitors did not always pay their deminers after a task was completed.

132. Passes by EDD teams may be required depending on the machine used and the type of ground.

133. *Demining Strategy Plan for Bosnia and Herzegovina*, Annex 4, p. 2.

134. The entire mine action programme has been clearing only about six to seven square kilometres per year.

135. Mine clearance stops in most of Bosnia during the winter, except for the Mostar region. Registering with the entity allowed APM to shift clearance operations to Mostar for the winter.

136. In 1999 and 2000, APM, in conjunction with HI, offered a “Train the Teachers” programme to introduce mine awareness into Una Sana schools.

137. That going to PRO VITA had originally been valued at just over US\$1 million. STOP Mines and BH Demining received similar amounts.

138. They did not have to train personnel as certified deminers, team leaders, medics, etc., were in abundant supply by this time.

139. Each has the equipment and management resources to run four demining teams, but they generally have work for only two.

140. They earn, apparently, KM3,000/month for supplying all vehicles and equipment required for a manual demining team — four vehicles, six detectors, and eight complete protective uniforms.

They claim this is below the replacement cost for that amount of equipment.

141. Two other local NGOs — ECO DEM and W.B.E. — have been accredited for demining by BHM MAC, but we were unable to interview or obtain information from them.

142. UG ZOM is also testing the “Minemill” from Slovenia.

143. The Minebreaker is designed to destroy any anti-personnel and anti-tank mines found in BiH. The Germans hope it can be accredited for technical survey, requiring only a pass of the machine, and for clearance, requiring a single pass by an EDD or a manual team with BHM MAC allowing productivity rates of 1,500 square metres per day for the EDD, and 900 square metres for a six-person manual team.

144. In the words of one person we interviewed, “*it is a public secret that some firms simply run through the minefields*”.

145. We understand the average winning price bid on the first round of commercial tenders fell to about KM2.4/m², while the average for the first NGO competitive tender was KM2.95/m².

146. BHM MAC data did not distinguish between land cleared in 1996 versus 1997, so we have combined these two years into one period. We only obtained demining accident data for 1996-2000.

147. BHM MAC seems to estimate relative capacities based on the numbers of deminers that are employed by various organisations at the height of the demining season. For example, a recurring statement is that the entity armies have, collectively, about 40 per cent of the countries demining capacity. This certainly overstates the relative capacity of the entity armies.

148. There is, of course, evidence that demining firms are engaging in money laundering and other illegal practices that harm society in general but may not impact the mine action programme in particular.

149. The international community repeatedly called upon Bosnian authorities to assume responsibility for the national mine action programme. However, it should have been obvious, even without the benefit of hindsight, that the country’s dysfunctional constitution coupled with the potent ethnic politics made an effective national programme managed by local authorities an improbable — and perhaps impossible — medium-term objective.

150. Interview with David Rowe, Chief Technical Adviser, BHM MAC, 26 June 2002.

151. The identified risks were: (1) failure of the entity governments to cooperate; (2) inaccurate costing due to inexperience with commercial demining; (3) inadequate donor and local government financing to continue the programme; and (4) the possibility that no Bosnian institution would be capable of assuming responsibility for the program (World Bank, 1996a: 10-11.)

152. Reportedly, some donors commissioned investigations at the behest of disgruntled demining companies from their countries, but there is no evidence that any such investigations uncovered any conclusive evidence. The OHR Prosecutions Unit launched an investigation of the original Demining Commission and recommended charges be laid against one of the Commissioners and two functionaries, but no such charges have yet been laid. A World Bank investigation in 1996-97 determined its procurement regulations had been violated and it subsequently overturned the award of a number of contracts to a US demining company (Communication from US Embassy to A. Cerkez, 12 May 2000).

153. Grand corruption is the theft or misuse of vast amounts of public resources by public officials who usually are members of the political or administrative elite. “State capture” refers to situations in which private interests (in Bosnia’s case, intertwined criminal and ethnic extremist organisations) “capture” the state apparatus to further their purposes. (Schacter and Shah, 2001: 3.)

154. Many of these problems could be resolved if the BHM MAC becomes able to develop effective techniques for area reduction. This would reduce the number of clearance tasks in which the area of likely contamination is only a small proportion of the total task (*see note 28*).

Chapter 7

The case of Mozambique

Introduction

This chapter is divided into four sections containing detailed information and figures as supporting documentation. The first section describes the mine action environment, the development of the national authority, its structure and its institutional strengthening, its role in the control and coordination of mine action activities and the process of information gathering and dissemination. It also looks at the National Mine Action Plan for the next five years and provides a brief description of the various components. The funding flow and particularly the funding mechanism, the assets and capacities available in the country, and the legal framework for not-for-profit (NGOs) and for-profit (commercial) organisations are also included in this section.

The second section covers the emergence of NGOs and their involvement in mine action, and the creation of mine-action-specific NGOs and companies. It also describes their role and structure, their strengths, weaknesses, the opportunities and threats, and specifies the degree to which legal obligations support or place limitations on their function as humanitarian mine action organisations.

The third section focuses on the role and influence of the most important stakeholders in implementing mine action programmes since the peace agreement, the extent to which they have supported the formation and development of the indigenous mine action organisations and the conditions necessary for their formation and development. It addresses issues such as the link between the type of the organisation and the mine action activities (including whether such a link exists), whether the indigenous organisations require assistance to establish the level of credibility necessary for funding, and whether there is a need for the generation of national management capacity.

The fourth section includes findings and recommendations on the development on an environment conducive to the formation and development of indigenous mine action organisations.

The mine action environment

Historical background

The first Portuguese arrived in Mozambique at the end of the fifteenth century and the country became a Portuguese overseas province in 1951. Following a protracted guerrilla battle led by the Mozambique Liberation Front (*Frente de Libertação de Moçambique* — FRELIMO), one of many nationalist groups that emerged during the struggle, Mozambique gained independence from Portugal on 25 June 1975. The Third Congress of FRELIMO on 3 February 1977 adopted a strategy of transition to socialism and FRELIMO became a Marxist-Leninist party, a regime that would last until 1989, when the government formally abolished Marxism-Leninism as the country's guiding philosophy.

In March 1990, the legislature passed constitutional revisions separating FRELIMO from the State and introduced universal adult suffrage. In an effort to end a civil war between the government and the Mozambique National Resistance Movement (RENAMO) that had began soon after independence with the support of Rhodesia and subsequently South Africa, FRELIMO adopted a new Constitution in November 1990, introducing a multiparty political system. On 4 October 1992, after two years of negotiations with RENAMO, both parties finally signed a peace agreement. There was no specific reference to landmines in the agreement. The accord called for an immediate cease-fire, demobilisation of both armies, reconstruction of the country and the holding of legislative and presidential elections which, after numerous delays in the peace process, were finally held in October 1994.

Mozambique emerged from almost three decades of warfare, as one of the poorest countries in the world.¹ War was not the only factor: its colonial legacy, periodic droughts and floods, a poorly-managed and centralised economy, destabilisation by antagonistic neighbouring countries and a structural adjustment programme introduced in the late 1980s all contributed to Mozambique being one of the most aid-dependent countries. The two conflicts had also left the country contaminated with landmines and UXO.

Although the peace agreement was signed in October 1992, an initial mine action plan was only approved in November 1993. Various factors had caused the delay: the lack of any specific mention of mines in the peace accord, the fact that neither the Government of Mozambique nor RENAMO was enthusiastic about mine clearance for humanitarian purposes, that few individuals or entities in or outside the UN were adequately aware of the nature of the problem caused by landmines, and the absence of precise information on the extent of the problem. No assessment was done because of the difficulty of moving around in the country prior to the cease-fire and the lack of records and maps pertaining to mine contamination.

The key concern was to clear more than 2,000 kilometres of roads in order to speed the return of refugees in preparation for the general elections and to allow convoys to replace expensive aerial deliveries of food, medicine and attend to other basic needs. Little attention was given in the plan to the need for comprehensive data-gathering and the establishment of sustainable indigenous capacities beyond the training of Mozambican deminers.

Yet, the Government of Mozambique had started mine clearance in 1993 with the support of the French and subsequently the US military forces.² In August 1993, with

financing from UNHCR and the Norwegian Government, NPA initiated demining activities in Tête province where the organisation was already running a development programme. Commissioned by the UN Office for the Coordination of Humanitarian Assistance in Mozambique (UNOHAC), HALO Trust carried out a general survey of the mine situation, identifying 981 mined areas from the 1,761 that would be registered in the National Mine Clearance Commission's database by early 1999.³ In January 1994, HALO Trust also started mine clearance in the northern provinces, with funding from the British government.

Until the end of 1994, when the UN's Accelerated Demining Programme (ADP)⁴ was launched following criticism of its slow progress, demining activities had been mostly conducted by the Mozambique army, NPA, HALO Trust and for-profit companies such as Mine-Tech, Gurkha Security Guards (GSG), RONCO and Mechem.⁵ By the time the UN Mine Clearance Training Centre was set up in December 1994, all the major operators had already developed their own training programmes prior to launching demining operations. But over the coming years, the Training Centre under the management of ADP would become the main training facility in the country.

The creation of a national demining authority was first discussed in 1993, a few months after the establishment of the Control and Supervisory Commission (CSC), which was chaired by the UN.⁶ Yet it was only in May 1995, after the first general elections, that the new Council of Ministers approved a Decree creating the National Demining Commission (*Comissão Nacional de Desminagem* — CND). However, the CND would only become operational at the end of 1996, due to the absence of a functioning executive. In January 1997, the CND became a UNDP technically-assisted project. By then, some of the mine clearance operations by ADP and other international demining operators had been well under way with projects sponsored directly by international donors. In June 1999, with the approval of Decree 37/99, the CND was dissolved and replaced by the National Institute of Demining (*Instituto Nacional de Desminagem* — IND). The new semi-autonomous national entity has the mandate to coordinate, supervise and manage the national mine action plan.

To this day, most mine clearance is still in the hands of international operators:⁷ NGOs such as NPA, HALO Trust and HI and a number of international commercial firms. Although several Mozambican indigenous operators, NGOs and commercial firms have been formed and authorised by IND to exercise demining activities, only a small number have succeeded in obtaining contracts.

The extent of mine and UXO contamination

The full nature and extent of mine and UXO contamination can still only be estimated, although the Mozambique Landmine Impact Survey (MLIS) has provided some information on suspected mined areas (SMAs). (See Table 1.)

HALO Trust, which has been involved in mine action in the north of Mozambique since 1994, recently re-surveyed that area of the country as a result of concern about discrepancies between the results of their own survey conducted in 1994 and those of the MLIS.⁸ Furthermore, the MLIS delivered a significantly different picture of contamination of the areas in which HALO had been conducting mine clearance activities in recent years. Table 2 gives the results of their re-survey and compares them with the findings of the MLIS.

Table 1. Overview of the MLIS principal findings

Province	Affected villages	Total no. of villages	Affected population	Total population	No. of suspected mined areas	Area of suspected mined areas in sq. km.	Total area in sq. km.
Cabo Delgado	84	873	170,566	1,525,634	166	106.17	82,625
Gaza	46	648	90,766	1,266,431	70	57.28	75,709
Inhambane	157	808	373,033	1,326,848	261	30.32	68,615
Manica	60	678	89,823	1,207,332	110	20.44	61,661
Maputo	100	433	126,592	2,048,610	184	41.99	26,358
Nampula	81	2,527	178,152	3,410,141	130	155.74	81,606
Niassa	40	852	60,379	916,672	62	23.15	129,056
Sofala	52	661	134,156	1,516,166	102	14.08	68,018
Tete	58	1,341	93,596	1,388,205	89	22.26	100,724
Zambezia	113	2,613	171,527	3,476,484	200	86.93	105,008
Total	791	11,434	1,488,590	18,082,523	1,374	558.36	799,380

Sources: CIDC & PFWA (2001: 51-56) and IND (2001: Appendix A); Government of Mozambique website: www.ine.gov.mz

Table 2. Comparison of SMAs from the HALO Survey and the MLIS

Province	HALO SMAs	MLIS SMAs
Zambezia	46	200
Nampula	56	130
Cabo Delgado	55	166
Niassa	27	62
Total	184	558

The table shows that even after this re-survey there is a difference of a factor of three or about 300 per cent between the numbers of SMAs identified by HALO and those mentioned in the MLIS for the same region. In terms of the total area of the SMAs, HALO estimates a maximum total area of the SMAs for the four provinces of 15 square kilometres compared to 372 square kilometres in the MLIS. Here the difference is even larger: a factor of about 25 or 2,500 per cent. With such significant differences between two of the principal sources of information, it would be difficult to give an accurate picture of the extent of contamination. Notwithstanding these concerns, since the MLIS study gives the only information available for the overall country, its data will mainly be used unless other sources, also considered reliable, give very contradictory information.⁹

Table 3 includes the results of the MLIS on the marking of SMAs.

Table 3. Marking of suspected mined areas

Type of marking	Number of SMAs	Area in square metres	Percentage of total
Fenced	50	28,301,912	3.6
Local signs	141	19,456,007	10.3
Official signs	242	160,613,030	17.6
Other markings	61	4,843,497	4.4
No marking	861	346,599,719	62.7
Unknown	19	1,874,898	1.4
Total	1,374	561,689,063	100

Source: CIDC & PFWA (2001: 27).

Thus, even after a decade of mine clearance activities, the portion of unmarked SMAs is still 62.7 per cent while the area with official signs and fences represents a total of only 21.2 per cent.

The nature of mine and UXO contamination

Table 4 summarises the physical nature of contamination in SMAs. According to the above data, the contamination is mainly landmines as opposed to UXO contamination.

Table 4. Physical nature of the contamination in suspected mined areas

Contamination	No. of SMAs	Area in square metres	Percentage of total
Landmines	1,139	445,290,078	82.9
UXO	168	82,757,987	12.2
Landmines and UXO	67	33,640,998	4.9
Total	1,374	561,689,063	100

Source: CIDC & PFWA (2001: 27).

Another aspect of the physical nature of mine contamination is the way the mines were laid during the war, with a difference in nature between mined areas. There are several typical distributions:

1. Pattern minefields:
 - a) fortified minefields (belts) around towns, villages and camps;
 - b) minefields around important infrastructure (roads and bridges, railways, power lines, pipelines — water, oil, gas, hydro power plants);
 - c) mines laid to hinder communication between certain communities and to block their access to health centres, water points, fuel collection, agricultural land, etc.;
 - d) mines laid for tactical use during an engagement; and
2. Indiscriminate (nuisance) minefields, to instigate fear among a target population.

The only distinction made in the IND statistics is between roads, power lines, railways and other cleared areas. Table 5 provides summarised clearance data for the period 1992-2000.

Table 5. Mine and UXO clearance data: 1992-2000

Roads		Powerlines		Railways		Other areas	Total
km	sq. km	km	sq. km	km	sq. km	sq. km	sq. km
8,129	68.3	1,852	68.8	90	2.3	61	200.4

Source: IND (2000).

More specific information is given in Annex 2, indicating that “over 70 per cent of all 1,652 minefields officially reported consist of areas mined to prevent access to local community infrastructure and tracks and trails used by villagers”.¹⁰ These are mainly low-density nuisance minefields.

The impact of mine and UXO contamination

The socio-economic impact of the contamination identified by the MLIS is set out in Table 6:

Table 6. Victims and socio-economic impact (data from the MLIS)

Province	Affected villages	Victims in the last two years	Total victims since start independence struggle	Socio-economic impact: Number of affected villages		
				High	Medium	Low
Cabo Delgado	84	14	102	2	12	70
Gaza	46	9	77	1	12	33
Inhambane	157	14	552	2	30	125
Manica	60	13	152	2	13	45
Maputo	100	13	371	1	36	63
Nampula	81	53	158	4	13	64
Niassa	40	3	60	0	5	35
Sofala	52	14	287	2	13	37
Tete	58	16	86	2	16	40
Zambezia	113	23	300	3	15	95
Total	791	172	2,145	19	165	607

Sources: CIDC & PFWA (2001: 51-56; 79-82), IND (2001: Appendix A).

The Mine Impact Scoring system for the Landmine Impact Survey was developed by the Survey Action Centre in Washington DC and adapted to Mozambique by the CIDC. This table shows that the socio-economic impact is relatively low, not only at the national level, but also in all provinces.

The number of mine and UXO incidents

The number of incidents and details of the incidents are another indicator of the nature and extent of contamination. The number of landmine victims over the last two years before the MLIS survey is included in the determination of the Mine Impact Score, with a fixed weight of two in the scoring system. The number of victims may differ from the number of incidents as animal victims are not included, and since one incident may provoke more than a single victim.

Most of the annual civilian casualty averages per incident are above the result of a 1994 survey (and do not come from that survey) that gave an average of 4.1, which is comparable with averages in Afghanistan and Cambodia.¹¹ There has been a strong decrease in the numbers of incidents, fatalities and injured over the last five years: an average decrease of about 33 per cent per year. This indicates a significant reduction in risk.

Number of mines cleared

Although there is no reliable estimate of the number of mines and UXO in Mozambique,¹² data on mine action activities over the past decade can give some indication on the timeframe for the total elimination of landmines and UXO. The IND, for instance, gives an overview of activities for the period 1992-2000,¹³ claiming a total area cleared of 200 square kilometres with a total of 72,200 mines and 34,400 items of UXO destroyed. This gives an average clearance for the period of 25 square kilometres and 9,000 mines destroyed per year, and an average number of mines destroyed per square kilometre of 360.

The variation about this average of 360, however, is enormous: from 0-12,330 mines per square kilometre. About half of the area cleared (105 square kilometres) had an average of 11 mines per square kilometre, and was executed by one Zimbabwean commercial company: Mine-Tech. Another operator, the Mozambican NGO AfroVita (African Association for Demining and Development), only found and destroyed two mines while clearing an area of 18 square kilometres. This gives rise to serious questions as to the conduct of technical surveys.

Indeed, there are allegedly operators who have carried out mine clearance operations in an area without any technical survey having been conducted.¹⁴ As a consequence, they cleared an entire suspected mined area (for which they were paid), even though there were no mines in the area. Much work was done needlessly and valuable time and resources, which could have been spent on mined areas, were entirely wasted.

At the other end of the spectrum, the Mozambican army (*Forças Armadas de Defesa de Moçambique* — FADM) cleared an area of 475,200 square metres, destroying in the process 5,859 mines (there is no mention of UXO, only mines), while the South African company, Mechem, cleared an area of 1.65 square kilometres and found and destroyed almost 5,400 mines. These cases probably represent well-known high-density areas mostly around important infrastructure, which normally would be of high priority at the end of a conflict.

The IND's report on clearance for the period 1997-2001 gives the information presented in Table 7 overleaf.

This gives a more stable picture of the development over the years and a more realistic indication of the progress of the work. The average area cleared is almost 14 square kilometres per year and the average number of mines destroyed is almost 12,000 per year with most of the variation within reasonable limits of about 20 per cent. There is a tendency towards a decreasing average number of mines per square kilometre over the years. However, the decrease is not as strong as in the case of the accidents.

Table 7. Concentration of mines and mines destroyed from 1997 to 2001

Period	Area cleared square kilometres	No. of mines destroyed	Average no. of mines per square km
1997	11.8	10,550	891
1998	16	16,406	1029
1999	10.9	9,844	904
2000	17.4	13,212	760
2001	12.4	9,615	775
Total (1997-2001)	68.5	59,627	870

Source: IND (2002).

For the purpose of the present study, if the total suspected mined area of about 562 square kilometres is realistic, based on the average progress of mine clearance over the last five years indicated in Table 7 above, it would take between 35 and 45 years to reach a “mine-free” Mozambique, the long-term vision of the government.¹⁵ This is based on the assumption that average funding and annual output in square kilometres of cleared areas would remain the same, which is doubtful.

The National Demining Institute and the Five-Year National Mine Action Plan

The development of the national mine action authority as a coordination mechanism

The establishment of the CND was first discussed in 1993 during the mandate of the United Nations Operation Mozambique (ONUMOZ) and the Ceasefire Commission and after a Mine Clearance Sub-Committee was set up in December 1992. The creation of the CND was formalised by decree in May 1995, a few months after the UNDP ADP had been put in place.¹⁶

The CND was established as a regulatory and coordination body to:

- collect, process and analyse information and data relevant to demining;
- elaborate a strategy and action plan for mine clearance;
- establish procedures for setting priorities at the local and national level;
- monitor and coordinate all ongoing demining activities;
- act as the approval and licensing authority in respect of new operators;
- adjudicate public tenders for service contracts; and
- promote and oversee the implementation of a national programme to improve public mine awareness.¹⁷

The CND had only a full-time director and little personnel, equipment and expertise. The mine clearance activities were in the hands of few foreign operators and the UN did the coordination.

By early 1996, it became clear that in order for CND to acquire the necessary skills and expertise to fulfil its role, financial and technical assistance had to be provided. The UNDP technical assistance programme to CND started in June 1996. In December 1997, a UN Evaluation Mission recommended, inter alia, “*the creation of a strong national body on behalf of the Government that can effectively coordinate, control, and regulate all demining in Mozambique*”.¹⁸ After analysing various scenarios, the team recommended that the project be maintained and foresaw that by 1999 the CND would no longer

require technical assistance. The longer-term strategy was to have both CND and ADP within the same institute, the former responsible for policy and the latter for operations.

On 10 June 1999, the Council of Ministers approved Decree No. 37/99, which extinguished the CND and simultaneously created the National Demining Institute (IND) with the status of a semi-autonomous governmental institution and reorganised its structure accordingly. In March 2000, the Council of Ministers approved Decree 39/2000 approving IND staffing. The mandate of the IND is defined as follows: “*To successfully establish and develop a coordination, supervision and management mechanism, in close cooperation with all other relevant organisations and agencies, to ensure the cost-effective execution of a national mine action plan*”.¹⁹

However, since the beginning of mine action activities in Mozambique, there has been a significant contradiction between the UN and most of the bilateral donors. As shown above, the UN policy might seem to imply a stronger national body, not only for planning, coordination and supervision, but also with in-house operational capacity. The donors wanted a lean, effective and efficient coordinating authority with all operational capacity in private hands, meaning independent NGOs or commercial firms. For many years, both sides maintained their respective positions without much mutual effort to approach each other and reach a series of compromises. This situation created problems in establishing effective communication between the two sides and for an effective functioning of a mine action authority as a coordination mechanism. Instead of reaching an *a priori* consensus on important issues and developing a common approach, the form of communication taking place has been more a sequence of *a posteriori* reactions to an initial action. The result, costly in terms of time, effort and money, favoured those who retained most of the funding, in this case the bilateral donors, while there was a growing disparity of opinions within the donor community.

For instance, in 2000, when the Government of Mozambique approved the staffing for the IND, with a total of about 120 employees, in line with the UN recommendation of a “strong” national body, the donors protested that it was too large and not sustainable. The current size which is significantly smaller, may increase with the implementation of IND’s activities. A second example is the creation of the National Mine Action Fund (see the NMAP below). However, most donors have shown little interest in contributing to the fund, with the probable result of a relatively small fund. Moreover, in order for the IND to implement its NMAP (see below), it may have to gradually increase its staffing to reach the capacity required.

Yet, with the likely drastic reduction in bilateral funding in the next few years and the consequent departure of international humanitarian organisations, the IND may be forced to downsize. In this new environment, a needs assessment will again be required to establish the most appropriate structure, particularly if most of the funding is to come from the government. With a reduction in mine clearance activities, a costly national structure may no longer be justifiable, and therefore the focus may shift to enhancing local coordination mechanisms and more demand-responsive mine action activities.

The structure of the IND

The structure authorised by the Government of Mozambique includes three governing councils: a Management Council made up of senior managers (director, deputy director and heads of each department); a Technical Council made up of the Management

Council and representatives from nine ministries;²⁰ and the Council of Cooperating Partners, made up of Management Council, Technical Council, representatives from the UN, donors and civil society and demining experts. The IND institutional capacity assessment stressed the implications of these governance arrangements on the Institute's capacity-building strategies:

“These Councils need to be strengthened in order to become fully operational, and to discharge their responsibilities as spelt out in the Decree... since all three Councils report to the Supervising Ministry, IND have no explicit and independent structures for satisfying public accountability and transparency... the Decree makes it clear that the Institute's semi-autonomous status is circumscribed, and is subject to the Director's ability to negotiate with the Supervising Ministry and other government agencies... To be effective, institutional capacity-building initiatives must take into account the complex and dynamic relationships, and the realities of the wider institutional, social and political context within which the Institute and its staff exist.”²¹

The assessment noted that not only is the IND management council weak and needs to be strengthened, but so do the other two councils. These other councils play an important role in the coordination of all the stakeholders. The fact that these other councils do not function appropriately also suggests that there are no incentives²² for the members (ministries, donors, civil society and demining experts) to take an active part in these councils. This may in turn be related to the way the new IND structure was created. The IND operating structure²³ has a machine bureaucracy configuration,²⁴ divided into parallel departments allowing a certain level of autonomy to the middle-line managers of each. Coordination is achieved vertically²⁵ within the IND (headquarters and two regional offices) and from the Management Council to the Council of Cooperating Partners.

Capacity-building

Further financial and technical assistance was required in order for the IND to be able to plan, coordinate and manage all mine action operations in the country. Therefore, a new UNDP project was designed and the Government of Denmark funded a preparatory assistance phase. In August 2000, the Government of Mozambique and UNDP signed an agreement for the provision of budgeted support for the capacity-building of the Institute over a three-year period.²⁶ Five key areas are identified in the project document:

- managerial and technical capacity;
- information gathering and processing;
- National, regional and provincial coordination;
- quality assurance management; and
- legal status of IND (particularly with regard to issues related to personnel).

UNDP has recruited five expatriate technical advisers for the following sectors:

- policy, strategy and technical issues;
- operations;
- database and mapping;
- planning and information; and
- finance and administration.

UNICEF may provide an additional technical adviser for the mine awareness²⁷ and victim assistance department.

The IND has currently 60 permanent national employees at its headquarters in Maputo and in the two regional offices in Beira and Nampula.

Control of demining activities in Mozambique

The mine clearance operators worked for years without any control or monitoring from the Government of Mozambique until late 1999 when the IND introduced an operator accreditation procedure to assess and confirm the quality of mine clearance organisations, including those involved in quality assurance and quality control. The operators have to submit detailed information on their organisation, structure, resources, capabilities, prior experience (including accident record), together with a financial statement. Once the desk assessment is completed, a formal authorisation to operate is issued.²⁸

Although the IND has been given the authority to control mine clearance activities, there is no specific legislative regulation on the conduct of demining activities.²⁹

Coordination mechanism at provincial level

The NMAP emphasises the importance of coordinating mechanisms at national, regional and provincial levels.³⁰ There is further detail as to the first two of these — an Inter-Ministerial Standing Committee and the regional coordination offices — but none on the provincial coordination. In reality, the involvement of the provinces is as follows: for the development of the annual plan, the provincial governments are asked to provide IND with a list of mine clearance priorities, based on their identification of suspected mined areas; those are considered by IND as priorities for an assessment to be conducted by the Institute in the areas not included in the MLIS.

Within the prioritised SMAs identified by the provincial governments, the areas that have already been subject to an impact survey and for which specific data such as the size and their socio-economic impact on the community are already available, are considered as priorities for technical survey. The coordination of mine clearance activities at the provincial level is left to the humanitarian operators who are, in various degrees and according to each organisation's own priorities, selecting jointly with the provincial authorities the areas to be cleared.³¹

Information gathering and dissemination

An essential element for a successful coordination is the availability of information, its gathering, processing, analysis and dissemination. As mentioned in the Plan, this area had been very weak in the past, but efforts are now made to expand the IMSMA database, the IND website and develop new interface software in collaboration with Cranfield University. The IND has designed various forms³² for the collection of information, which were introduced to the operators in a national meeting held in 2001. The focus is on the registration of the mine action activities as they are planned, executed and completed.

But there is other information crucial for coordination, such as the flow of funding for example. By being well informed on donors' commitments and disbursements, the Institute would be able to adjust the national priorities accordingly to their fluctuations.³³ Furthermore, additional information on potential local sources of funding for other mine action activities such as mine awareness could also be collected.³⁴ This is particularly important for activities which donors are less inclined to fund.

The exchange of information between government ministries and the IND is also key. Some tenders involving mine clearance activities have been launched without IND's prior knowledge.³⁵ There is no information on how widespread this practice is, but the list of tenders organised by IND (see Table 9) does not mention the QA contracts for external mine clearance activities, including the contracts which are allocated outside Mozambique.

Meetings between donors, UNDP and the IND take place on a quarterly basis, or more often if pressing issues need to be addressed. The agenda prepared by the IND includes a briefing on the Institute's progress regarding the implementation of pre-established plans and approved activities, its financial situation and resource mobilisation and other issues of concerns to the donors.

National Mine Action Plan 2002-2006 (NMAP)

The objective of the NMAP is to move Mozambique towards the intermediate goal of being mine impact free within ten years. Impact free, as defined here, includes the elimination of impediments to fundamental socio-economic activity and significant reduction of encountering landmines.³⁶ Given appropriate capacity and funding, this appears realistic in terms of strategy, based on the following reasons:³⁷

- The plan gives high priority to large-scale technical survey and with it area reduction and area marking, starting with the SMAs that have high and medium socio-economic impacts. This is important in reducing most of the impact and the risk of encountering landmines in a relatively short time. Within the socio-economic priorities it will give the physical priorities in terms of estimated mine densities.
- The plan assumes that in Mozambique area reduction of SMAs can be as high as 70 per cent of the total original suspected area (562 square kilometres). This means an area to be finally cleared of about 170 square kilometres, which, assuming a continuation of current annual output, will take about 12 years. Given the enormous difference in suspected mined area (SMA) estimates between HALO (15 square kilometres) and MLIS (372 square kilometres) for the same (northern) region, this seems a realistic compromise between the two sources.
- Given the strong annual decrease in the number of accidents over the last five years, the aim of a significant reduction of encountering landmines is already close to being realised.
- Even with diminished funding, the information supplied by the technical survey will contribute significantly to decrease further the severity of the problem in the long term through appropriate planning in line with available financial resources.

The plan has the following components:³⁸

1. **Supplement of MLIS findings** in terms of increasing geographic coverage with IND in-house capacity via the creation of a four-person mobile team for the first 18 months.
2. **Technical Survey (T2) of the entire country.** This will be outsourced to at least 50 (four-person) Technical Survey teams. The work will be to reduce the suspected mined areas to mined areas, which will then be mapped and marked appropriately. It was due to start in 2002 with the high and medium impact SMAs over one square kilometre, following with the same impact SMAs with areas ranging from 10 square metres to 1 square kilometre, continuing with

three low impact SMAs covering a total area of 187 square kilometres and finally completing the rest of the five-year period with part of the remaining low impact SMAs.

- 3. Total explosive ordnance disposal (EOD).** Traditionally this has been undertaken on an *ad hoc* or emergency response basis. Now there will be an intensive campaign to eliminate UXO systematically within two years. This will be outsourced to mobile teams with a minimum of four members.
- 4. Mine clearance.** For the first six months current mine clearance activities were scheduled to be terminated by the end of June 2002. From then on, the mine clearance would only take place in the areas already covered by the preceding and ongoing comprehensive technical survey in the same sequence of priorities as indicated in the component on Technical Survey. Most of the work was being outsourced to the international humanitarian operators and complemented by the private (international and Mozambican) operators.
- 5. Quality assurance and certification.** This involves accreditation of all operators before clearance, monitoring of all clearance and a Quality Control (QC) at the end of each clearance. Based on QA/QC reports the final component of mine clearance, the post-clearance sampling and certification process, takes place. All this will be done by regional IND/QA five-person teams based in Maputo, Beira and Nampula, overseen by a QA manager in Maputo.
- 6. Marking and MRE.** This will guarantee that the impacted communities must be involved in the design and maintenance of MRE and marking initiatives in their areas. Six core staff will form the nucleus of the IND/MRE unit. Outputs:
 - MRE database;
 - MRE materials in all primary school curricula;
 - extensive and sustainable marking systems; and
 - contact with three million people per year.
- 7. Survivor and victim assistance.** According to the Anti-Personnel Mine Ban Treaty this is the responsibility of the Ministry of Health. In Mozambique, this will be shared with the Ministry for Women and the Coordination of Social Action. IND will assist these ministries to develop appropriate strategies, share all accident information, and act as a resource mobilisation focal point. By mid-2002, a global budget and plan of work will be added to the NMAP. There is a need for one full-time survivor and victim assistance (SVA) coordinator based at the IND.
- 8. Stockpile destruction.** The Mozambican Army will conduct safe and public destruction of the remaining 37,500 mines in its possession, through the Open Detonation (OD) process, by 2003. For this, the Army will require budget support for training, transportation, explosives and ground preparation.
- 9. Research, monitoring and evaluation** will concentrate on the broader process of mine action and its measurable socio-economic impact to promote poverty and risk reduction. IND will undertake three thematic socio-economic impact studies per year exploring the development consequences of mine action. In year one the studies will include:
 - socio-economic reintegration of victims;
 - mine risk reduction as a long-term public health initiative; and
 - relevance to decreasing food systems under stress in post-clearance communities.

In the following years, issues of children, gender and the psychological impact of living long-term with landmines are potential topics.

The IND will hire additional staff members for each of the two regional offices

plus one more to be based in Maputo to help facilitate the studies. In some instances IND would team up with local research partners such as *Desminagem Sofala* (DESSOF), Catholic University and Eduardo Mondlane University, besides the involved line ministries.

10. Coordination and information management. The Database Unit of IND will, with funding from Canada until 31 March 2003, provide the following outputs:

- maps and reports (hard copy and digital);
- location and Impact of minefields (surveyed and cleared);
- present and future operational targets (LIS, T2, Clearance, etc.);
- plotting of all accidents;
- planned and on-going MRE programmes; and
- planned and on-going SVA programmes.

11. Capacity-building. The UNDP project “Support for Capacity-building to the National Demining Institute” has been fully operational since June 2001 with five Technical Advisers, the Information and Database advisers ending their contracts at the end of 2003 and the Chief, Operations and Finance advisers ending their contracts at the end of 2005. The project is addressing the current “capacity gaps” from three integrated perspectives:

- individual training needs;
- IND’s strategic planning and management requirements; and
- Global Mine Action trends.

12. Resource mobilisation and National Mine Action Fund (NMAF). The NMAF serves to streamline and coordinate the resource mobilisation efforts with priority activities. The NMAF will be governed by the Board of Governors of the Fund, consisting of representatives of the Ministry of Foreign Affairs and Cooperation, the donor community and UNDP. Based on priorities established by the NMAP, operators will submit formal proposals to the IND to undertake a specific activity in a given locale. Once the activity is approved by the IND, the funds will be released from the NMAF. On completion of the work, a full report will be produced by the IND and submitted to the Board of the Fund.

For the period 2002-2006 the total IND budget is estimated at US\$9,218,140. The Government will contribute US\$2,292,140 and the donors US\$2,133,334. This leaves an outstanding funding requirement of US\$4,792,666.

Considering the context in which the NMAP is presented, one could conclude that the IND should already set priorities on the basis that the entire plan will not be implemented.³⁹ The implementation of the IND plan is strongly dependent on funding by the donors; the IND’s current capacity in various areas needs strengthening; most of the donors wish to phase out their funding in the next two to three years — and a number of them are concerned about the functioning and growing size of the IND; and the plan includes quite a number of components that indicates a *growth* of the IND. The plan only mentions technical surveys and marking as two of the most important activities.⁴⁰ Despite these constraints, however, the Plan should be seen as a “living document” that will be reviewed annually in consultation with key partners.⁴¹

The need for and role of indigenous mine action organisations as perceived by the IND

The NMAP does not make any reference to activities focusing on the development of the indigenous mine action organisations, whether commercial or NGO. The document only addresses the development and maintenance of an indigenous mine action capability as one of the national priorities. There is no specific indication that it is

referring to IND solely or that it also includes other organisations. The only other reference in the NMAP to capacity-building is the UNDP project for the Support for Capacity-Building to the National Demining Institute.

The second UNDP project focusing on the development of a national mine clearance capacity is ADP. According to the UNDP project document, the Government of Mozambique has required the transition of ADP from a UNDP project to that of a national NGO.⁴² Besides being the major humanitarian operator in the southern part of the country, the ADP remains the sole national source for delivering mine clearance training.

The IND refers in its NMAP to two main categories of operators:⁴³

- the “humanitarian group”, comprising ADP and the international NGOs (HALO Trust, NPA, HI and MgM); and
- private contractors, which include 12 commercial joint-venture mine-clearance contractors and two quality assurance companies. The Mozambican operators are all included in this latter category. Among the Mozambican operators, no distinction is made by IND between for-profit and not-for-profit organisations.

The international NGOs and ADP will remain the main humanitarian operators to execute the bulk of the mine clearance work.⁴⁴ As for the involvement of the commercial operators, they are perceived as complementary to humanitarian mine clearance.⁴⁵ Should funding reduce, the demand for their services will decrease significantly and only the more competitive and aggressive ones will be able to secure commercial contracts.

The tenders organised by CND/IND since 1997 are listed in Table 9 overleaf. Because of incomplete information, the totals are lower than what they should be. Despite this, it indicates that the unit price paid to foreign companies is about four times higher than the unit price of Mozambican commercial firms and about eight times higher than the unit price of Mozambican NGOs. To determine the factors causing such differences would require further information.

The IND has outsourced QA to two Mozambican companies due to its limited capacity to do its own.⁴⁶ However, the Institute plans to conduct all QA/QC through its regional teams and with the supervision of the QA manager based in Maputo. Consequently, the Mozambican QA companies will only be able to offer their services to the commercial firms participating in tenders organised by other entities.

No mention is made of the future of ADP in the NMAP. As for the *Forças Armadas de Defesa de Moçambique* (Mozambique Army — FADM), “it is anticipated that as the size of the mine problem is reduced FADM will provide the long-term national mobile clearance capacity”.⁴⁷

The Mozambican operators recognise the efforts made by IND to include them in the wide group of operators and inviting them to participate to tenders and meetings. Furthermore they also praised the IND’s Director for his concern with their development. However, they all blame their marginalisation on the fact that UNDP and the bilateral donors privilege the large international humanitarian and commercial firms and/or their own national organisations. The two exceptions are Austria and Switzerland; Austria is the only donor that has focused on indigenous organisational capacity-building with its pioneering programme DESSOF, involving several Mozambican organisations in a series of mine action activities. Their selection was done through public tenders.

Table 9. Tenders organised by CND/IND: 1997-2002

Year	Tasks	QA	Area (sq. m)	Value (US\$)	Unit price US\$/sq. m.	Operator (nationality/type)	Donor/client
1997	Power Line Maputo/Moamba	-	646,915	3,000,000	4.64	CIDEV (Fr/comm.)	France
1997	Dam ring Maputo/Sabié	-	1,637,480	N/A		MECHEM (SA/comm.)	South Africa
1997	Level II Survey Mairomeu/Buzi Chibavava and Cherrigoma	-	39 targets	289,039		MINE-TECH (Zimb/comm.)	Austria
1998	Dam ring Maputo/Sabié	CGTVA ^{a)}	40,001	173,250	4.33	MECHEM (SA/comm.)	Switzerland
1999	Dam ring Massingir/Gaza	CGTVA ^{a)}	N/A	2,000,000		MECHEM (SA/comm.)	USA/Japan
2000	Agricultural & commercial Buzi/ Chibavava/Mairomeu	Qualitas	1,300,000	N/A		EMD (Moz/comm.)	Austria
2000	Power line Moamba/Maputo	-	31 km ² 6 km	N/A		MINE-TECHFADM (Moz/military)	MOTRACO ^{b)}
2000	Police Centre ring Matalane/Maputo	Qualitas	851,586	375,000	0.44	AfroVita (Moz/NGO)	Switzerland
2001	Tanga/Tanga ring Caia/Sofala	CCQ	400,000	452,980	1.13	MMA (Moz/comm.)	EU/Switzerland
2001	Save ring Inhambane	CCQ	100,000	131,647	1.32	MMA (Moz/comm.)	EU
2001	Level II Survey Agricultural/ Commercial/Wildlife	IND	483,365	846,000	1.75	MECHEM (SA/comm.)	Japan
2001	Irrigation system Macarretane/Gaza	IND	250,000	92,135	0.36	NecoChaminas (Moz/NGO)	EU
2001 2002	Police Centre ring Matalane/Maputo	IND	633,911	475,000	0.75	AfroVita (Moz/NGO)	Switzerland
2001 2002	Power line Mavuzi/Nhamatanda	Qualitas	400,000	435,600	1.09	EMD (Moz/comm.)	Austria
	Sub-total foreign comm.:		2,807,761	6,308,289			
	Sub-total Moz. comm.:		2,200,000	1,020,227			
	Sub-total Moz. NGOs:		1,735,497	942,135			
	Total:		6,743,258	8,270,651			

a) Carlos Gassman Tecnologias de Vanguarda Aplicadas Lds, a South African company certified by IND 47. Although the name of the company does not appear on the IND list of certified operators, Captain Orlando F. Uaiene, Deputy Chief of Operations of IND, confirmed during a telephone conversation on 14 August 2002, that the company was certified by IND.

b) Company sub-contracted by the Mozambique Electricity Company (Electricidade de Moçambique — EDM) for the maintenance and construction of power lines.

Donor funding and the development of indigenous non-government mine action organisations

An important element in the mine action environment is the funding available for the development of indigenous capacities and for mine action activities. Most of the funding comes from bilateral donors. Without their continuing financial support, mine action will have to be scaled down to a minimum level, more in line with the resources available locally.

With the exception of a few donors,⁴⁸ most of the bilateral donors announced that they would phase out the funding to mine action in Mozambique over the next two to three years. The principal reason given is that the severity of the contamination is significantly less than the initial assessment done immediately after the war in 1992. It is also low in comparison to other threats to the lives of people affected by the contamination, and to other post-war countries, such as Afghanistan, Cambodia and Laos.

Several sources support this view: one of the main conclusions of the MLIS is that the number of villages with low impact constitute more than three-quarters of the total impact, while the number of villages with high impact only accounts for 2.5 per cent.⁴⁹ Thus, for example, in Zambezia province, one of the worst-affected provinces during the conflict, the current rate of accidents due to mines and UXO is lower than the rate of deaths and injuries from vehicle accidents and diseases such as malaria. Furthermore, it is informally stated that there is currently a greater risk from snakebites than from mines, with the former also often leading to lower limb amputations.⁵⁰

Achieving transparency and standardising reporting on levels of funding and the specific recipients remains a necessity.⁵¹ The compilation of the data for this present study was hindered by various factors: the incomplete,⁵² out-of-date and unspecific⁵³ information in the United Nations Mine Action Service (UNMAS) database (EMine), the entries not time-specific⁵⁴ with some figures covering several years, and no discrimination between commitments and disbursements. Efforts were made to update the information through the donors' representatives in Maputo.

The majority of the funds went directly to the international humanitarian operators, often with the same nationality as the donor. The UK applied the most extreme form of tied aid with 100 per cent of the funds going to HALO Trust, a British NGO. The second on the list is Norway, the most important contributor to mine action in Mozambique in terms of total amount (US\$20,775,844), of which almost 96 per cent went to NPA, a Norwegian NGO. Norway is followed subsequently by Canada, Finland and Germany with, respectively, 77 per cent, 68 per cent and 62 per cent of total funds going to their national operators.

Also, most bilateral donors want to channel funds to IND and ADP, through the UNDP. The IND has received US\$4,162,407 for its functioning and institutional development (capacity-building, etc.) as well as for some tenders for mine clearance. The UNDP project, ADP, received a total of US\$12,280,670, the third biggest recipient of funds after NPA and the FADM.

The total amount that went to Mozambican operators (NGOs and commercial firms) was US\$1,727,525, less than 2 per cent of the total amount spent by bilateral donors on mine action.

There are a number of reasons for this situation:

1. Most of the international operators already had experience in other countries when they started in Mozambique in 1993/1994. There was no Mozambican capacity in mine action at the time. Most Mozambicans were trained in mine action, mainly clearance, at the school in Moamba, as part of the UNDP project, and others when hired by the international operators. Through promotion, many Mozambicans gained expertise in different positions with different level of responsibilities while working for these operators.
2. The first Mozambican organisations started their activities around 1997/1998. Then, they could only start gaining overall organisational management expertise, such as fundraising, marketing, public relations, through the possibility of acquiring assignments. However, they had to compete with the international operators.
3. Depending on the regulations on tied aid of each donor, there was a tendency to channel the funds to their respective national operators.
4. But even the donors with no tied aid policy preferred to fund the international operators and the UNDP projects above the Mozambican organisations, using arguments of trust, expertise and management capacity in favour of the international humanitarian operators combined with the argument of a reduced monitoring capacity to monitor Mozambican NGOs and companies.
5. The problem with the last argument, however, is that a reduced monitoring capacity is the donor's choice. A consequence of this choice is that the first three arguments are based on a limited and untested amount of knowledge about the functioning (effectiveness,⁵⁵ efficiency,⁵⁶ involvement of target communities,⁵⁷ etc.) of the international humanitarian operators. This reduced monitoring capacity contributes to the following work methodology, used in relation to the international humanitarian operators:
 - The selection is generally not based on a competitive procedure with either a public tender or a selection of quotes obtained from a pre-selected group of operators.
 - After the selection the work is not regulated by a contract but a funding agreement, which is less rigorous.
 - There is hardly any supervision/monitoring during the operations (compared to the execution of civil works, which are generally closely monitored by independent, qualified and experienced supervisors, often required by the same donors, and of which the costs are included as part of the total budget).
 - The quality check at the end of the work is often done by the humanitarian operator himself without any independent competent supervision. The only checks take place through a limited number of field visits and/or meetings with the operator and an evaluation once in a number of years.

This lack of competitive selection, contracts, independent supervision and final quality check, prevents Mozambican organisations from entering into mine action activities and building up their organisational expertise and management capacity.
6. An important reason for not giving priority to the development of Mozambican organisations is the fact that most of the bilateral donors tend to consider mine action as a temporary job to be done in a short- to medium-term period and not as a long-term development activity. This, combined with the relatively low severity of the mine and UXO problem in Mozambique (compared to other countries such as Afghanistan, Angola, Cambodia and Laos, where mine action has turned into a long-term activity) means there is not much time left for the Mozambican organisations to become an active and fully recognised part of the mine action environment. (*See also below.*)

Although most Mozambican organisations did not have the possibility and time to develop themselves into strong competitive and capable organisations, the funding has (directly through the training school at Moamba, and indirectly through being trained by and working for the international operators) contributed considerably to the development of a limited indigenous mine action capacity (mainly clearance) in the country that could be absorbed in the existing or future Mozambican mine action organisations.

The level of funding was high in 1998-2000 and started decreasing in 2001. Most donors, indicating that funding will be phased out in the next two to three years, confirm this tendency. This means that the demand for mine clearance activities will decrease and this will diminish the possibilities for Mozambican organisations to grow into mine action activities. When the international operators phase out their programme in a couple of years, they will probably leave behind an over-capacity of Mozambican deminers. Unless these Mozambicans can find jobs in the international mine action activity,⁵⁸ they will have to find other ways of earning a living. Their “demining expertise” will no longer be an asset. Those who will have had the opportunity to receive training in supervision and management may be more successful in their search for employment.

In-country capacities and mine action assets

Mine action assets

Mine action activities require two categories of physical assets: general equipment for administrative and logistical services; and specific equipment for mine action activity

- **General assets**

Administrative equipment/service

All interviewed indigenous commercial firms and NGOs have operating offices, either in their own residence, co-sharing an office with another organisation or their own independent premises. Basically equipped with telephone, fax, computer, printer, desks, file cabinets, most have e-mail and some have been able to acquire more sophisticated electronic hardware and software. In general, the above equipment is locally available.

Good quality telephone communication, Internet cafés and printing and duplicating facilities are available in all provinces and major cities. Interruptions may occur from time to time in the districts, but the companies and organisations have been able to rely on them and the use of e-mail on a regular basis.

Logistical equipment/services

All organisations have vehicles. For some it is their personal vehicle which is also used for professional activities. For others with more capital, the vehicle has been registered in the name of the entity. If additional vehicles are required, they can be purchased locally⁵⁹ or leased from time to time.⁶⁰ Whenever ambulances were required, they could be purchased locally or leased from a clinic in Maputo for the provision of medical equipment and services. All national companies/organisations have been able to get access to medical equipment and hire paramedics whenever necessary. Insurance coverage could be obtained from local companies; however none of the interviewed Mozambican companies/organisations have put their insurance contract

to test.⁶¹ In general, radio equipment and satellite phone units are locally available. Most districts have radio communication.

Information services

The IMSMA (Information Management System for Mine Action)⁶² database at IND is a collection of standardised data obtained from the international and national demining operators in Mozambique during surveys, mine clearance activities and QA. Detailed reports and maps can be provided on the overall mine clearance activities during a given time, on SMAs and minefields such as coordinates of their location (latitude, longitude, etc), type of mines and UXO suspected/found, incidents, etc.

- **Specialised equipment for specific mine action activities**

There is no specialised equipment required in order to conduct a general survey, unless mapping information is also collected.

Technical survey

- **GPS receiver.** Available in country.
- **Other survey equipment** for the production of accurate maps (compass, etc.). Available in country.

Most organisations that do technical surveys have GPS receivers and other survey equipment for map production.

Promotion of mine awareness

No specific equipment. However, in the course of the implementation of its *Programa para Prevenção a Acidentes contra Minas* (PEPAM) programme, HI had developed training material, items to support awareness sessions (brochures, pamphlets, posters, etc.) and a mine awareness database, norms and procedures, pedagogical tools, guidelines for setting-up relevant programmes to improve “risk management” of mines and UXO.⁶³ These assets were handed over to IND in June 2001, after more than a year of preparation and training provided by HI to IND.

Mine detection/clearance preparation

If areas are overgrown with vegetation, machines can help to clear the vegetation and prepare the ground to facilitate the work done by MDD and manual deminers.

- **Casspir MPV.** This mine-protected vehicle is developed and produced in South Africa. It has a V-shaped bottom to diminish the damaging effect of exploding landmines. It is used for transport in suspected mined areas. Equipped with a variety of mechanical devices, it is also used for clearing suspected mined areas of vegetation. It is available in South Africa. Some operators (South African and Mozambican) do work regularly with the Casspir MPV.
- **SISU Patricia Machine.** This machine is developed in Finland. The Finnish Government provided ADP with this machine from 1999 to August 2002. It is still in Mozambique but will return to Finland upon completion of the project.
- **Krohn Machine.** This machine was developed by the German Company SKDM. It was provided to AfroVita in 1997. As of writing, it was not clear whether the machine would remain in Mozambique or return to Germany.
- **Excavator.** The German NGO MgM uses this machine that sifts the soil. It is still not known if this machine will stay in Mozambique or leave with the organisation.
- **Armoured Caterpillar D5 Dozer.** The advantage of a Caterpillar is that the company guarantees that in case of a breakdown of a part, it will be delivered

anywhere in the world within 24 hours. This machine is used by the Mozambican organisation AfroVita.

Mine detection/mine clearance

- **Electronic detection:** mine detector, only to detect mines with metal content. Available in country. Most indigenous organisations have several metal detectors.
- **Mine detection dogs (MDD):** trained dog with handler. The breeding and selection of the dogs take place outside Mozambique. There are few MDD training facilities. All international humanitarian operators use MDDs. The dogs are trained to detect the smell of explosive; as such, their use is more effective than the metal detectors.
- **Manual detection and clearance:** pointed metal probe, trowel, protective clothing (ballistic jacket, helmet, etc.). All this is available in country. Most indigenous organisations that do manual detection and clearance as well as QA have this equipment. If additional quantity is required, they can rent it from other operators.

- **Mine action capacities**

General capacities

General capacities such as administrative, logistical and technical skills, and, at a higher level, organisational, financial, operational and technical management skills are available in Mozambique in the private and public sector.

Specific capacities for mine action activities

- **Socio-economic impact assessment:** socio-economic research capacity is available in country at universities such as Eduardo Mondlane University, Pedagogic University and Catholic University, at semi-governmental institutions such as *the Arquivo do Património Cultural (ARPAC)* and the Centre of African Studies and at private companies such as Austral and other consultant firms.
- **Technical surveys:** the mine specialists in the survey teams are available from the operators themselves. The specialists with expertise in mapping and statistics can be recruited from universities, semi-governmental institutes such as the *Direcção Nacional de Geografia e Cadastro (DINAGECA)* and from local technical consultancy firms with expertise in general geo-technical surveys.
- **Promotion of mine awareness:** since 1992, HI has trained a large number of persons from organisations, public entities and authorities such as the *Cruz Vermelha de Moçambique (CVM)*, SALAMA, CARE, provincial departments of Health, Agriculture, Social Action, Education, district administrators, traditional leaders, police, school teachers, whose work involved regular contact with affected communities. It was initially in response to the repatriation of the displaced population and later to the IND's request for technical support for the coordination of mine awareness campaigns.

In June 2001, HI handed over to IND the entire responsibility for the coordination of mine awareness activities and provided a database including data on the network and activities of all partners and a user guide.

There is general recognition among Mozambican operators of the importance of conducting mine awareness simultaneously with mine clearance activities. Several have now integrated mine awareness in their mine clearance activities.

Mine detection/clearance preparation

In general, the company supplying the mechanical equipment provides the training to operate the machines. However, this is not the case with the SISU machine. The project is covering also the supply of foreign technicians and operators.

Mine detection/clearance

During the past ten years, the international humanitarian as well as commercial operators have trained and are still training many Mozambicans in manual mine detection and clearance, technical survey, work with mine detectors, as dog handlers, team leaders (section commanders) and operators of machines.

Training is available in-country. The ADP training school in Moamba gives beginners and refresher courses in manual detection and clearing, and in the use of mine detectors. There are also courses for section commanders and training in the execution of technical surveys.

Legal framework for not-for-profit and for-profit organisations in mine action

NGO legislation

The term NGO means non-governmental organisation. This definition alone does not cover the distinction usually made between NGOs and commercial firms. Under the Mozambican legal system, an NGO is not in itself a particular type of entity. The terminology refers to the type of activity undertaken by the entity: in emergency, rehabilitation and development projects. The organisation may take the form of associations, foundations or other collective persons having similar ***not-for-profit characteristics*** as that of an association or foundation.

Associations are generally defined as non-profit-making membership organisations that are organised for the mutual benefit of the members. In order to obtain legal personality, associations must have a minimum of ten founding members and be recognised by the Minister of Justice (for associations with a national scope) or the Provincial Governor (for associations with a local provincial scope) as well as complying with certain formalities including publication of its articles. Cooperatives could also be included if they are non-profit-making organisations.⁶⁴ A foundation is the dedication of funds to a particular social non-commercial purpose. It acquires its legal personality by recognition from the Council of Ministers.

“The associations are treated for income tax purposes as groups of individuals. Although (the association is) capable of generating income, the income is considered to flow through to the members.”⁶⁵ The association is not obliged to register for tax purposes. Furthermore, the associations are not obliged to report to the Ministry of Finance. Therefore, there is no monitoring of their activities to ensure that they are indeed not-for-profit entities. *“However, funding requirements may force the organisations to maintain more formal accounts and records, pay taxes, etc., but the tax authorities’ capacity to enforce tax obligations is generally weak.”⁶⁶*

Legal obligations of the not-for-profit organisations

As with any entity carrying out activities, there are obligations with regard to the

registration and payment of tax, payment of duties and other tax on importation, and compliance with labour legislation.

- **Customs:** The exemption does not depend on the type of association but on the nature and purpose of the project being carried out, the source of funds, the identity of the beneficiary and the goods being imported.
- **Tax liability:** Not-for-profit associations are exempt from company income tax on income and revenues from their activities. Members are subject to personal income tax.
- **Value added tax (VAT):** All entities which carry out transactions in services and goods are subject to registration, monthly filing requirements and payment of VAT.
- **Labour legislation:** All associations must register with the Ministry of Labour⁶⁷ and the National Social Security Institute for their employees.

Legislation governing commercial activities

There are several legal entities available for use as legal vehicles in order to conduct activities for profit. The most important are:

- public stock company (*Sociedades anónimas de responsabilidade limitada — SARL*), and
- private limited company (*Sociedade por quota de responsabilidade limitada —Lda*).

All Mozambican commercial mine action operators have adopted the second form.

The principal characteristics of an LDA are:

- limited liability;
- the capital is divided into quotas (percentage of ownership);
- the articles of the association indicate the name of each quota-holder and respective value;
- a minimum of two quota-holders is required and each quota-holder may only hold one quota;
- the minimum capital is 1,500,000 Mts (equivalent to US\$63);
- alterations of share capital require approval by a majority of 75 per cent of the capital;
- transfer of shares is governed by the articles of the association;
- the gazetted copy of the articles of association and/or the company's registration certificate is the only documentation of a shareholder's quota or equity;
- lean organisational structure;
- not obliged to publish its financial statement; and
- articles of association and their alterations be published in the Government Gazette and registered at the Commercial Registrar.

Legal obligations of commercial firms

Upon incorporation, the company is required to register with the following national authorities:

- Ministry of Finance for corporate tax⁶⁸ and VAT registration and the opening of the books;
- Ministry of Labour for employees and employment contract authorisation for expatriates;⁶⁹ and
- National Social Security Institute for employees.

The companies must also obtain a general commercial/industrial licence (*alvara* or permit).⁷⁰ The entire incorporation process can take several months.⁷¹

The companies are subject to the corporate tax, which is levied on the profits realised during the calendar year. Special corporate tax rates may be applied for investment projects.

Existing indigenous organisations

Emergence of NGOs and their involvement in mine action

The emergence of indigenous NGOs

The NGO sector in Mozambique is characterised by significant level of dynamism and resource flows from the foreign donor community. The number of NGOs of various types⁷² has increased rapidly during the 1990s, since the right to free association was formally instituted in 1994 by Article 34 of Mozambique's revised constitution. A law regulating the constitutionally prescribed freedom of association was published in July 1991. In the following five years more than 100 groups would be nationally constituted.

Various factors contributed to creating an environment conducive to such growth. They can be summarised into three groups: (i) the newly peaceful and stable political environment; (ii) the large volume of funds available and their flexible requirements; and, (iii) the growing desire on the part of donors and international organisations to work with local partners, outside the public sector. The development and the strengthening of civil society became a key theme and workshops, capacity-building initiatives and funding programmes were made accessible to almost any group of individuals wishing to form a collective, cooperative, or other association. Some local organisations gradually became systematically engaged in NGO capacity-building and established a resource centre.⁷³ One of the major consequences has been that, to the eyes of Mozambicans, forming an NGO is almost a guarantee of funding.⁷⁴

But despite this major investment in capacity-building, progress has been slow and Mozambican NGOs are still lacking effective administrative and programme management capacity to meet the performing and reporting standards set by each donor. Satisfying multiple donors and their own constituencies constitute a major challenge for the local organisations.

Financial management and reporting is a major concern. Local NGOs lack adequate financial management and accounting systems and they are unable to mobilise the financial resources to address their management and administration weaknesses. Many local organisations rely on small project funding rather than programme funding and so do not receive enough overhead funds to be able to recruit or retain their own qualified personnel (qualifications which were obtained through years of technical assistance and attendance of courses and workshops). The level of local funding is not sufficient to cover their high operating costs. Thus many donors still prefer to operate through well-established international organisations particularly when the level of funding is relatively high. Another important factor in the selection of an international NGO as implementing organisation is the donors' own tied-aid policy and reduced monitoring capacity. Timing is crucial and so are the results. Programmes are often designed without giving adequate consideration to the local organisation's absorptive capacity and the time required to operationalise their programmes.

A study conducted in 1995 summarised well the principle constraints limiting the local NGOs' effectiveness.⁷⁵ Although several of these indigenous organisations have

gained some credibility after many years of work, the large majority are still struggling and facing the same problematic areas:

- inadequate accounting, administration and financial management systems;
- limited programme design, implementation, management, and monitoring and evaluation capacity;
- long delays in accessing financial resources and slow response to beneficiary initiatives and innovative ideas; and
- lack of substantive technical skills and expertise to support sectoral field activities.

The main Mozambican NGO umbrella organisation, LINK, has a database of 505 NGOs active in Mozambique of which 401 are Mozambican.⁷⁶ Of the latter, seven are Mozambican NGOs involved in mine action and they are:

- (*with HQs in Maputo*): AfroVita, Necoquinas, CVM (Cruz Vermelha de Moçambique, the Mozambique Red Cross Society), Núcleo de Apoio ao Professor Primário;
- (*in Beira*): Juvelbe and Kamba Simango; and
- (*in Zambezia*): Zaone.

The Mozambican foundations listed in the LINK directory are not involved in mine action.

The involvement of Mozambican NGOs in mine action

In 1993, several Mozambican NGOs were invited to participate in a large-scale mine awareness campaign to be conducted all over the Mozambican territory and in the refugee camps in the neighbouring countries. Of all the Mozambican NGOs initially involved and which received training from international humanitarian NGOs and commercial firms such as Mine-Tech, CVM is the only one that has remained quite active in mine awareness.⁷⁷

The CVM has been an important partner of the PEPAM programme implemented by HI and has been able to conduct a large number of public mine awareness sessions with the support of several other national societies.

None of the indigenous NGOs operating at the time of the cease-fire got involved in surveys or mine clearance. It was only in 1997 that two new Mozambican NGOs, AfroVita and Necoquinas, were set up to conduct mine clearance. International NGOs or donors did not support their formation.

Roles and structures

The organisations involved in mine clearance or QA must be certified by IND, although this process excludes organisations doing other specific mine action activities, such as mine awareness and mine victim assistance. The total number of indigenous organisations certified by IND is 15, of which four are NGOs and 11 are commercial firms. There are no foundations.

Except for CVM, all the interviewed organisations have adopted a management configuration which allows for direct supervision. The simple structure has a minimum of staff and middle managers, the most common structure in classic small entrepreneurial companies. Because of the nature of the work they are doing, they must be flexible and adaptable to a changing environment. The chief executive retains highly centralised control. Thus individuals are the strongest influence on

organisational success. *“The simple structure remains a widespread and necessary configuration absorptive— for building up most new organisations and for operating in simple, dynamic environments and those facing extreme, hostile pressures.”*⁷⁸

CVM has a configuration called machine bureaucracy, with elaborated administration. It has a large hierarchy to oversee its work in different programmes as well as the various provincial offices. The organisation depends on a large network of members and volunteers to implement its programmes.

NGOs

- **Cruz Vermelha de Moçambique**

With a network spread over all the territory, CVM has been involved in mine awareness and mine victim assistance since 1993. CVM has been a non-profit-making membership organisation since 1988, before mine action was a national issue, with an estimated membership of 70,000. It has offices in all provinces and district committees at the district level. CVM is part of the International Red Cross Movement and receives funding directly from foreign Red Cross societies, such as those of Canada, Spain and Sweden, to finance its mine awareness activities.

The CVM has a General Assembly, a National Committee, an Executive Council and a Management with a general secretary and four directors. It has a total staff of 192, distributed among headquarters in Maputo and delegations in 11 provinces (including the city of Maputo, which has the status of a province). Temporary staff are contracted in times of disasters. CVM also has an estimated 4,400 volunteers in the whole country.

Among the other interviewed NGOs, AfroVita and Necoquinas were set up in 1997 in response to the mine action demand, without external assistance or training. AfroVita is larger and more successful than Necoquinas. They have similar roles and structures: according to the law on NGOs, both have the minimum membership (ten) required and relatively straightforward lean organisational structures, with a management, administrative and technical permanent staff (some of them part-time in relatively inactive periods) and temporary staff contracted for specific assignments.

MCIDC is not formally a Mozambican NGO, but is considered by the IND as a national operator, thus its inclusion in this group.

- **AfroVita**

A Brazilian businessman with permanent residence in Mozambique and a few years of experience in mine clearance acquired while working with his company Afrogest,⁷⁹ founded AfroVita with nine other Mozambicans. Since its creation in 1997, the organisation has worked every year, mainly in clearing roads of mines and UXO, with average annual revenue of US\$430,000. It obtained work by winning public tenders organised by IND and funded by donors (Switzerland). Other work was obtained from local and foreign construction companies. AfroVita acquired an armoured Caterpillar for detection/clearance preparation. It has permanent medical staff and uses a Toyota Hiace Kombi as an ambulance.⁸⁰

- **Necoquinas**

Two Mozambicans, of whom one is ex-military with mine clearance expertise, founded Necoquinas. Although registered in 1997, it was not until late 2001 that it acquired its first assignment: mine and UXO clearance of an irrigation system following floods in Chokwé; the contract was obtained from the National Water Directorate, funded

by the EU through UNDP. Necoaminas has its own ambulance but contracts temporary paramedic personnel.

- **MCIDC**

This organisation was created in July 2001 by CIDC, a Canadian charitable non-governmental mine action organisation which conducted the MLIS in Mozambique. It is registered with the Ministry of Foreign Affairs under the terms of legislation for the registration of local branches of international NGOs. Since it is not an official Mozambican NGO, it does not have the Mozambican membership of ten required by the national law; however it has a Mozambican board of trustees with six Mozambicans, two Canadians and one British. The IND considers MCIDC informally as a Mozambican organisation. There is no structure yet, just a part-time project manager paid by CIDC-Canada. No activity has been undertaken since registration.

Commercial firms

Of the 11 commercial firms listed with IND, three apparently have no contact address or telephone number. Their names, DSD, Mine-Tech Moz. and Mozaminas, and their status as commercial firms are the only information available. Since the names of these companies do not appear anywhere else it is assumed that they are inactive.

Furthermore, there are two companies, Mozambique Mine Action Lda (MMA) and Qualitas,⁸¹ which did not respond to numerous requests for interviews and company information. Except for information on work executed by these two companies, which appeared in other lists and documents, it was impossible to obtain any specific company information. MMA is solely active in clearance activities and Qualitas in quality assurance.

Of the remaining six companies, two are joint ventures with South African companies: EMD (*Empresa Moçambicana de Desminagem Lda*) and Lince, and four are 100 per cent Mozambican companies: CCQ (*Companhia de Garantia, Controle de Qualidade e Consultoria de Desminagem Lda*), JV Deminers, Xibulukwa and GB Demining.

The organisational structure of the companies not linked to other companies is straightforward: a single business configuration with minimum staff and direct supervision by the chief executive or managed directly by the owners.

- **Companies with 100 per cent Mozambican ownership**

CCQ Lda

CCQ was set up as a private limited company by an ex-employee of HALO Trust, qualified and experienced in mine clearance, and two other Mozambicans, who have since sold their quotas to the company. It was accredited by IND in July 1999 and started working two years later in July 2001. Since then it has earned average annual gross revenue of US\$185,400. The company did not receive any training or assistance. Most of its work is in quality assurance. Most of the work comes from other commercial firms and awarded contracts from IND tenders.

JV Desminagem Lda

JV Desminagem was set up as a subsidiary of JV Consultores Internacionais Lda, a private limited company, in November 2001, by a Mozambican businessman, ex-military and ex-government minister, and two other Mozambicans with expertise in mine clearance. The management structure is part of the parent company. The company

did not receive any training or assistance. No assignments had been obtained as of writing.

Xibulukwa Lda

Xibulukwa was set up as a private limited company in July 2001 by a French man, who is ex-military with 25 years of experience in mine action and permanent residence in Mozambique, and the owner of another private company. In addition to the French man, there are four Mozambican quota-holders. The organisational structure is closely connected to the other company. The company did not receive any training or assistance. Among other demining, logistical and communication equipment it also owns a fully equipped ambulance. Since its registration the company acquired one assignment in mine clearance from a Mozambican construction company.

GB Demining Consultants Mozambique Lda

The founder of this company worked as a QA expert for GB Demining Consultants (Germany) until June 2000, when the company left Mozambique. The company did not receive any training or assistance. The company operates as a one-man operation, and contracts personnel and rents most of the equipment for the duration of the assignment. Since its creation in 2000, it has acquired one QA assignment from an Italian construction company working in Mozambique.

- **Joint ventures**

EMD Lda

Three Mozambicans and one South African, most of whom are high-ranking ex-military with experience in mine clearance, set up EMD in December 1998 as a private limited company. The division of quotas is 51 per cent Mozambican/49 per cent South African.

The company did not receive any training or assistance. The organisational structure is a simple division in management, administration and technical sections with permanent staff and temporary personnel contracted for each assignment. Besides the usual equipment, it owns a Casspir MPV for mechanical ground preparation.

Most of the work is mine clearance of roads, power lines, pipelines and agricultural land. The assignments came from other commercial national and international companies and from awards from public tenders, organised by IND and funded by Austria. Since its registration its average annual gross revenue is about US\$500,000.

Lince Lda

Lince was set up in 1998 as a private limited company by a South African with eight years' experience in commercial humanitarian mine clearance and qualified to do EOD. Two Mozambicans are sharing the company with him and a South African company BZR International Ltd on a 50/50 (MOZ/SA) basis. The company did not receive any training or assistance. The company has a part-time director, who is also one of the Mozambican shareholders. He owns another company that provides all the administrative support to Lince Lda.

All the manual deminers are contracted in Mozambique for each of the assignments, while the management and the supply of equipment and mechanical and dog expertise will come from BZR and its South African associates. Since its registration in 1998, it had one assignment in 2001 for mine clearance around the Massingir dam, subcontracted by Mechem, one of the South African associates of BZR.

Strengths, weaknesses, opportunities and threats

Organisations should be viewed as an open system model, with elements such as inputs, outputs, structure, culture, system dynamics all interrelated and influencing one another. A key element is the environment, i.e. all external organisations, institutions, funding sources, government policies, legal system, political system, clients, regulators, etc., that impact on the organisation and the services it provides. While strengths and weaknesses are more related to the organisations themselves, opportunities and threats are more related to the environment of the organisations. Several of these have already been mentioned in the previous section on donor funding.

Strengths and weaknesses

To do a fair assessment of the strengths and weaknesses of Mozambican organisations in comparison with international operators would require that the Mozambican operators be functioning in similar conditions, which, as indicated earlier, is not the case. Only about 2 per cent of total donor funding for mine action over the past ten years went to Mozambican operators. Is this 2 per cent participation a consequence of weaknesses of the Mozambican operators or a lack of equal opportunities? The answer is not straightforward and will be discussed below.

In the case of the operators currently active, it is necessary to have information about how they work (effectiveness, efficiency) to assess their strengths and weaknesses. As discussed previously in the case of the international operators, assessing the strengths and weaknesses of the Mozambican operators is not easy, given the lack of reliable information resulting from reduced monitoring capacity of most donors. Therefore, an assessment of relative strengths and weaknesses can only be in general terms based on general observations.

The lack of Mozambican capacity at the beginning of mine action in 1992 was a weakness during the first five years of operations, resulting in a complete absence of Mozambican organisations, except for some in mine awareness activities. However, during this period many Mozambicans were trained either at the training centre in Moamba or/and when contracted by international operators. For a large number of them, the practical training extended over several years. As such, this growing capacity became a strength at the time the first Mozambican organisations were created in 1997.

The only aspect that remained weak during this period was organisational capacity to acquire assignments and managing in a competitive environment. With the setting-up of Mozambican organisations in 1997 this weakness could be overcome also, but only through experience. The new Mozambican organisations needed the opportunities to develop this capacity. The only problem was the access to the mine action “market”. Thus, the environment did not encourage their involvement and their growth.

Opportunities and threats

On the one hand there are opportunities that facilitate the entry of Mozambican organisations into the mine action market while, on the other hand, there are threats

that make it very difficult.

- **Opportunities:**

- Mine clearance technology is a relatively simple technology and relatively easy to learn. Most training courses require only a primary school education and last for less than one month. Important characteristics of mine clearance, however, are discipline, concentration and ability to work under high-risk, life-threatening stress.
- Since 1997 in-country capacity has been available in most aspects of mine action, except at the top management level. It is not difficult to attract qualified and experienced Mozambican capacities at various levels and in various categories for permanent employment or for temporary assignments.
- There is a training capacity in Moamba for beginners and refresher courses.
- Much work in mine clearance is manual with little and relatively inexpensive equipment. It is either already available with the deminer or easily accessible in Mozambique. Other necessary but more expensive logistical, communication and medical equipment including services (such as vehicles, tents, generators, radios, ambulance, doctor and nurses for emergency stand-by) can be acquired or rented for specific mine action activity. This means that starting capital is low, making entry into the mine action “market” possible.

- **Threats:**

- One threat is that international competition is strong. Even if donors would change to competitive international selection procedures it would be hard for the new Mozambican organisations to compete.
- Other threats, such as diminishing donor funding and tied aid, have been discussed earlier.
- Even without tied aid, there are donors who prefer to select international operators directly instead of Mozambican operators. Some reasons have already been discussed. There seems to be another reason, however, a sort of mistrust of the CND/IND in combination with Mozambican organisations, as the following quote demonstrates:⁸² *“With the Accelerated Demining Programme ending (in 1997), the government is determining whether to transform it (ADP) into a private commercial company or an NGO. Donors remain suspicious. The U.S. Embassy reported, ‘We are in a good position to influence the drafting of a national policy on how the CND operates and to protect foreign NGOs from efforts (some within CND) to turn the Mozambican programme into a milk-cow for local companies or NGOs with little or no experience’.”* This attitude did not give the new Mozambican organisations much possibility to be contracted on a trial basis when they tried to enter the mine action market in 1997.

These threats were important and have been the main cause since 1997 of the low participation of Mozambican organisations in mine action activities directly funded by bilateral donors.

Only about 10 per cent of funding by bilateral donors went to international tenders, locally publicised and organised by the IND. The other 90 per cent went either directly to international humanitarian operators and the Mozambican army (FADM), without any tendering, or were nationally tendered in the home country of the donor only for the private operators registered in those countries (Canada, US).

Of the 10 per cent for all IND tenders about 8 per cent was awarded to international private operators.⁸³ The rest was awarded to Mozambican organisations. Other contracts awarded to Mozambican operators came from national and international construction companies or from local demand.

Effects of legal obligations on mine action organisations

In 2002, the Mozambican Parliament approved a new tax framework law. However, implementation is subject to the issuance of the Code containing the regulations which is still in draft form. Therefore, the information below is subject to change and should be relied upon only as indicative of the type of taxation.

• Form of organisation and taxation

“ The current tax legislation in effect permits associations (NGOs) to avoid income tax payment on general revenues accruing to the association, because the framework is designed to tax association members and does not treat the association itself as a tax centre. Furthermore, the tax framework for non-profit entities is not very efficient or consistent and there is also a lack of capacity on the part of the tax authority to enforce effectively the tax obligations.”⁸⁴

For the establishment and operation of a demining entity, the legislation regulating the formation of associations (NGOs) and commercial firms gives future operators the possibility to choose the structure viewed as most beneficial to them in terms of profitability, tax liability, civil responsibility, etc.⁸⁵ Demining activities as such do not warrant special tax treatment either for the donor of funds or the person/entity engaged in the activity.

Although the taxation framework may favour associations, there are several potential obstacles to the efficient and sustainable functioning of the association:

- the need for a minimum of ten members who share the vision and objectives of the organisation;
- the use of a “standard” organisation structure based on the members’ financial contributions;⁸⁶ and
- the “voluntary and non-remunerated” work to create and eventually operate the association.⁸⁷

A not-for-profit organisation (NGO) that is successful in providing services such as mine clearance will likely have revenues exceeding its operational expenses. This positive balance (to avoid mentioning the word profit), on which they do not have to pay corporate tax, will either be used for other activities, for additional benefits to the personnel, for upgrading material or equipment, or kept as a reserve. The difference between for-profit organisations and NGOs in financial terms can be very grey and therefore, in the service-provider niche, can favour NGOs.

Licensing

“ There is no specific legislative regulation of the conduct of demining activities.”⁸⁸ There are national SOPs, but they are not legally binding. “ Compliance is voluntary, although it is in the interest of the operators to comply. The Mine Action Policy and Strategy sets out the basic guidelines that apply to demining activities but is not a legislative instrument and has no enforcement mechanism. The IND has been given the authority to control demining activities including the inspection of such activities and the licensing of demining operators. In the absence of legislation, the IND has developed an operator accreditation procedure which roughly tracks the requirements for a foreign NGO to be authorised to operate in Mozambique and which is, to a lesser extent, similar to the requirements for the establishment of a domestic

Mozambican association."⁸⁹

Despite the absences of legislation governing demining activities, there are incentives to encourage organisations to comply with the IND's licensing procedure and SOPs:

- upon completion of the mine clearance, the IND is to certify the work and therefore relieve the entity that carried out the activity of any liability in the event of any landmines being found. If an entity has not complied with national SOPs, the work will not be certified;
- donors, as well as commercial firms carrying out projects (pipeline, power line, game reserve, tourist infrastructure, etc.), may be reluctant to hire an entity that does not comply with these SOPs;
- neglecting or refusing to comply with the national SOPs increases the risk of liability for the operator. *"The operator could be held civilly liable (civil responsibility) but would likely also be exposed to strict liability (no fault need be proven) and criminal liability."*⁹⁰

- **Import facilities**

Duty exemption is available to entities carrying out demining activity on several different bases: the nature and purpose of the project, the source of funds, the identity of the beneficiary and the goods being imported.

The duty exemption is not linked to any particular type of organisation but requires that each organisation follow the importation and clearance procedures. There are special procedures designed to simplify and speed up the customs clearance process.⁹¹

- **Labour and benefits**

There are no regulations governing the scale of salaries paid to individuals involved in mine clearance, except the minimum salary. However, the taxation law requires that the Mozambican entity withholds the earned income tax on payment of salary or for provision of services.¹⁰⁴ Labour legislation requires an employment contract,⁹² insurance for work-related accidents and contribution to social security.⁹³

Towards sustained indigenous mine action

Introduction

As the NMAP indicates,⁹⁵ there are two goals: the long-term goal of eradicating all mines physically from Mozambique, and the intermediate goal of achieving a mine-impact-free situation. Immediately following the Peace Agreement in October 1992, mine action was driven by high priority urgent activities using the directly available international capacity and without consulting many stakeholders. It was the time of communication problems and conflicts but also of a top-down, supply-driven, no-nonsense approach without much consideration for a separate mine action authority, plans and programmes, indigenous capacity and community involvement.

Now, after more than a decade, this has changed. There is a mine action authority in place, a five-year plan, indigenous capacity and some community involvement. However, since mine action is ultimately a temporary activity, the long-term future situation will be changed again and mine action will probably be streamlined to a

small entity and/or the FADM. By then, it will be purely demand-responsive and bottom-up, the ultimate sustained indigenous mine action. In the meantime, the situation will evolve and the mine action configuration will hopefully adapt to this changing environment.

Role and influence of most important stakeholders on swift implementation of mine action programmes after the October 1992 Peace Agreement

In the period between the Peace Agreement in October 1992 and the first national multi-party elections in October 1994, the swift implementation of national programmes was hampered by conflicts and delays in the decisions that required the involvement of RENAMO, FRELIMO, the UN and the donors.

Subsequent UN initiatives such as the January 1993 National Plan were blocked or delayed by either the government (FRELIMO) or RENAMO representatives on the CSC, the body responsible for adopting all plans. Arguments from the government were that the plan “*suggested that the government had been as responsible as RENAMO for laying mines*” and that the plan “*did not offer sufficient mine clearance training.*”⁹⁶ RENAMO feared that opening up the roads under its control would allow the government to move armoured units through the areas. Particularly sensitive was the area around Maringue, the headquarters of RENAMO.⁹⁷ By mid-1994 both parties increased their cooperation and diminished their delaying tactics.

After FRELIMO won the elections in October 1994, the CSC did not function anymore and FRELIMO no longer had to consult RENAMO, since they were officially part of the new Parliament.

Another problem was “*the in-fighting within the UN system, especially between UN agencies in New York and their Maputo offices. A key problem was the creation of two new UN coordinating structures in Maputo, ONUMOZ and UNOHAC, which eroded the influence of existing UN structures in Maputo.*”⁹⁸ The significant delay in contractual arrangements to survey and clear major roads suspected of being mined, and the inability to deploy mine clearance teams until October 1994, were the most important factors in the loss of confidence by the donors in the UN.⁹⁹

A third problem that hampered the swift implementation of national programmes was the growing distance between donors and the UN. The UN plan of January 1993, which foresaw a Mozambican Mine Action Centre that would mirror the Cambodian model, was sharply criticised by key and influential donors, some of whom, however, supported the same set-up in Cambodia. Yet, as noted, the absence of donor support for the development of a Mozambican institutional capability did not preclude the UN from proceeding without such support.¹⁰⁰ This created personality conflicts and exacerbated differences of opinion resulting in an “*unusual level of distrust between the UN and donors on the landmines programme.*”¹⁰¹

Distinction between organisations doing only certain mine action activities

For most of the past decade, a major distinction was applied to international mine action operators. The companies (Mine-Tech, Mechem, etc.) were contracted for rapid mine or UXO clearance while the humanitarian (NGO) operators (NPA, HALO Trust,

ADP, HI, MGM, etc.) were mainly funded for community-based mine action. Although the distinction still plays a role, most future mine action will take place in community areas for the following reasons:

- more than 70 per cent of all minefields are low-density nuisance minefields in community areas;
- most of the rest has been cleared with high priority between 1992 and 1997;
- UXO contamination constitutes only about 15 per cent of the total contamination; and
- the NMAP indicates that special teams will be dedicated to UXO clearance only. The plan was for all UXO to be eradicated within two years, i.e. by the end of 2004, although this appeared unlikely to be achieved.

Does this mean that in future mine action demand for private companies will be limited to local demand from construction companies, etc.? This depends on the bilateral donors and how these donors select the different types of organisations. Until now there was no competitive selection in relation to community-based mine action activities: the donors directly funded international humanitarian operators of their choice.

The next question is: are these humanitarian international NGOs better in community-based mine action than other organisations (Mozambican NGOs, Mozambican and international companies)? This is difficult to answer because there is little information on this issue for the following reasons:

- other interested organisations never had a chance to prove that they could do the same job equally well or better;
- the reduced monitoring capacity of the donors on the work of international humanitarian operators;
- there is an independent case study of Mozambique¹⁰² that is rather critical of NPA and HALO Trust, especially in relation to the issue of community involvement, the most important criterion for selecting these organisations;
- a review of NPA's mine clearance operations in 1993-1998 mentioned "*an increased awareness on behalf of NPA of the need to communicate with community members and authorities before entering into demining operations.*"¹⁰³ This need was not an integral part of their initial approach as a humanitarian organisation;
- according to the May 2002 Output-to-Purpose Review of the HALO Trust programme in Zambezia, there are regular meetings with all appropriate government levels (central, provincial and district) but there is no mention of community involvement. The relationship with the government authorities appears to be formal, more an exchange of information and update reporting than a close relationship with communities. The review does not stress the need to involve the community.

Is it necessary to determine the type of organisation suitable for community-based mine action? Instead of indicating the type of organisation, it seems more appropriate to describe the requirements as a minimum condition for a successful community-based mine action:

- The NMAP indicates priorities in terms of socio-economic impact and plans to conduct technical surveys first in the impact areas of highest priority. The results of the technical surveys will indicate priorities in terms of mine densities for clearance.
- The authorities (IND, provincial, district, etc.) will inform the affected communities about the indicated priority areas. The communities of these areas shall make it clear how, when, why and how much of a certain area they plan to

use after clearance. In other words, they will make a detailed demand for mine clearance to the authorities. (This changes the current supply-driven approach to a demand-responsive approach.)

- The authorities will assess these demands by analysing and verifying the seriousness of the argumentation and by making cost-benefit analyses.
- Based on this information, an implementing schedule with priorities will be developed by the authorities in relation to the schedule of disbursements of funds by the donors.
- A competitive selection (tender or otherwise) of one or more operators shall be prepared. This could take place locally if there are enough organisations with the required expertise. Participating organisations will be requested to include a proposal that indicates how, when and why they will involve the community in addition to the other required methodological, technical, logistical, safety and time schedule proposals and budgets. The proposal on community involvement shall play an important role in the selection of the operator.
- The commission selecting the operator should include a representative of each affected community covered in the assignment.
- The contract with the selected operator(s) shall include the proposal on community involvement.
- During the execution of the contract, the operator will be supervised by an independent QA and in cooperation with the community. The supervision shall constitute part of the contract and the cost included in the budget. The supervisor should be able to apply penalties in case the operator fails to comply with the contract requirements, including the one related to community involvement.
- The QC at the end of the job and the certification should not be completed without the community's approval.

Any organisation that will and can comply with these requirements must be invited to participate in the selection for community-based mine action. Importance will now be accorded not to the requirements for different types of organisations but to the requirements for different types of mine action activities. An example is given above for the community-based mine action. The same can be done for rapid mine or UXO clearance.

Any type of organisation can specialise in one or several mine action activities. There are no constraints. As indicated in the legal section, the only difference between commercial firms and NGOs and foundations is the status and minimum number of members and the fact that NGOs and foundations do not pay a corporate tax over the revenues of the organisation.

Concerning the optimisation of structure and management, most of the local organisations are relatively new, small, have few financial resources and are not often full-time operational. A consequence of this is that they have a very lean, simple and flexible organisational structure and management (sometimes part-time, sometimes full-time) resulting, in one case, in a one-man mine action company hiring everyone and renting everything for a specific assignment, preferably locally. The dominating factor for the optimum organisational structure and management is not so much the specific role of the organisation but more the size and flexibility of the organisation.

Waning donor support for local mine action organisations

Donors

With the exception of a few,¹⁰⁴ most donors have shown little to no interest in supporting the formation and development of local mine action organisations. As indicated earlier, most of the important donors channel their funds directly to their own national organisations or, if this is not possible, to international humanitarian operators. Norway and the U.K. tried to stimulate respectively NPA and HALO Trust to transfer their programmes to local organisations, but neither has moved towards this goal and they do not plan to do so in the next two to three years.¹⁰⁵ In fact, NPA and HALO Trust have identified other bilateral donors who will take over the funding of the programmes once Norway and the UK cease their funding. By then, most of the bilateral funding will have decreased considerably.

IND

Another important player in mine action, the IND, also does not show real interest in supporting **for** the formation and development of local mine action organisations. Once they are there, IND does not ignore them and invites them to participate in its public tenders.

As for integration into the NMAP, there is no indication of support for the formation and development of local mine action organisations. On the contrary, since the Plan indicates that IND wants to increase its in-house capacity, existing organisations such as those specialised in quality assurance will be confronted with a growing competition from the IND itself.

Prospects for formation and development of local mine action organisations

The problems surrounding the future of the ADP, currently a UNDP project, are to a certain extent an illustration of the difficulties engendered by the formation by donor organisations of independent local mine action organisations — and thus is not greatly different from those of NPA and HALO Trust. The three organisations (ADP, NPA and HALO Trust) have a relatively comfortable and stable position, receiving a regular flow of funds from a supportive environment, i.e. their respective donors, UNDP, NORAD and the UK Department for International Development (DFID).

If these organisations (with the same Mozambicans) are transformed into independent Mozambican organisations, this supportive environment will change into a competitive environment for which they are not prepared and could not be prepared, because neither NPA nor HALO Trust has experienced the situation of a Mozambican mine action organisation in a competitive environment. Once the handover takes place, the probability of the flow of funds diminishing significantly is quite high. Consequently, these organisations may not survive as independent organisations. On the other hand, ADP might not become really independent and may be able to maintain a privileged relationship with IND/Government of Mozambique as a so-called national NGO. And, as such, it may be able to enjoy the same preferential treatment it has had as a UNDP project.

The conditions under which most currently existing indigenous mine action organisations were formed are probably the most appropriate conditions. Could these conditions be improved? Mozambique is a society with a free market economy. Normally, in a free market economy, increasing demand is the condition most conducive for the successful formation and development of local organisations. This

is valid not just for commercial firms but also for NGOs.

The number of successful organisations will depend on the openness of the “market”. In mine action, the barriers are very low, even for relatively poor organisations, as already discussed. Given these conditions and given the total amount of money (approximately US\$100 million) that has been spent in the sector during the first ten years, there should have been many local mine action organisations with a large order portfolio. However, this is not the case. The main reason is that there is a massive market failure in the mine action sector in Mozambique, which is based on discrimination combined with the lack of interest of the donors to search for the highest quality at the lowest possible price. As a result, donors in Mozambique are willing to pay many times more per square metre than in Afghanistan and Cambodia.

Other conducive conditions are:

- in-country availability of training opportunities in mine-action-specific training;
- access to scholarships/soft loans for people of local organisations to improve capacity at all levels, including the top management level;
- access to information on mine action environment (IMSMA database at IND, etc.);
- in-country availability of most important assets necessary for mine action;
- in-country availability of most important services necessary for mine action;
- in-country availability of qualified mine action labour supply;
- in-country availability of financial instruments to make financial planning cheaper, easier and less risky; and
- in-country availability of insurance appropriate for mine action activities.

Do local mine action organisations need assistance from well-established NGOs or companies to establish the level of credibility necessary for funding? Most of the local organisations were founded by educated people with experience in business and/or mine action. None of these organisations received any special assistance or training for their formation either from well-established NGOs or from companies. However, the people leading and working in these organisations often received their training and work experience while working in well-established NGOs, companies and the military.

The success of these organisations depends more on factors such as entrepreneurship and market environment (labour supply, mine action demand, competition, etc.) than on further education, training and special assistance. If local organisations do not have in-house equipment and/or capacity they either rent equipment, buy certain services or sub-contract other companies.

The establishment of credibility for funding depends on two sides: the local organisation receiving the funds and the source of the funds (often a donor). There are some crucial factors preventing this credibility taking root, such as the nationality of the organisation in relation to the nationality of the donor, the personal preferences of the donor, the absence of a competitive international selection procedure, etc. Another crucial factor is a good reputation in a well-established network and a good track record, which takes years to develop — time that a number of indigenous organisations did or do not have.

Sustained mine action

Since mines will continue to exist beyond bilateral and multilateral funding, there will be a need for sustained mine action. Whether this requires a full programme depends on the

severity of the mine impact. This severity will diminish over time.

The severity of the impact could be different in different regions. In the case of mine impact-free regions, a single national programme could be substituted by more regionally, provincially, or district-focused programmes. In the mine impact-free (but not mine free) regions, the demand will be for specific mine clearance interventions, something which could be left to the market or to the military. Eventually, the demand will have reached its lowest level: seldom will mine clearance be required and, in that case, the service will be provided by the military.

Maintaining a national programme, and therefore a national structure, is expensive even when the structure functions efficiently. However, once bilateral funding is reduced, the possibility of opting for less costly alternatives will have to be weighed against maintaining an expensive structure. The option may then be to transfer mine clearance responsibility to local government or, even, committees of volunteers (churches, mosques, etc.).

Is there a need to generate national management capacity for sustained mine action?

As mentioned earlier, the existing longstanding NGOs and commercial firms have developed the capacity of Mozambicans in most categories and at most levels of mine action through training and work experience, except at the top-level management demonstrated by the fact that none of these organisations have contracted nationals for these top positions.¹⁰⁶ The UNDP-funded mine action middle managers' course, which took place at the *Instituto Superior Pedagógico Universitário* (ISPU), did not have among its participants any manager from an indigenous organisation. In an effort to stimulate the formation of indigenous organisations, such participation would seem crucial. It is important that these management courses at ISPU are open to managers of the local mine action organisations and that participation is promoted through the possibility of obtaining scholarships or soft study loans.

However, it is also important to put the theory in practice and develop management expertise through work experience. Since most of the donors continue to channel most of their funds directly to these same longstanding NGOs without international competitive selection procedures, it will be difficult to develop a national managerial capacity in the country.

Conclusions and recommendations

Conclusion 1

The distinction between different types of organisations based on specific types of mine action activity, such as NGOs doing community-based mine action and commercial firms doing rapid mine clearance, is no longer valid.

Findings

International humanitarian operators such as NPA and HALO Trust have not involved communities in their work to the degree to be expected of such organisations. Furthermore, in development work in other sectors such as water and sanitation, there is a growing tendency to allow, in addition to NGOs, commercial firms to implement community development activities. Thus, the distinction between the two types of organisations is becoming more a distinction related to their legal status than to the type of activity they perform.

Recommendation 1

Instead of concentrating on the requirements for different types of organisations, more attention should be paid to the requirements of the different types of mine action activities and how to monitor the organisations selected to execute these activities.

Conclusion 2

The distinction between NGOs and commercial firms also has consequences on the contracting mechanisms of organisations: commercial firms are selected in a competitive selection procedure and execute the work according to detailed contracts while the humanitarian operators, the NGOs, are in most cases selected without a competitive procedure and execute the work under the approval of donors, based on a programme/project proposal and after the signature of a funding agreement.

Findings

In general there is hardly any regular supervision/monitoring by independent qualified experts of the work by international commercial firms. As for the international humanitarian operators, there is no supervision at all by independent qualified experts. The only checks take place once the work is completed (QA/QC).

Recommendation 2

To promote more effective, efficient and professional mine action work by all mine action operators without distinction, it is necessary:

- 1. to select the operator in a competitive international selection procedure without any discrimination, based on rigorous requirements related to the specific mine action activity to be executed and according to the international/national standard requirements on management, safety, quality, etc.;*
- 2. to regulate the contracting parties' obligations in a rigorous contract including supervision, performance indicators, deadline, penalties, etc.;*
- 3. to budget for a close supervision by an independent external qualified supervisor, who reports regularly to the funding agency with a copy to IND.*

Conclusion 3

A number of decisions are taken, activities executed and organisations created with little, if any, involvement of important stakeholders. This is a consequence of a supply-driven and top-down approach, which is difficult to justify in a democratic and free-market environment.

Findings

Some examples of this are:

- CND/IND was created without a needs assessment among stakeholders. The actual IND is not functioning effectively. Not many stakeholders are actively using the services of the IND.
- 41.5 km of roadway was cleared in one case, but the road remained out of use owing to lack of rehabilitation of the road surface.
- It is not uncommon in Mozambique to see people only starting to use an area two years after it has been cleared of mines.

Recommendation 3

Before initiating any development activities, whether it relates to the

development of organisation or the initiation of a specific programme or activity, it is crucial to assess rigorously the real needs, opinions, interests, authority, institutions, etc. of the stakeholders in a more demand-responsive and open-minded approach.

Conclusion 4

IND has proposed to increase its in-house capacity for activities that could also be outsourced to Mozambican organisations.

Findings

Mozambican organisations could be contracted to undertake activities listed in the NMAP, such as supplement to MLIS findings, QA and certification, MRE and marking, and research, monitoring and evaluation. The tendency of the IND to grow bigger is contradictory to the objective of the formation and development of Mozambican mine action organisations and is not encouraging the use of local capacity in the Mozambican private and public sectors, such as research institutions and consultancy firms, who have expertise in socio-economic assessments, quality assurance, promotion campaigns, etc. The use of local sources of expertise would have a positive impact on the economy and is more sustainable and more effective in terms of capacity-building.

Recommendation 4

IND should be encouraged to streamline the NMAP and outsource as much as possible to Mozambican organisations.

Conclusion 5

Important donors have announced that they will phase out their funding in the next two to three years.

Findings

The approaches used so far have been determined by the easy access to an almost never-ending source of funds. Given the likelihood of reduced external funding, alternative sources of funding and alternative means to achieve the mine action objectives, such as reduced mine and UXO related casualties, should be sought.

Recommendation 5

The Mozambican mine action community should seek alternative sources of funding by examining other potential funding mechanisms, including:

- *Using tax legislation (charity law, etc.) to stimulate companies and charity organisations to fund certain mine action activities;*
- *Using existing international and national development projects to clear project surrounding areas or areas where clearance might contribute to the fulfilment of project objectives.*

Conclusion 6

Mine awareness/risk reduction education in Mozambique should be viewed in a new context.

Findings

After ten years of intensive mine clearance, Mozambique is moving towards a low mine impact, and eventually towards being an impact free country. Health authorities

and the Ministry of Education have been conducting education campaigns to change high-risk behaviour into low-risk behaviour in relation to nutrition, hygiene, sexual relations, etc., using different techniques and means of information dissemination.

Besides increasing opportunities for local funding, it is possible to decrease mine action costs by integrating mine awareness and risk reduction education into existing national health and education programmes. However, mine awareness and mine risk education would still need to be integrated into specific mine clearance contracts.

Recommendation 6

Responsibilities for MRE should be transferred to the ministries responsible for education and health.

Conclusion 7

Donors have used arguments such as lack of trust, expertise, management capacity of the indigenous organisations and their own lack of monitoring capacity to explain their selection of foreign NGOs or companies for the implementation of mine action activities.

Findings

Trust is essential in the absence of monitoring. However, what is the basis of trust if there is no monitoring? Although trust is crucial in business, it needs to be tested regularly.

Lack of expertise and management capacity should not be arguments for donors truly interested in the formation and development of indigenous capacity. There is already an indigenous capacity in most aspects of mine action, except in the area of entrepreneurship and other related aspects of top management such as marketing, preparation of bids for public tenders, personnel, financial and operational management. Although courses can lay the theoretical basis for this capacity, it can only be learned in practice through “learning by doing” as a “learning organisation”. Therefore, in order to have indigenous organisations achieving an acceptable level of trust, expertise and management capacity, it is absolutely necessary to provide the existing indigenous organisations with equal opportunities to implement mine action activities. Furthermore, the donors must ensure that funds are available for close monitoring by independent expert supervisors during the execution of a rigorous contract covering all necessary aspects of the mine action activity(ies) to be implemented.

In case of non-compliance, the principal (IND or donor) should not hesitate to apply enforcement in the form of penalties and ultimately cancellation of the contract. This will give the right signals to the entire mine action sector and encourage transparency and accountability. Such methodology should encourage the emergence of a group of indigenous organisations which embody trust, expertise and management capacity.

The UNDP-funded mine action middle managers course at the ISPU was not attended by any manager from indigenous organisations. The main aspects of mine action activities are taught either at the school in Moamba or through in-house training courses provided by international operators. This training has benefited indigenous organisations. Yet the Mozambican middle managers working in indigenous and international organisations lack theoretical training.

Recommendation 7

More consideration should be given to assessing the advantages of stimulating the formation and professional development of indigenous mine action organisations. Mine action management courses funded by UNDP or donors should also target indigenous organisations. In order to promote their participation, funds should be made available in the form of grants or soft loans.

Notes

- 1 Mozambique's Human Development Index (HDI) fell to .322, the fourth worst in the world according to UNDP *Human Development Report 2002*.
2. In the Mozambique *Strategy for the transition from emergency to reconstruction* — priority needs for 1994-1995 — a document prepared by the Government of Mozambique in December 1993, it was mentioned that “*large-scale demining would help to improve the delivery and distribution of relief supplies to many areas which are still difficult and dangerous to reach*” (p. 18). It was also mentioned as a condition for the rehabilitation of the roads and bridges. Neither mine clearance nor mine awareness was among the Government's priorities listed in the document. It was seen as a UN initiative: “*The United Nations has developed a mine clearance plan for Mozambique which includes a national mine survey, the clearance of priority roads, the development of a national mine clearance capacity and a mine awareness programme*” (*ibid*: 25).
3. It remained the only national level minefield registration until the completion of the Mozambique Landmine Impact Survey in early 2000.
4. A UN-funded project to undertake demining activities in the southern part of the country.
5. Millard and Harpviken (2000: 11).
6. UNOCHA (1997: 7).
7. Although the actual deminers are mostly Mozambican.
8. E-mail of 19 July 2002 from Andrew Fimister, HALO Trust Mozambique — “*The re-survey was started in May 1999 with field work undertaken all through 2000 and 2001. The effort is however ongoing...*”.
9. The Canadian International Demining Corps (CIDC), which conducted the MLIS, estimated a total national area for SMAs of about 562 square kilometres. CIDC & PFWA (2001, p. 10). But a geographical breakdown given in the IND Five Year Plan for 2002-2006 gives a different total: 558 square kilometres (IND, 2001).
10. Human Rights Watch (1997: 10).
11. *Ibid.* (1997: 11).
12. Early estimates of the number of mines were two to three million. However, these were soon reduced to a few hundred thousand at most (Millard and Harpviken, 2000: Chapter 3).
13. IND (2000).
14. Email from Filipe Muzima, NPA Mozambique, 5 August 2002.
15. IND (2001: 3).
16. The ADP had become a major interlocutor on policy issues while UNDP played a central role in developing a national plan for mine clearance.
17. Bernander & Westerberg (1996).
18. UNDP (1997: 15).
19. *Ibid.* (2000: 2).
20. These are Foreign Affairs and Cooperation, Planning and Finance, National Defence, Internal Affairs, Public Works and Housing, Agriculture and Fishing, Women and Social Affairs, Labour and Health.
21. Kiggundu (2001: 11-12).
22. Incentives here are defined as those determinants that bring forward the intended effect. It could be one's own interest or motivation but also formal and informal rules and regulations and their enforcement.
23. As detailed in UNDP (2000: 20). A revised IND organigram was produced in November 2001.
24. The coordination depends on the standardisation of work and the information flow from each department. The organisation's entire administrative structure is elaborate. A large hierarchy in the middle line oversees the specialised work of the operating departments, including the regional offices. As a vertically centralised structure, the IND envelopes all support services instead of outsourcing them.
25. The technical advisers report to the chief technical adviser, who in turn reports to UNDP and the IND Director.

26. The two main components of the project (total of US\$3,627,816) are the provision of the five technical advisers (46 per cent) and the equipment (41 per cent). The Government of Mozambique contributes around US\$500,000 per year towards the total budget.
27. According to Assane Surengue from the IND Department of Civic Education, since HI handed over its mine awareness programme to IND in June 2001, no mine awareness activities have taken place, due to a lack of resources, although in early 2004, Olaf Jurguensen, UN Chief Technical Adviser, reported that a project was started at end of 2003 with UNICEF funds. The Institute sought to reactivate the network developed by HI by conducting a survey in May 2002 to update the data transferred by HI. The remaining segments of the survey are conditional on the availability of resources. Some operators, including the Mozambican Red Cross (CVM), have noted that they were not able to continue their mine awareness activities for lack of material, which in the past had been provided by HI.
28. This desk assessment has not been followed by on-site assessment to verify if the management practices and operational procedures described in the operator's application are in fact being applied effectively and efficiently. Such verification only takes place when quality assurance is done by IND or its outsourced organisation. According to Olaf Jurguensen, seven were undertaken in 2003, and the rest were underway in 2004.
29. According to the Director of the IND, Mr Verissimo, two decrees were being prepared: one prohibiting the use of mines and the second regulating mine clearance activities. Both were expected to be approved by the Council of Ministries sometime in 2002 (but had still not been done by early 2004).
30. IND (2001), p. 6.
31. NPA's tasks have been defined jointly with the provincial coordinator appointed by the provincial authorities. However, according to a review of NPA's mine clearance operations in Mozambique conducted in 1999, NPA has turned down government requests to demine commercial installations. HALO Trust's priorities are set annually and adjusted after discussion with the district government. HI selects among the priorities identified by the authorities those based on humanitarian factors, such as schools and hospital.
32. Such as the monthly progress report, incident and accident reports, task form, clearance suspension form, technical survey and completion reports.
33. At the moment, the IND is not able to provide detailed information from donors on their respective funding.
34. Demining activities are not included in the Decree 29/98 listing the permitted purposes for which donations and activities may be undertaken. They do not warrant special tax treatment for the donor of funds. However, according to *KPMG-Peat Marwick Auditores & Consultores SARL* (KPMG) this may not exclude the funding of other mine action activities such as mine awareness.
35. Some Mozambican operators have raised this problem and mentioned the *Sasol Petroleum Moçambique Lda* (SASOL) contract. The IND Deputy Chief of Operations confirmed that IND had been informed only after the fact.
36. IND (2001), p. 6.
37. *Ibid.*, Chapter 4.3.
38. *Ibid.*, Chapter 4.
39. Or seek alternative sources of funding. For instance, the "Charity Law" (known as the "*Lei do Mecenato*"), a detail of the general provision in the Tax Code, provides incentives for companies to support a wide range of activities such as cultural and sports events. According to KPMG, such provision could also be used to provide funds for mine awareness activities organised by IND or other local organisations.
40. IND (2001), p. 13.
41. *Ibid.*, p. 6.
42. Transforming the ADP into an NGO will not necessarily provide the level of autonomy from the Government of Mozambique/IND that other associations may have. All will depend on the authority(ies) involved in the identification and selection of the members and the composition of the Board of the new ADP.
43. IND (2001), p. 9, para. 2.3.
44. The NMAP reaffirms the need to maintain the present clearance capacity of 8,600,000 square metres per year by the humanitarian operators. (*Ibid.*:9 and 16, para.4.4.3).
45. "Given the desire to be Impact Free within ten years it is fully expected that there will be a continued need to involve private contractors to augment this annual output (of the international humanitarian operators)", *ibid.*, p. 16, para. 4.4.3.
46. The IND does not conduct any QA/QC of the clearance done by the international humanitarian

operators.

47. IND (2001), p. 10.

48. Notably Canada, the European Union and Norway.

49. CIDC & PFWA (2001), pp. 85-86).

50. Output-to-purpose review of HALO Trust Demining, Zambezia Province, May 2002, par. 3.2.2.

51. For example, the 1999 report of the Landmine Monitor stressed the need to address these issues.

52. Some donors such as France, Italy and Sweden, were not mentioned in the UNMAS list, although their names appear in the pledging of funds for the DHA Trust Fund in 1993. This information appears in Human Rights Watch (1997).

53. Several contributions were unspecified, the extreme being the US contributions.

54. Some disbursements would cover different number of months, sometime would spread over more than a year.

55. An NPA team spent 3.5 months to clear 41.5 km of road in DOCA in 1994, but the road remained out of use owing to lack of rehabilitation. Millard and Harpviken (2000: 15).

56. Crude calculations previously indicated that clearance costs in Mozambique are many times higher per square metre than in Afghanistan and Cambodia. DHA (1997a: 65).

57. In Capirizanje, it took at least two years for people to start using the area. Such delays in taking demined territories into use are said to be not rare in Mozambique. Millard and Harpviken (2000: 23).

58. According to CCQ, there is a demand for Mozambican deminers, but very few get contracted.

59. Four-wheel vehicles are available in most provincial capitals and maintenance can be done at the dealer. For the most common model, spare parts may be available locally or in neighbouring South Africa.

60. A cost effective option chosen by the CIDC during the MLIS. The team had been able to do so locally and according to their report the cost of such lease was minimal

61. None of the companies/organisations had submitted a claim for accidents or deaths.

62. An information management system developed by GICHD and recognised as the UN-approved standard for information systems supporting humanitarian demining.

63. Based on its pioneering experience in Mozambique since 1992, HI has produced a guide, *Mine Risk Education*. The guide provides technical tools for the implementation and management of educational projects to better meet the needs of the target population.

64. The registration process may be lengthy but much less complicated and expensive than the registration of commercial firms.

65. Excerpt from an e-mail message from Jennifer Garvey, KPMG Maputo, 25 June 2002.

66. *Ibid.*

67. Each employee must be registered with the Ministry. The employer is required to maintain detailed records of salary and benefits paid, holidays, etc. These records can be audited at any time by inspectors from the Ministry of Labour.

68. Contrary to not-for-profit associations, the incorporated companies are taxable on their income.

69. By law, all employees must have a health insurance covering work-related accidents.

70. The IND accreditation is not a commercial permit but rather an activity licence. Once accredited by IND, the company must still obtain a commercial permit from the Ministry of Industry and Commerce.

71. Preparation of the necessary documents, inspection of office, submission of articles of association to the notary, execution of the deed of incorporation, issuance by the notary of a certified copy of the hand-written recording, provisional registration with the Commercial Registry, certificate of the provisional registration, publication of the articles in the official gazette and finally, the issuance of a certificate of the definitive registration of the company. Most Mozambican demining companies are at different stages of the registration process, with very few having been issued with definitive registration.

72. Socio-professional associations, former mass democratic organisations, humanitarian and social development organisations focusing on specific issues, service organisations and umbrella organisations.

73. Link and Kulima in Maputo, ADOC in Nampula to name a few.

74. One interviewed company owner stressed that if he had been familiar with the NGOs' environment and their easy access to funding, he would have opted to register an NGO instead of a company.

75. Helling (1995).

76. This list does not pretend to be the only database on Mozambican NGOs but serves as a reliable

source of information on indigenous organisations that have been created since 1991. The list does not distinguish between the various types of associations. However, it provides a good indication of the “dynamism” of this sector.

77. Through its Tools for Arms project, CCM (Conselho Cristão de Moçambique) is also doing mine awareness in the areas where the collection of arms is taking place. But this is on a very small scale and only when such need arises.

78. Mintzberg (1992: 337).

79. “The Mozambican consultancy firm Afrogest was providing consultancy services and recruited the deminers to work with the SKDM, a German company that operated the Krohn machine and worked with ADP in mine clearance in 1995 and 1996. After the creation of AfroVita, the contract between SKDM and Afrogest was cancelled and a new contract was drawn up between SKDM and AfroVita.” source??

80. According to information provided by Olaf Jurguensen, AfroVitas have since been suspended from working in Mozambique because of technical and financial irregularities.

81. According to ICBL (2001: 7), Qualitas Lda is a Mozambican subsidiary of the South African Company BRZ International.

82. Human Rights Watch (1997: 19).

83. See Table 9 above.

84. E-mail from Jennifer Garvey, KPMG Maputo, 25 June 2002

85. Two Mozambican organisations involved in mine clearance have chosen to register as NGOs.

86. Lengthy decision-making procedure which may call for the involvement of the general assembly and may require problem solving. Delays may cost associations opportunities to tender, or even to complete contracts according to a pre-agreed deadline.

87. Members and Board members often demand financial compensation for their involvement in the management of the organisation. Conflicts often arise when staff salaries and benefits need to be approved by members who in general have significantly lower incomes.

88. E-mail from Jennifer Garvey, KPMG Maputo, 25 June 2002

89. This licensing does not replace the commercial licensing of any company.

90. E-mail from Jennifer Garvey, KPMG Maputo, 25 June 2002.

91. Operators have complained of lengthy procedures. But the reason for the long delays were mainly due to the fact that most operators were not familiar with the new special procedures and did not receive clarification from the authorities. Many of the submissions coincided with the reorganisation of customs and the introduction of new procedures. The situation has since improved significantly.

92. This tax applies to income earned in the exercise of any professional activity within Mozambique.

93. For any expatriate employee, the employer must obtain an employment contract authorisation, which is a prerequisite for the acquisition for the expatriate of a residence permit (DIRE). This may not apply under the terms of certain bilateral agreements.

94. Employers are obliged to pay a social security tax assessed at 7 per cent calculated as following: a maximum of 3 per cent of this is deductible from the employee’s wage and the remaining 4 per cent is the employer’s contribution.

95. See above.

96. Human Rights Watch (1997: 14).

97. *Ibid.*: 15.

98. *Ibid.*: 16.

99. DHA (1997: 33).

100. *Ibid.*

101. *Ibid.*

102. Millard and Harpviken (2000).

103. Review of the NPA’s Mine Clearance Operation in Mozambique, 1993-1998, Section 9.4.

104. The EU, Austria and Switzerland.

105. HALO Trust initially planned to hand over responsibility for clearance in Zambezia Province to its own project team trained for the purpose. But according to the Output-to Purpose Review, this will not take place in the near future. According to Mr Martel, Deputy Director of the HALO Trust Programme in Mozambique, discussions are currently taking place about the possibility of handing over the programme to IND or ADP. HALO Trust had 421 Mozambican staff members in 2002. As for NPA, Filipe Muzima, the Manager of the NPA Demining Programme, indicated that NPA had started the discussion regarding the handover but to this day, NPA has not identified “a national institution capable of taking over”. Therefore NPA will continue its activities and plans to build also an international Mozambican team for intervention in other African countries. NPA has currently 450 Mozambican staff members. As for ADP, the UNDP project had 432 Mozambican staff members.

106. This should not be seen as an illustration of the absence of such capacities in Mozambique. Other organisations have appointed nationals as representatives and directors, an indication that this level of capacity exists.

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www.icnl.org/
- International Forum on Capacity Building
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Glossary of abbreviations and acronyms

AAA	Austrians Aid Afghans
ACBAR	Agency Coordinating Body for Afghan Relief
ACBL	Afghan Campaign to Ban Landmines
ADP	Accelerated Demining Programme (Mozambique)
AETF	Afghan Emergency Trust Fund
AfroVita	African Association for Demining and Development
AIA	Afghanistan Interim Authority
APM	<i>Akcija Protiv Mina</i> (Action Against Mines, a local Bosnian NGO)
ARCS	Afghan Red Crescent Society
AREA	Agency for Rehabilitation and Energy Conservation in Afghanistan
ARI	Ansar Relief Institute (Iran-based mine awareness organisation)
ARPAC	<i>Arquivo do Património Cultural</i>
ATC	Afghan Technical Consultants
BAC	battle area clearance
BHMAC	Bosnia and Herzegovina Mine Action Centre
BiH	Bosnia and Herzegovina
BRAC	Bangladesh Rural Advancement Committee
BRZ	BRZ International Ltd
CBMCP	Community Based Mine Clearance Programme
CCM	<i>Conselho Cristão de Moçambique</i>
CCQ	<i>Companhia de Garantia, Controle de Qualidade e Consultoria de Desminagem Lda</i>
CGTVA	<i>Carlos Gassman Tecnologias de Vanguarda Aplicadas Lda</i>
CIDA	Canadian International Development Agency
CIDC	Canadian International Demining Corps
CIDDEV	Conseil International et Développement, French Demining Company
CND	<i>Comissão Nacional de Desminagem</i> (National Mine Clearance Commission)

CSC	Control and Supervisory Commission
CSO	civil society organisation
CVM	<i>Cruz Vermelha de Moçambique</i> (Mozambique Red Cross Society)
DAFA	Demining Agency for Afghanistan
DANIDA	Danish Agency for Co-operation and Development
DDG	Danish Demining Group
DM	Deutschmark
DESSOF	Desminagem Sofala
DFID	Department for International Development (UK)
DHA	United Nations Department of Humanitarian Affairs (now OCHA)
DINAGECA	<i>Direcção Nacional de Geografia e Cadastro</i>
DMC	Department of Mine Clearance, Government of Afghanistan
EC	European Commission
EDD	explosives and drug detection
EDDs	explosives detection dogs
EDM	<i>Electricidade de Moçambique</i>
EMD	Empresa Moçambicana de Desminagem Lda
EOD	explosive ordnance disposal
EU	European Union
FADM	Forças Armadas de Defesa de Moçambique (Mozambique Army)
FRELIMO	Frente de Libertação de Moçambique (Mozambique Liberation Front)
GAO	General Accounting Office, US
GDP	gross domestic product
GFAP	General Framework Agreement for Peace (BiH)
GICHD	Geneva International Centre for Humanitarian Demining
GNP	gross national product
GPS	Global Positioning System
GSG	Gurkha Security Guards Lda
GTZ	German Agency for Technical Cooperation
HALO	Hazardous Area Life Support Organisation
HDI	Human Development Index
HELP	Hilfe zur Selbsthilfe (German NGO)
HI	Handicap International
HRW	Human Rights Watch
ICBL	International Campaign to Ban Landmines
ICNL	International Centre for Not-for-profit Organisations
ICRC	International Committee of the Red Cross
IDP	internally displaced person
IFOR	Implementation Force (Bosnia and Herzegovina)
IFRC	International Federation of Red Cross and Red Crescent Societies
IMAS	International Mine Action Standards
IMSMA	Information Management System for Mine Action

IND	Instituto Nacional de Desminagem (National Demining Institute, Mozambique)
IO	international organisation
ISAF	International Stabilisation Force
ISPU	<i>Instituto Superior Pedagógico Universitário</i>
ITF	International Trust Fund for Demining and Mine Victims Assistance (also, Slovenian Trust Fund)
KM	Konvertible Marka (equivalent to 1 DM)
km	kilometre
KPMG	KPMG-Peat Marwick Auditores & Consultores SARL
LINK	NGO Forum (Mozambique NGO Umbrella Organisation)
LIS	Landmine Impact Survey
LNGO	local non-governmental organisation
MAC	Mine Action Centre
MACA	Mine Action Centre for Afghanistan
MAG	Mines Advisory Group
MAPA	Mine Action Programme for Afghanistan
MCIDC	Centro Internacional de Desminagem do Canada em Moçambique
MCPA	Mine Clearance and Planning Agency (Afghanistan)
MDC	Mine Detection Dog Centre
MEDDS	Mechem Explosives and Drug Detection System
META	Monitoring, Evaluation and Training Agency
MgM	Menschen gegen Minen
MLIS	Mozambique Landmine Impact Survey
MMA	Mozambique Mine Action Lda
MPV	mine protected vehicle
MRE	mine risk education
NFPO	not-for-profit organisation
NGO	non-governmental organisation
NMAP	National Mine Action Plan
NORAD	Norwegian Agency for Cooperation and Development
NOVIB	Netherlands Organisation for International Development and Cooperation
NPA	Norwegian People's Aid
NPV	net present value
OCHA	United Nations Department of Humanitarian Affairs
ODP	Office for Disaster Preparedness, Government of Afghanistan
OECD	Organisation for Economic Co-operation and Development
OMAR	Organisation for Mine Clearance and Afghan Rehabilitation
ONUMOZ	United Nations Operation in Mozambique
PEPAM	<i>Programa para Prevenção a Acidentes contra Minas</i>
PIC	Peace Implementation Council (Bosnia and Herzegovina)
PRIO	International Peace Research Institute, Oslo

QA	quality assurance
QC	quality control
QUANGO	quasi NGO
RENAMO	<i>Resistência Nacional Moçambicana</i> [Mozambique National Resistance]
RS	Republika Srpska
SA	South Africa
SAC	Survey Action Center
SADC	Southern African Development Community
SAG	Study Advisory Group
SARL	Sociedade Anónima de Responsabilidade Limitada
SASOL	Sasol-Petroleum Moçambique Lda
SCA	Swedish Committee for Afghanistan
SCS	Special Clearance Services
SDS	Special Dog Services
SEIS	Socio-economic impact study
SFOR	Stabilisation Force
SIMAA	Socio-economic Impact of Mine Action in Afghanistan
SKDM	German Company producing the Krohn Machine
SMA	Suspected Mined Area
SOP	Standing Operating Procedure
SWAAD	Sotu West Afghan Agency for Demining
TA	Transitional Authority (Afghanistan)
TQM	total quality management
UG ZOM	<i>Udruženje graana za zaštitu od mina</i> (Citizen's Association for Mine Protection, a local Bosnian NGO)
UK	United Kingdom
UN	United Nations
UNAMA	United Nations Assistance Mission for Afghanistan
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNMAS	United Nations Mine Action Service
UNOCHA	United Nations Office for the Coordination of Humanitarian Assistance to Afghanistan
UNOHAC	United Nations Office for the Coordination of Humanitarian Assistance (Mozambique)
UNOPS	United Nations Office for Project Services
US	United States of America
USAID	United States Agency for International Development
UXO	unexploded ordnance
VAT	value added tax
VTF	voluntary trust fund
WHO	World Health Organisation