Determinants of Fiscal Position Sustainability in Post-Conflict Countries

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Abstract:
Countries emerging from armed conflict face enormous challenges; peace settlement, institutions building, and sustainable economic recovery are among the prominent ones. Overcoming such challenges requires mobilizing massive funds to support various human, social, and economic interventions during reconstruction phase.

Given the shallow financial resources in war-torn economies, and the volatility and conditionality of aid funds, the need for external borrowing becomes pressing. It becomes crucial however to analyse the fiscal sustainability in post-conflict countries in early stages to avoid unsustainable fiscal position. Reaching such a position in post-conflict settings can jeopardize -in the medium to long-run- the gains of years of peace and development threatening a relapse into conflict.

I aim in my research to define the determinants affecting fiscal position sustainability in post-conflict countries. This includes analysing the potential role of growth distribution, debt level and composition, aid, trade terms ... etc. This will allow me to draw lessons for achieving sustainable economic recovery in post-conflict countries.