



Role of Economics in Conflict Negotiation

Scope

Central and Eastern Europe

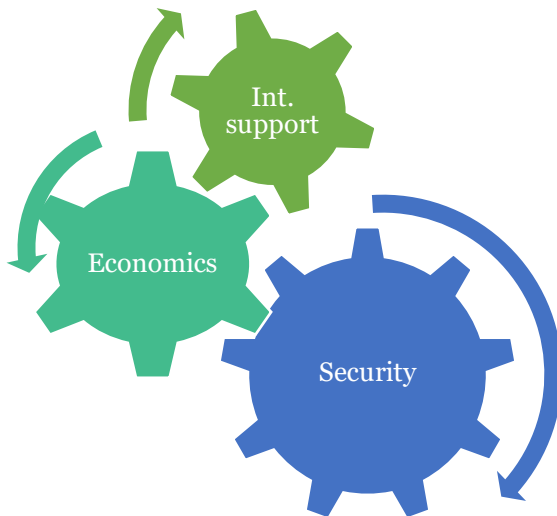
Kosovo (priority), Transnistria, Eastern Ukraine, Abkhazia, South Ossetia, Nagorno Karabakh

Solution

Change negotiation dynamics by presenting a clear vision on benefits of peace

- Identify future economic projects¹/policies that **‘grow the pie’** and are made possible by peace
- Pie needs be grown based on **catering to entrenched interests** and relevant stakeholders
- Use **clear and robust economic analysis**² that is understandable to policy makers, stakeholders and broader public on the benefits from identified projects
- Create a **clear vision on benefits of peace** supported by robust economic analysis

Dynamics improve when using all leverage points



Problem definition

Zero-sum game and deadlock

- There is an **absence of robust economic analysis** on benefits of peace in international conflict negotiations
- When negotiations address economic issues, focus is on gaining control of existing assets
- Focus on security issues and existing assets causes **‘slicing the pie’** negotiation dynamics
- This results in parties playing a zero-sum game and leads to deadlock

Use all leverage points

Security

- Security issues often sit higher on the priority ladder in negotiations. Nevertheless, clearly presenting the economic benefits of peace can favorably impact negotiation dynamics

Economics

- Forward looking strategic economic analysis can serve as an important leverage point but unfortunately it is largely absent from negotiations

International support

- Clearly identifying how international support can address security concerns and cultivate economic benefits of peace can be another positive leverage point



contact@veritasglobal.ch



www.veritasglobal.ch

¹ Identify projects of macroeconomic significance such as [A Georgian-Russian Pipeline](#). This particular idea may have been taken over by events, due to 2008 war and development of other infrastructure for oil and gas.

² Examples of clear economic analysis: [Impact of US ban on PEDs](#) or [Impact of Bali TFA](#)