European Centre for Development Policy Management (ECDPM)

and Instituto de Estudos Estratégicos e Internacionais (IEEI)

Study

for the Portuguese Presidency of the EU

An Adequate EU Response Strategy
to address situations of fragility and difficult environments

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FINAL DRAFT

9 July 2007

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Executive Summary

The need to engage in fragile contexts

Since mid-1990s and particularly after the 11/9 events, state fragility and failure are having an increasing strategic importance and political relevance in world politics. The origin of this focus begins with efforts by countries such as Norway, Canada or Japan, together with UNDP, to reorient the focus and policies of international security away from states to persons, according to the concept of "human security". The "responsibility to protect" - stated by the UN High-Level Panel on Threats, Challenges and Changes - goes further in this direction.

The economic, security and development consequences (and costs) of state fragility and instability are huge, both at national, regional and global levels. This has led most donors to develop specific strategies to deal with the challenges posed by situations of fragility and difficult environments. However, these positive developments in theoretical thinking and policy orientations still contrasts with facts: fragile countries receive less aid than other countries in broadly similar circumstances; aid flows are more volatile (with donors making "stop-and-go" decisions); about half of the aid received is targeted to debt relief and humanitarian assistance (engagement is often reactive rather that preventive); and most aid tends to be concentrated in a restrict number of states – generally nations in post-conflict situations and/or considered strategically important for global security – while others are "aid orphans". Furthermore, in post-conflict settings, donors tend to decrease aid or starting to pull-out precisely when absorption capacity increases and aid could, therefore, become more effective. Non-transparent and inconsistent allocation criteria also exacerbate the problem for fragile states by making aid flows unpredictable.

It is currently acknowledged that the primary responsibility of avoiding failure lies in the country itself, namely in the ability and/or willingness of the country's leadership to prevent, absorb, manage and overcome potential or real crisis. However, it is also recognised that the international community can play an important role in reinforcing responsible and responsive local leadership and helping prevent the rising of instability and other fragility factors (such as poverty). There is a strong dilemma on the ways and level of engagement that donors should pursue; however, there is a growing consensus on the need to engage in a pro-active manner and at the earliest stages (with strong focus on preventive strategies). These can be combined, if necessary, with ad-hoc responses once the crisis has occurred. The need to engage can be supported at strategic level by several moral, legal, security and development arguments.

Dynamics and features of fragility: the need for adapted responses

Although each context is unique in its causes and problems, the general features of fragility are well-known. They include, amongst others, weak governance and institutional capacity; lack of authority, control over the territory and or monopoly of the use of force; poor/declining economic performance and uneven development; high corruption levels and lack of transparency; higher risk of political instability and violent conflict (conflict can be simultaneously an outcome of fragility and a driving factor of fragility); lack of a democratic culture; and the presence of regional linkages and implications (fragility can become highly contagious and have spill-over effects to neighbouring countries, affecting development and security). Fragility is neither homogeneous nor determined by state boundaries; therefore it can affect whole states, parts of states or entire regions; it can also affect some policy areas more than others.

It is also a dynamic concept (not a permanent condition or classification), which is often the outcome of an incremental process over a long period of time. The "conflict-cycle" terminology is misleading in a highly volatile environment, where countries face enormous simultaneous short-term needs and long-term challenges. The dynamics of conflict and fragility are discontinuous and, therefore, sequential approaches are far less effective than 'joined-up' strategies that combine all policy tools in a coherent package that includes political, security, humanitarian and development instruments. For the EU, one of the main motivations in using the concept of "fragility" is to identify the most difficult situations in order to increase EU attention and engagement, as well as being able to respond to their specific problems in a more integrated, timely and effective manner.

In sum, the context of fragile situations and difficult environments is substantially and qualitatively different from other developing countries in their characteristics and problems, with unique features that require adapted policy responses and approaches. The concept is broad and entails very different situations within the "fragility spectrum" (weak/fragile, failed and collapsed states), requiring for differentiated approaches. The difference between state's capacity/ability and willing/legitimacy issues is also important in order to distinguish between fragile states with weak capacity and difficult partnerships - unwilling states where there is a lack of political commitment -, with several policy implications on the donors' side.

This implies the existence of adequate assessment tools that are mainstreamed into donors' programming. The multiplicity of assessment tools results in different country typologies and huge disparities in country rankings among donors. While some of the existing tools already encompass a structured and multidimensional set of indicators that can lead to an improved quality of assessment (e.g. Clingendael, Foreign Policy Index), others have not been so rigorous in their methods, are incomplete by ignoring important causes of fragility, or in particular do not analyse performance over time.

At the EU level, the general impression is that there are no lack of assessment tools according to specific areas of concern – situations of fragility cutting across most of these - , but they are scattered and some seem to duplicate others. There is a need to revise existing assessment tools within the EC and the Council, refine them to make them more qualitative-oriented and channel some of these specific assessment tools into a comprehensive assessment and programming tool that can be a guiding one for both the CE and the MS and ideally, when possible, also shared by partner countries. The Country Strategy Papers, as well as the Regional Strategy Papers, although being a Commission tool for implementation of development policies, are done in collaboration with the MS, and are supposed to integrate all dimensions of external relations in a coherent framework and meant to guide political dialogue and policies in a given country/region. In reality, CSPs/RSPs often end up being just an assembling of different perspectives without a common guiding framework. Moreover, the quality of existing assessment tools and their results is very unequal. They are not always well-informed by partner countries perspectives/assessments and tend not to be shared among EU institutions, raising doubts over its validity and adequacy. Many EU tools could be merged into a single 'whole-of-CE' exercise, and feed into a 'whole-of-EU' exercise – the CSPs/RSPs being probably the tool with greatest potential to play that role -, for assessing root causes of fragility and potential conflict, but that presupposes several changes in terms of capacity and information-sharing within the EU.

State-building, governance and democracy

The main focus of the EU intervention should be to help national reformers to build legitimate, effective and resilient state institutions. However donors' approaches (including the EU) to fragility are questionable in many ways, particularly regarding democracy, governance and state-building. State-building is inherently difficult and it entails a long-term process (often with advances and setbacks), with no quick, visible or quantifiable results. Taking into consideration the programming timeframes, mandates and ways of operating (including the pressure for measurable results and visible impacts), external agencies face severe limitations in pursuing this goal. One of the main challenges for the EU is to find the right timing and sequencing of reforms that can contribute to state-building without fuelling social and political tensions or overloading the already weakened institutions. In this context, a sustained and consistent commitment of financial resources has to be ensured, with adaptations being determined by the evolving absorptive capacity of the partner government.

The use of political dialogue mechanisms is fundamental to create an opening for reform and an approach that goes beyond technical solutions, addressing political incentives and the institutions that really affect prospects for reform. It would be desirable that a special attention is also given to the partner country's own mechanisms (even at informal level), organisational and institutional culture, instead of pursuing a state-building model that is based exclusively in western institutions and often disregards the local dynamics.

Elections holding or the existence of "acceptable governance" is many times preferred by donors as conditionality; while other elements - such as government's commitment to invest in the well-being of its people - are often disregarded. One should distinguish between the normative connotations of democracy and the practical implications a democratisation process

may have for the human security and the livelihood of people in a given context. This implies that the EU main focus should be on democracy-building as a broad concept, through the promotion of a culture of democratic politics among a wide range of actors.

Strengths and weaknesses of EU policies and instruments

EU is rapidly gaining lot of experience in fragile situations, by engaging in specific activities – such as DDR, SRR, ESDP missions, development aid – in several geographic destinations. It benefits from a recently improved policy framework, including the European Consensus for Development, the EU-Africa Strategy, the EC Communications on Governance (2003 and 2006) and the European Security Strategy (2003), which provide for more comprehensive and objective political guidance. There is, nevertheless, a long path to effectively translate these commitments into practice.

Regarding fragile contexts in particular, it is positive that the EC is a major donor in these countries and usually pursues a long-term engagement. When it comes to the EU ability to play a more effective and positive role in helping affected states and societies to cope with and reverse the causes and effects of fragility, the issue is not so much whether the EU has the means and the necessary tools within the considerable possibilities available to EU institutions and MS, but rather how these wide-range of policies and various instruments inter-relate and mingle to make a coherent, needs-based and well-informed strategy and a clearly guided policy; and how best can they be optimised and adapted to fit the specific requirements of complex and often volatile and unpredictable situations, where a continuous reassessment of the situation and impact of on-going policies and approaches may be needed.

EU policies and financial instruments for external action have been in the last few years the subject of reforms. There are on-going efforts to improve linkages between these policies and instruments, make them more flexible, conflict-sensitive, development-friendly, needs-based and integrated in holistic and comprehensive strategies. Progress has been achieved, namely within the EC (increased volume of aid, quicker disbursement rates, and better quality of assistance).

The EU has adopted a significant reform of its financial instruments for external action that should allow for greater flexibility and a more rapid funding decision response, thanks to a simplified political and administrative structure. In this context, the Instrument for Stability (IfS) and the geographic instruments DCI and EDF are particularly important to address fragile contexts. The IfS has, however, been criticised for not responding to the need of a coherent, consistent, rapid and effective response by the EU to crisis, creating further confusion between development and security objectives and funding, as well as between humanitarian and development mandates. Many questions remain as to how this new instrument will operate, regarding namely the prioritisation of its funding, how demand driven will be the interventions it finances and how will it connect with/complement other (CFSP, EDF and community) financial instruments. On the other hand, EDF does actually provide an integrated framework for funding development and security–related activities (but no military cost can be covered): it funded/funds activities like DDR, SALW, SSR, rule of law, policy planning, mediation, early-warning, electoral observation, peace processes and capacity-building in most of these areas, as well as the African Peace Facility. Legal constraints have limited DCI and other regional instruments possible role in conflict prevention and in addressing some relevant problems in situations of fragility. In fact, the CE and the Council are currently in legal battles about matters of competence and who could do best in what. Hopefully a common external service could also provide some answers to these, but the essential work is much deeper.

Development policies are having to link increasingly with ESDP missions (civilian and military crisis management) – and vice-versa - , particularly in situations where cross-cutting issues (e.g. human rights, rule of law) and activities (e.g. DDR, SSR) are likely to be as important (or even more so) as traditional areas of EU foreign policy engagement. The EU has also been supporting several international initiatives aimed at controlling and regulating activities that have impact on security and conflict, such as the Kimberley process (diamonds), FLEGT (timber and forests) or EITI (extractive industries transparency). However, much of the EU latest efforts have been focused in the need to better respond and address situations of crisis and post-crisis, while working effectively and timely at the preventive level remains probably still the major weakness. There is also still much controversy on the coherence of other EU policies in relation to development, such as trade or migration policies.

Beyond the fundamental question of political will, there are several institutional and operational constrains at EU level, including limitations of EU instruments, internal organisation and decision-making processes, capacity and ability to fully respond to the specific needs and requirements of upstream and preventive policies. Some of the acknowledged obstacles to greater policy coherence and coordination within the EU derive from the institutional set up that define the roles and competences of each EU organ, resulting in differences of views and priorities in-between the various services within the Commission and in a recognised institutional disconnect between the EC and the Council. The programming process entails several limitations: programming appears sometimes as if disconnected from the strategic planning, and effective practice does not always reflect either what was programmed. Factors that further undermine flexibility and effectiveness include poor local and national ownership of the process and outcome of the programming exercise, as well as poor mainstreaming of cross-cutting issues, lessons learned and impact assessments to programming. Addressing the shortcomings of effective programming of transitional policies and issues (e.g. LRRD) and moving towards integrated approaches that take into account MS and other donors' programmes are difficult tasks, but should remain the main goals of programming exercises in fragile contexts.

Among the multiplicity of available instruments, political dialogue is a determinant preventive and long-term tool for EU external action and it is a good 'sensor' of a country situation, possibly allowing for the identification of positive and negative trends. Although it has been neglected in the past, the EU investment in its capacity to engage more effectively in political dialogue – namely by trying to make it a more flexible and multi-actor exercise - is seen as a positive aspect. Some of the ways to improve political dialogue mechanisms entail an increased support to other partners role and efforts (e.g. regional organisations, AU), and the empowerment of those EU/EC institutional actors best placed to engage effectively in dialogue on the ground (e.g. Special Representatives, double-hatted Delegation Heads).

Working with several actors

The EU has a wide-range of actors it works with in the design and implementation of its policies, but with whom it also engages in its decision-making process. Beyond engaging with States and State institutions – these are EU 'natural' and primary counterpart -, the EU also works with local administrations (decentralised state actors) and local and international NSAs as well (NGOs, community-based organisations, private sector, media, etc.) and can engage in dialogue with these actors.

Non-state actors provide one of the possible entry points to engage in cooperation and support to key areas in development, as well as in governance and, justice and security in countries where State institutions are basically non-functioning or have collapsed, and/or in unwilling countries where political dialogue and official cooperation are reduced to a minimum or halted. This is a proven comparative advantage of the EU with regard to other institutional donors. Beyond the 2005 revision of the Cotonou Agreement – which provides new opportunities by facilitating direct access of NSAs to indicative programme resources – the new financial instruments such as the DCI and the Instrument for Stability also intend to increase NSAs participation. In conflict prevention and crisis management the EU is increasingly engaging in partnerships with these actors. It is, however, important to stress that cooperation with NSAs and supporting their capacity is not meant as an alternative to governments but rather aiming at critical complementarity to State action and role. Ideally, building capacity in situations of fragility ought to encompass a critical engagement with both State and NSAs and in promoting constructive partnerships between these actors.

Regional organisations are also an increasingly important partner for the EU, from political dialogue to the definition and implementation of strategic approaches to address issues of common interest and shared priorities. Whether it regards dealing with crisis situations or governance in fragile countries, many regional organisations – particularly in Africa - are developing mechanisms and strategies to address structural problems and trying to develop capacities to address short and long-term needs, including early warning, crisis management and peacebuilding. In fact, much of what African leaders expect from EU players is related to respect, complement and support the work AU and the regional organisations are already doing to engage with fragile neighbours. Beyond all the positive on-going support activities (such as institutional capacity-building, the African Peace Facility, support to the establishment of early

warning systems, and others), the idea of the EU working with regional neighbours to engage together with a country in situation of fragility could become a corner stone of EU policy on this issue. Conflict prevention is also still a weaker dimension in pan-African action (comparing to reactive measures) and the EU can play a major role on this area, namely by the reinforcement of Africa governance initiatives and African owned human rights and democracy-building efforts.

Coordination and Division of Labour

Uncoordinated and incoherent interventions are particularly damaging in fragile contexts, as they can exacerbate tensions or undermine state-building efforts. These countries are especially vulnerable to donor fragmentation and its potential burden on government capacity, since they are also less capable of leading donor coordination themselves. The EU needs to work both with Member States and with other international partners to develop common approaches and operating principles in fragile states, in particular through efforts to improve coordination and division of labour with organisations leading peace-building efforts, such as the United Nations and regional institutions.

There are also some recent positive developments on EU-MS coordination. The EU increasingly funds projects led my MS, identification of training requirements for civilian crisis management operations, or several attempts of joint programming with MS that have a strong presence and interest in a given country. The "EU Code of Conduct on Complementary and Division of Labour in Development Policy" (May 2007) calls for an optimal division of labour in which the number of EU donors present in a country and/or across sectors are reduced and rationalised. If this is a huge challenge on sectors (since some sectors are usually more appealing donors than others – e.g. health and education versus environment, culture, etc), it is even more difficult relating to geographic rationalisation, since it is linked to bilateral foreign policy interests. In fact, some MS have already started to rationalise their foreign presence, such as the UK or Sweden, but this is mainly due to political and foreign policy priorities, more than to complementarity reasons. The progress on EU donor coordination is still too slow and some MS perceive it as EU process interfering in national policymaking. Division of labour may lead to reduced visibility or loss of opportunities and, therefore, needs to be addressed carefully. In sum, expectations may need to be downgraded on this issue, because it depends always on MS willing of fulfilling the gaps on a voluntary basis.

Beyond the coordination within the EU (with MS bilateral policies, analysed in 2.3.4), the question on how multilateral organisations as the World Bank, Regional Development Banks, UNDP and the EU will harmonize their approaches respectively to come to a functionally convincing division of labour with regard to fragile state is one of the toughest challenges on the donor side. Multilateral development banks seem to start to deal with this issue in a more serious way than before, and the EU should also work on this basis in a more systematic way. A good point to start would be to analyse where concrete comparative advantages of the EU are located in order to advance a division of labour among multilaterals.

The EU-UN coordination is certainly a major priority. The EU is strongly engaged in contributing for reforming the system of collective security and peacebuilding in the UN, including the creation of the Human Rights Council and the Peacebuilding Commission, both of which have required the EU to adapt to the new institutional set-ups of these fledgling UN bodies. One of the serious limitations at global level is still the lack of an international common peacebuilding framework that can guide multiple external and internal actors; therefore, this can also be an important theme for EU-UN cooperation in the near future. Some recent examples of EU-UN coordination include regular meetings of the EU-UN Steering Committee on Crisis Management, as well as the "desk-to-desk dialogue in conflict prevention with integrated UN teams; assessment teams and stand-by arrangements to elaborate joint post-conflict and post-disaster needs assessments; complementary actions in the field of peace operations (Bosnia-Herzegovina, DRC, AU in Darfur, Kosovo-UNMIK); and a strong partnership to support SSR, DDR and other peacebuilding tasks in several countries.

Most of EU-UN cooperation takes place in the fields of crisis management and post-conflict activities; however in fragile states conflict prevention and addressing the causes of fragility at the earliest stages is crucial. This necessity is even stronger, since the EU and UN are both supporting the reinforcement of African capabilities, mainly through the AU and RCOs, having also engaged in tripartite cooperation in peace-support operations. The focus on prevention

implies that EU and UN further engage in other levels of coordination, namely by enhancing political/diplomatic coordination and trying to invest, whenever possible, on a clear single voice. One of the major challenges is also how to translate the ongoing dialogue at strategic level in a stronger cooperation on the ground, particularly on long-term development actions.

Policy Coherence and the Security-Development nexus

EU is very far of having a Whole-of-EU approach. Work is underway within the EU to achieve greater policy coherence for development in 12 policy areas that impact on the achievement of the MDGs, including among others security, climate change, trade, migration, and energy, all in relation to development. However, there are several obstacles to this process, such as the lack of adequate political support, the lack of clarity on the mechanisms' precise mandates on PCD; insufficient information and in-depth knowledge, and the lack of resources, capacity and specialised skills in arguing complex cases in different disciplines.

The study argues that the EU should select the most relevant policy coherence areas in fragile situations and difficult environments (e.g. security, trade or migration, are clearly more relevant than "transport" or "information society") and invest in stronger linkages among these selected areas. The need to better link security and development actions is acknowledged in these countries. The focus on human security, which pursues both "freedom from fear" (the goal of public safety) and "freedom from want" (the goal of human development), can be very useful in developing an EU strategic approach.

There are conflicting perspectives on what ought to be the priority areas for international support in situations of fragility, including post-conflict. Security is very often felt by locals as being the major problem and restoring law and order the most pressing priority to be addressed in order to allow for progress in other policy areas. On the other hand, it is also acknowledged that focusing on immediate security only does not contribute to long-term security and stability, and that there is a need to focus on economic and political governance to upheld the benefits of tackling immediate security problems. The objective would be to inform a more constructive approach towards development and security communities working together. At operational level, however, linking the two perspectives is particularly difficult due to institutional constrains (the pillar structure), to discrepancy of mandates, variance in time horizons and missions' frameworks (military and security interventions tend to focus on short-term actions and limited timeframes while development is regarded as a long-term quest); and to the suspicion with which some parts of the development and security community regard each other. Therefore, little progress has been made towards proper integration and complementarity of military and development objectives and methods within EU strategies and actions.

There is, nevertheless, space for improving these linkages: namely, by promoting a more integrated and common understanding of how security and development work together through a set of guidelines at EU level; by improving communication and information, by deploying and training of a new generation of staff who has an holistic understanding of the new range of developmental and security challenges confronting these countries and the international community's responses. The adoption of comprehensive strategies for EU external action in certain regions (such as the EU Strategy for Africa) or joint concepts in specific areas (SSR, DDR) have a major potential to increase the links between security and development, provided that the gaps between the strategies and programming and between policy design and practice are reduced.

Within EU Member States, it is also possible to promote the inclusion of security within the global development agenda of all their major ministries, building on the experience of those who are already doing it (e.g. United Kingdom, The Netherlands, Nordic countries).

Introduction

In the last few years there has been an increasing production of literature on the issue of the so-called "fragile states" and a number of donors have developed, or are in the process of developing, strategies on how best to address the challenges posed by those countries.

The High Level Review of the Millennium Goals and the UN Secretary-General Report *In Larger Freedom: Towards Development, Security and Human Rights for All* (September 2005) reiterate the inextricable links between development and security and recognise that development's role in building capable states is an indispensable foundation of a new collective security. Many key multilateral institutions, including the UN, OSCE, OECD and World Bank, as well as certain bilateral donors (such as the US or the UK) have developed theoretical thinking and practical approaches to engage in fragile countries. Namely, several *Principles for good international engagement in fragile states and situations* were approved by the DAC/OECD, following discussions at the Senior Level Forum on Development Effectiveness in Fragile States, and tested in ten country pilot case-studies. The long-term vision for this international engagement is to help national reformers to build legitimate, effective and resilient state institutions. Progress towards this goal requires joined-up and coherent action within and among governments and organisations, including a more coordinated and integrated approach between donors.

These multiple on-going debates highlight on the one hand a common perception that there are some key elements (e.g. security, governance) that need to be taken into account for long-term development and stability. On the other hand, they also highlight the differences regarding perceptions on this concept and which indicators of 'fragility' should inform it, as well as their significance and impact. Moreover, some of the existing strategies are mainly focused on different types of difficulties and constrains in addressing state fragility from an external perspective, which establishes donor-driven approaches, more than reflects the specific problems and priorities of each situation.

At EU level, important progress has been made in the last decade concerning the establishment of a conflict prevention, management and resolution policy, as well as the mobilization of its financial, political and trade instruments in that regard. The dangerous circle between state failure, conflict, regional instability, terrorism and organized crime has been underlined in the *European Security Strategy*, adopted in December 2003, which further committed the EU to the active pursuit of the full spectrum of instruments of crisis management and conflict prevention, including development assistance, especially with regard to failed states. State failure is recognised as one of the five key threats facing Europe, since these countries are a breeding ground for organised crime with spill-over effects that have a direct impact on the EU – for example through refugee flows and the illicit trafficking of people, drugs and weapons. Furthermore, state failure also undermines the EU objective of poverty reduction and the achievement of the Millennium Development Goals, the promotion of human rights, conflict prevention, increasing trade and investment, amongst others.

These concerns are strongly embedded in the *European Consensus* and in the *EU Strategy for Africa* adopted by the December 2005 European Council, as well in the October 2006 GAERC Conclusions on "Governance on the European Consensus for the Development" – which have *inter alia*, called for an **improved EU response to difficult partnerships and fragile states**, and for the need to address the prevention of state fragility through coherent, complementary and harmonised approaches adapted to each country situation and building on previous experiences.

However, despite the important progress that has been made in theoretical approaches and thinking, the causes of state failure are still overlooked in donor policies, namely within the EU. In particular, there is a need to identify and carry out policies designed to consolidate state structures and state capacity to correspond to its primary responsibilities. Several civil society organisations have been pushing policy makers at EU level to engage in further efforts to

putting policy into action, including through a more coherent and active approach towards particularly fragile situations.

While taking into account the thinking and practice that has been developed in international forums on this issue and the stocktaking exercise that is on-going in various organisations (e.g. WB, DAC-OECD) this study takes the specific political context of the Portuguese Presidency as an opportunity and a catalyser for a renewed thinking on the issue of state fragility. Accordingly to the **18-Month Programme on Development Policy of the EU Presidencies of Germany, Portugal and Slovenia (January 2007 – June 2008),** "the three Presidencies will, furthermore, examine whether to possibly conduct a study on an appropriate EU strategy on crisis prevention and fragile states, with special reference to the situation of women and children in armed conflict and the general issue of poor governance". It is also stated that it is an **individual priority of the Portuguese Presidency** to promote the debate on the EU approach and response to fragile states, considering the significant potential and responsibility of the EU as a major development partner.

The political momentum of the Joint Development and Defence Council will largely coincide with the EU-Africa Summit planned for early December in Lisbon. The issue of fragile countries that will be discussed at the Joint Council is also part of the ongoing debate on a EU-Africa Joint Strategy expected to be adopted at the Lisbon Summit, and has illustrated differences of perception and understanding of what does this concept stands for and why has it been 'adopted' by Europe while in Africa it is perceived rather negatively, illustrating the gap between donors and recipients in the donor driven general debate on "fragile states". Yet, both donor and recipients agree on the fundamental link between security and development and on state-building[1] as a fundamental issue to promote peace consolidation, good governance and sustainable development. Therefore, the study is focused in three different, but complementary **dimensions**, where literature reviews indicate that further thinking is still required:

(i) the gap between policy thinking/design and practical implementation

(ii) the internal EU dimension: a common European understanding of the concept and what does 'working effectively in fragile states' entails (policy coherence, intra and inter-institutional coordination, including MS national policies and approaches, with a particular emphasis in the security/development nexus).

(iii) The dialogue dimension: what needs to be improved in the dialogue with recipient countries and organisations like the AU on the issue of 'fragile states'? What dialogue on 'home-grown' understanding of the essential underlying problems of 'state fragility' and how to best address these problems in order to prevent conflict and state failure?

The study is deliberately focused on political and strategic issues, more than on specific technical aspects. The overall **objective** is to explore how to improve the EU approach and response to crisis prevention and situations of fragility, taking into account lessons learned and the discussions within the OECD-DAC on the principles for good international engagement with fragile states. The central aim is to build an overall strategy and direction that can refine the existing policy instruments and include different policy areas**.** The study outlines why and how a coherent EU strategy for engaging in states considered 'fragile' from a conflict prevention and/or peace-building perspective should be developed, focusing on the causes and structural problems that affect these states, as well as on their immediate and long-term needs and priorities. Operationally, the study will be a contribution for an EC Communication to be presented shortly and for the debate in the informal meeting of Development Ministers in September and in the November GAERC.

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[1] The study is based in a broad and comprehensive concept of "*state*", which is neither opposite to "society" or synonymous of "government" and "public administration". Given the role that many social groups have in in the development of public policy and the extensive connections between state bureaucracies and other institutions, it has become increasingly difficult to identify the boundaries of the state The concept used in this study refers not only to instruments of political power, but to the ensemble of all social structures that function to produce collectively binding decisions in a society (including the political regime**,** political parties, and various sorts policy-networks and organisations. Likewise, statebuilding is not limited state-state approaches and can only be done by effective engagement with civil society. In other parts of the study, "state" can also be used interchangeably with "country" (an organized political community occupying a definite territory, having an organized government, and possessing internal and external sovereignty).

The study is divided in **three parts**. Part I provides for a conceptual framework that intends to clarify the concept of fragility from an European perspective, to define the main characteristics and degrees of state fragility and failure, and to address some of the key challenges that face donors' approaches in these countries. It also identifies the main findings resulting of donors' approaches. The fundamental lessons for an EU approach are mentioned in each sub-chapter.

Part II aims at drawing an EU response strategy to address fragility, focusing on the available instruments and range of policies that can be used across pillars; major accomplishments and limitations of the EU approach and past response to address state fragility; and issues of policy coherence (linkages between the various policies and instruments, in particular the development / security nexus). This part identifies the opportunities for a European approach to promote structural stability, provided by the dialogue processes the EU is engaged upon, namely the EU-Africa Joint Strategy, and by the EU range of available policy instruments and structures (including the EU 'whole-of-government/organisation' instruments, such as governance profiles, DDR and SSR concepts, forthcoming concept on humanitarian action in conflict and post-conflict situations, regional strategies), in order achieve a more coherent and effective response.

Finally, the study provides for some key conclusions and recommendations for an adequate EU response strategy (Part III) that can also be shared and supported by partner countries/organisations/actors concerned to address fragility and promote structural stability, regarding in particular the security/development/governance nexus of EU external policy and action.

PART I: Donors' Engagement in situations of fragility: Conceptual Issues, Challenges and Findings

1.1. CONCEPTUAL FRAMEWORK

1.1.1. The term "Fragile State"

The concept of "fragile states" is not consensual among donors and partner countries, neither in the terminology nor in contents. The denominations have been varied and encompass a number of partially overlapping, yet analytically distinct concepts regarding vulnerability: difficult aid partners or environments (OECD), fragile, failing or failed states (US), Low Income Countries Under Stress – LICUS (World Bank), poor-performing countries or weak performers (AUSAid, Asian Development Bank), countries at risk of instability (UK). Other terms that emphasize particular elements or degree of state fragility include warlord states, shadow states, neo-patrimonial states, and quasi-states.

However, "fragile states" or "state fragility" is emerging as the prevailing denomination in the last few years – the World Bank as issued several papers on fragile states; OECD has approved the principles for international engagement in fragile states and situations; DFID has adopted this terminology in most of its thinking; the US has approved an USAID Strategy for fragile states and the African Development Bank has recently issued a Proposal for Enhancing Bank Group Assistance to Fragile States in Africa (November 2006). The draft Joint EU-Africa Strategy endorsed by the 8th EU - Africa Ministerial Troika Meeting in 15th May 2007 also decides to "start a dialogue on the concept of fragility of states aimed at reaching a common understanding and agreeing on steps that could be taken"2

For the international community in general, the concept represents a coming together of four distinct communities – the humanitarian, human rights, development (development banks and donors) and security – but it means very different things to each of these communities, undermining the dialogue on approaches and responses.

Table 1: **Selected Definitions of "Fragile States"**

"Countries where there is a lack of political commitment and insufficient capacity to develop and implement pro-poor policies" (OECD)[3]. Also countries "unable to provide physical security, legitimate political institutions, sound economic management and social services for the benefit of its population"[4]

The ones in which "the government cannot or will not deliver core functions to the majority of its people, including the poor" (DFID)[5]

Failed and failing states are "characterised by a gradual collapse of state structures and a lack of good governance" (Germany)[6]

Countries that "are facing particularly severe development challenges such as weak governance, limited administrative capacity, violence, or the legacy of conflict" (World Bank)[7]

"State fragility is defined as the extent to which a state can or cannot provide the basic functions of governance to its population" (CIDA)[8].

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[2] *Outline for the Joint EU-Africa Strategy.* Endorsed by the EU-Africa Ministerial Troika Meeting, 15th May 2007

[3] OECD-DAC, *Senior Level Forum on Development Effectiveness in Fragile States,* London, 13-14 January 2005.

[4] OECD, "Whole-of-Government Approaches to fragile states", 2006

[5] DfID, *Why We Need to Work More Effectively in Fragile States*, DfID (January 2005).

[6] German Federal Government, *Action Plan: 'Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building* (2004). The recent German BMZ strategy (2007) establishes a new concept that highlights the often encountered connection between state fragility and bad governance. BMZ KonZepte 149, "*Development-Oriented Transformation in Conditions of Fragile Statehood and poor Government Performance".*

[7] World Bank, *Millennium Development Goals, Confronting the Challenges of Gender Equality and Fragile States.* Global Monitoring Report 2007, Washington.

[8] CIFP (2006); *Failed and Fragile States 2006: A Brief Note for the Canadian Government.* Country Indicators for Foreign Policy, November.

For partner countries, there is a negative reaction to the concept in Africa and elsewhere, which has also prompted attempts by other donors, namely the EU, to avoid the 'fragile states' terminology and emphasize the structural problems that affect most of these states by using the terminology 'state fragility' or 'difficult environments'. That has not, however, managed to fully dissipate the 'mistrust' with which some European partners in Africa perceive the debate in Europe and elsewhere. It has been acknowledged in the DAC pilot exercise on implementation of the Principles for Good International Engagement in Fragile States and Situations that many governments perceive a negative connotation in the terminology and this has proved to be an obstacle to their engagement in the exercise[9]. New policy frameworks, such as the Joint EU-Africa Strategy provides an opportunity for that or at least a first step to dismiss misunderstandings.

Much of this concern is however, focused in formal issues, more than in contents. First, it is feared that the consequences of labelling a state as "fragile" can result in a stigmatisation which discourages private investment and other foreign influxes of resources, paradoxically condemning these countries to chronic instability and vulnerability. Furthermore, the fact that most of these countries are in Africa can also lead to stereotypes in relation to the development perspectives in African countries and regions. Secondly, the term has been criticised for being too broad, unspecific and donor-centric, not taking into account the different causes and unique problems of individual countries. Finally, the concepts of fragile and failed states are associated primarily with the US national security doctrine after September 11 and the assumed right to intervene "pre-emptively", which does not reflect most of the developing countries concerns and priorities.

However, some donor approaches and most partner countries that can be classified as "fragile" tend to agree on central issues:

- Both stress the importance of peacebuilding and statebuilding as fundamental to development;

- Both generally agree that durable exit from poverty and insecurity for the world's most fragile countries will need to be driven by their own leadership and people and that the long-term vision for international engagement in fragile situations is to help national reformers to build legitimate, effective and resilient state institutions.

- Both acknowledge that progress towards this goal requires joined-up and coherent action within and among governments and organisations.

1.1.2. The fragility spectrum

There is general consensus over the existence of a fragility spectrum which includes **different degrees of vulnerability and instability risks**. In fact, the concept is broad and most lists include countries that are hardly comparable: countries that have low development indexes and suffer from weak state structures (e.g. Mozambique, Nigeria, East-Timor), countries that are in conflict (e.g. Sudan, Nepal) or in post-conflict phases (e.g. Sierra Leone, Liberia, DRC), countries that are particularly vulnerable to natural catastrophes that contribute to their fragility (e.g. Indonesia), countries that have strong capacity but are unresponsive to their populations' needs (e.g. Angola, Zimbabwe), to countries that are in a more advanced stage of fragility in which state structures have literally collapsed (e.g. Afghanistan, Somalia). State collapse is a much rarer phenomenon than fragility and it refers to a particular situation where the state has entirely ceased to function, no longer holds a monopoly over coercive instruments and has lost control over considerable parts of its territory; therefore the government looses its legitimacy, both nationally and internationally[10].

Donors differ in the terminology used to classify these fragility degrees. For instance, the USAID Strategy distinguishes between countries that are Vulnerable States (unable or unwilling to adequately assure the provision of security and basic services to significant portions of their populations and where the legitimacy of the government is in question) and those that are already Crises States (where the central government does not exert effective control over its

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[9] See the Suplementary note to and the Synthesis Report of DAC pilot exercise , Feb.07 and Oct.2006, respectively.
[10] François, M.; Sud, I. (2006); *Promoting Stability and Development in Fragile and Failed States*. Development Policy Review, 24(2), pp.141-160

own territory or is unable or unwilling to assure the provision of vital services to significant parts of its territory, where legitimacy of the government is weak on nonexistent, and where violent conflict is a reality or a great risk). It considers that "it is more important to understand how far and quickly a country is moving from or toward stability than it is to categorize a state as failed or not"[11].

Most donors tend to adopt a common scale of fragility, **from strong to weak/fragile, failed and collapsed states**:

- *Strong* states are generally those that are in control of territory and boundaries, willing and able to deliver a full range of public goods to their citizens.

- *Weak or fragile* states tend to have limited governance capacity, suffer from economic stagnation and /or inability to ensure full security of their borders and domestic territory, having also difficulties in proving for the basic social services to their populations.

- *Failed* states, which represent a higher degree of vulnerability, are characterised by economic collapse, humanitarian crises and/or conflict. In theses cases, government authority, legitimacy and capacity no longer extends throughout the state, but instead is limited either to specific regions or social groups.

- *Collapsed* states are those in which the central government no longer exists, lacking state authority, legitimacy and capacity.

The OECD identifies differentiated constrains and opportunities in several types of fragile situations; it distinguishes among countries that are facing deteriorating governance, those in post-conflict or political transition, those currently in conflict or crisis, and those transiting from fragility. A similar range is adopted by the World Bank and the African Development Bank. (*please see Table A.1 in Annex A*)

Many donors distinguish between the **state's capacity/ability** and **willing/legitimacy issues**. For instance, the USAID analytical framework for fragile countries establishes a matrix that combines effectiveness and legitimacy, which identifies 4 types of states: Stable states, Low Legitimacy /High Effectiveness States, High Legitimacy /Low Effectiveness States and Highly Vulnerable States. The WB also points out that there is a major difference between states that are willing to promote growth and reduce poverty but are unable to do so for a variety of reasons (such as a lack of territorial control, political cohesion, and administrative capacity) and other that may be unwilling to take necessary actions because they are not substantively committed to overall poverty reduction, or they may promote poverty reduction while excluding certain social or geographical groups[12].

In the same context, DFID distinguishes between weak capacity and lack of political will, dividing countries in these two categories in relation to four broad elements: state authority for safety and security, effective political power, economic management and administrative capacity to deliver services. The final classification includes (i) "*good performers* with capacity and political will to sustain a development partnership with the international community; (ii) *weak but willing* states with limited capacity; (iii) *strong but unresponsive* states that may be repressive; and (iv) *weak-weak* states where both political will and institutional capacity pose serious challenges to development"[13]. (*Please see Table A.2 in Annex A*).

1.1.3. Common Elements to definitions

A) One element that appears in all definitions is that this type of state (whether you call it fragile, weak, poor-performer, failed or other) is **substantially and qualitatively different** from other developing countries in their characteristics and problems, with unique features that require new policy responses and approaches. In other words, "business as usual" does not work; the way that development, security and diplomatic instruments are used proved to be incoherent or insufficient to reach the final common goal: to stabilise and rehabilitate these states, promoting structural stability.

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[11] USAID (2005); *Fragile States Strategy*.
[12] *WB Global Monitoring Report*, p. 46.
[13] DFID, *Why we nee to work more effectively in fragile states*, p. 8.

B) Common to most concepts and approaches to address situations of fragility is the mutually **reinforcing nature of poverty and state failure**, since weak governments tend to be associated with poor governance and difficulties in providing for the basic means of survival for their populations. In these contexts, the desperately poor are forced to engage in illicit activities in order to survive – such as drug production or trafficking, criminal activities – and tend to be more permeable to criminal or terrorist networks[14].

C) Other common element is the issue being incapable or unwilling to deliver **core functions of the state** to the majority of the population. These functions include, amongst others, territorial control, safety and security, public resources management, and the delivery of basic social services (such as health and education).

D) Although there is not a cause-effect relation between fragility and conflict, most definitions highlight the fact that state fragility usually means **higher risk of instability**, and therefore, can be related to violent conflicts. (See Causes and Features)

E) There are also some other basic elements that need to be stressed in the concept of state fragility, which are currently consensual among donors:

> * Fragility is dynamic concept: a **status**, not a permanent condition or classification. For instance, Vietnam, Mozambique or Uganda have graduated from fragile state status, while other countries experienced a deterioration of their capacities in result of violent conflicts or other factors (e.g. Ivory Coast). For instance, as CPIA ratings change, countries move in and out of the WB list of fragile states.
>
> * Geographically, it is a **widespread** phenomenon: while most typologies present about half of the so-called "fragile countries" in the African continent, it can be observed in many countries of Latin America (Colombia, Haiti), Central Asia and East and Southeast Asia (Philippines, Indonesia, Cambodia, Nepal, Sri Lanka). Especially, when one is not only concerned about state failure but with state fragility in a broader sense, all developing regions face severe challenges.
>
> * There is **no simple causal process** and each case is the unique outcome of a set of complex chains of events and interactions.
>
> * Fragility is **neither homogenous nor determined by state boundaries**; therefore it can affect whole states, parts of states or entire regions; it can also affect some policy areas more than others.
>
> * Fragility and failure are often the **outcome of an incremental process** over a long period of time; therefore one of the main motivations in using the concept is to be able to focus on prevention and address the fragility factors at the earliest stages.

1. These common elements have to be incorporated by the EU in a working definition of "fragile states". Because of the above mentioned reasons, the terminology utilised should refer to "situations of fragility and difficult environments", rather than using the label of "fragile states". A suggested definition can be "Situations of fragility and difficult environments are those where the state is unable and/or unwilling to deliver core functions to the majority of its people, including security and basic public services, and where the mechanisms within the political system to manage change without resort to violence are insufficient or inadequate, therefore entailing a higher risk of instability".

2. It would be desirable the EU stresses that: the utility of the concept and for drawing a specific strategy for fragile situations is not to put a label on these countries that entails a risk of disengagement. It is exactly the contrary - to identify the most difficult situations in order to increase EU attention and engagement, as well as to be able to respond to their specific

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[14] Studies show that a country with a GDP per capita of US$250 has a 15% probability of becoming a warzone, whereas in a country with US$5000 the probability is less than 1%. In Collier, Paul and Anke Hoeffler (2002) "*On the Incidence of Civil War in Africa*" Journal of Conflict Resolution.

problems in a timely and more effective manner. The concept is used because disengagement and lack of attention is a problem in these situations, and therefore the EU added value is to engage more and do better in these situations.

3. The EU approach towards situations of fragility should acknowledge the existence of a fragility spectrum that requires for differentiated responses, and distinguish between situations where lack of political commitment (difficult environments) or weak capacity (situations of fragility), or both. It shall also recognise the reinforcing nature of poverty and state fragility, as well the higher risk of instability and conflict entailed by fragile situations.

4. In order to promote participation and ownership, it would be desirable that the EU also starts a dialogue with partner countries on the concept of fragility, aimed at reaching a common understanding and possibly adopting a consensual terminology that would imply no 'stigma' or 'blame' and agreeing on steps that could be taken. The EU Strategy towards situations of fragility and difficult environments shall be based primarily in what partner countries and regions are doing to address its fragility, moving from a donor-driven western perspective to a more joint agenda and process (e.g. Africa existing mechanisms such as the Africa Peer Review Mechanism - APRM[15], etc)

1.1.4. Assessment Tools

In defining policies and approaches towards situations of fragility, organisations have used not only different terms, but also different criteria. Therefore, there is **no uniformity** in country classifications proposed by donors, think thanks or academic institutions.

There is, however, a widespread consensus among donors on the **necessity of improving the analysis on the causes and manifestation of fragility**. Most of these tools are being developed individually by each donor agency and differ in their methodology and results. Some attempts have not been rigorous in their methods – combining subjective and objective indicators in ways that obscure reality and lead to unhelpful blanket rankings of countries - and in particular have not analysed performance over time.

The main approaches as summarised in *Annex 1*[16]. The WB Country Policy and Institutional Assessment (CPIA) remains one of the main proxies for most donors' classifications of fragile countries: for instance, OECD and DFID consider that the countries that appear in the bottom two quintiles of the CPIA ratings can be considered fragile. However, the WB approach excludes explicitly political variables (such as political instability, susceptibility to conflict and others) and puts major emphasis on assessments of policy performance[17].

There are also a number of assessment tools developed specifically to assess conflict situations - such as the Conflict-related Development Analysis (CDA) of the UNDPs bureau for Crisis Prevention and Recovery, or Germany Conflict Analysis and Project Planning and Management tool - or to assess humanitarian crisis - such as the UNOCHA Early Warning Indicators Methodology -, but not specifically state fragility. This is much broader and must include **multidimensional aspects** – economic/development, social, and political/governance.

The tendency is, therefore, to create broader typologies. Many of these (including DFID, Clingendael and Foreign Policy Fragile States Index) are based in an integrated approach developed by the **Forum on Early Warning and Early Response** (FEWER). This network worked in partnership with research organisations and NGOs at the conflict prevention level and promoted a comprehensive framework that **combined risk assessment and early warning**. This has become the basis of several methodological frameworks, which rely on multiple sources of data and a variety of analytical approaches. These frameworks also provide for an

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[15] The APRM is an initiative of the African Union and its programme NEPAD, which consists in a voluntary process for auditing and reviewing a country's political, economic and corporate governance, resulting in detailed assessment reports.

[16] For more information on this issue, see: Macrae et al (2004); *Aid to Poorly Performing Countries: A Critical Review of Debates and Issues*, Chapter 3; or Cammack, Diana et all (2006); Donors and the 'Fragile States' Agenda: A Survey of Current Thinking and Practice, Annex 2.

[17] In result, for instance, a country as Sudan, when analysed using the CPIA aggregates, appear to be slightly better-off than Angola.

assessment of impact of state fragility on donor's interests and the consequences of their intervention in the partner countries.

Governance indicators are particularly problematic, since they can be quite subjective, subject to different interpretations and not fully reflect non-measurable trends and processes. In fact, governance is multidimensional and there is no unique path from poor to good governance. In this regard, the Global Monitoring Report on MDGs 2007 states that "actionable indicators to track performance are being developed in several areas, including contributions from independent civil society organisations: Global Integrity released 43 new country reports, the Afrobarometer network released the results for 18 African countries of its third round of surveys, and a new index that monitors transparency in public budgets— the Open Budget Index—was released after four years of development. The World Bank Group also released publicly for the first time its CPIA scores (...) which play an important role in allocating concessional financing. By contrast, Public Expenditure and Financial Accountability (PEFA) assessments made less encouraging progress. While the use of PEFA indicators has greatly expanded and many new country assessments are planned, so far only 4 of 33 country reports have been made public, limiting the potential benefits from this valuable tool for analysis"[18].

The multiplicity of assessment tools results in **different country typologies and huge disparities in country rankings**. Particularly, criteria focused on policy performance (e.g. World Bank) yield entirely different results from those focused in security, conflict, capacity and legitimacy (e.g. UNDP). In fact, it would be difficult to have substantial developments in policy coherence and donors' coordination if country typologies are not harmonized or does not take into account the **perspectives of developing countries**. These countries often express scepticism about the objectivity of the ratings used by donors to engagement and to aid allocations, arguing that aid allocation are less sensitive to recipients' needs and potentials, than to geopolitical and commercial concerns. One of the demands is that donors' assessments adequately distinguish between policy performance, on the one hand, and the initial conditions and constrains imposed on developing countries by history and geography (e.g. conflict, natural resource dependence, etc).

Currently, the **EU** does not have an assessment tool specifically for state fragility. In the EC 10th EDF "Programming Fiche on Fragile States", it is mentioned that "efforts should be made to detect as early as possible signs of state fragility", but there is no reference to specific assessment tools nor to whether the existing ones are suited or could be adapted to fill in that gap. (see Part II).

1. EU strategy and policy to address fragile situations must be grounded in an <u>ongoing process of risk assessment and monitoring</u> capable of identifying countries at risk of impending crisis and providing guidance as to the type of intervention required to either neutralise or mitigate that crisis. With shared understanding of both the nature of the problems facing a given state and the likely solutions to those problems, EU engagement in likely to be more effective.

2. The assessment should be an on-going process that takes into account the dynamics of fragility. In other words, it would be desirable that an EU assessment on state fragility is not only grounded in quantitative indicators but also in <u>qualitative aspects</u> about the developments in the country's situation – and that these <u>progresses</u> are included in EU decisions (programming, aid modalities, etc) on that country. This means that the EU would have to bypass some important constrains about its own capacity (see Part II).

3. That assessment should draw on the <u>widest range of possible sources of instability</u> (including political, economic, social and external factors, including vulnerability to natural disasters/climate change[19]). To focus on a single factor such as governance or conflict is to invite incomplete analysis of the problem, and ineffective intervention as a result. Therefore, building on other donors' assessment methodology and on the existing tools at EU level (see *Annex F*), some of the existing assessment tools could be merged into a single whole-of-CE

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[18] WB, *Global Monitoring Report* 2007, p.8.
[19] Vulnerability to natural disasters or climate change can contribute to exacerbate tensions over the control or access to natural resources (e.g. water, land) particularly in weak states with poor capacity to deliver and to manage conflict of interests.

exercise, and feed into a whole-of-EU exercise, for assessing proximate and structural causes of fragility with a strong conflict prevention focus.

4. Since many donors' assessments mainly reflect the donor perspectives on the country's situation, sometimes they lack a full understanding of specific local dynamics that can be fundamental to state fragility. Therefore, the EU assessment of fragile situations must also be elaborated with <u>strong collaboration of the partner country</u>, namely through dialogue with the government, civil society and other sources of information (e.g. Parliaments, local authorities, local experts, independent researchers, etc). This would have the advantage of fostering a common understanding not only among donors but also with the local actors.

5. Where <u>"self-assessments" exist, these should be one of the main bases for EU analysis </u>(e.g. African Peer Review Mechanism reports and plans of action). If necessary, the EU should offer diplomatic, technical and financial support to strengthen capacity for the country self-assessment processes – for instance by supporting those leading the APRM process and those who participate in and monitor the reviews at national level.

6. The EU assessment should not be mere summaries of the situation in the country, but also provide for conclusions that can assist in devising reform programmes to address the problems that they identify. Therefore, the utility of the tool shall be not only to ensure early warning, but to <u>provide information on key changes that would be needed and lay down measures for measuring progress</u>. A subsequent step would be to guarantee effective follow-up once the analysis has been produced.

1.2. CAUSES AND FEATURES OF FRAGILITY

Fragile states face enormous challenges, regarding how to meet human development needs and how to stave off the potential downward spiral of conflict, human abuse and other instability factors. According to different sources of information and donors' strategies, there are anywhere between 20 and 60 states that can de considered "fragile" or "failed" or that are at a high risk of failing in the near future[20].

Causes of fragility are unique in each country an depend on specific historic factor, social composition and interaction between groups, regional and environmental factors, characteristics and evolution of political regimes and other political factors, economic factors, amongst others. As Tolstoy said, "all happy families are happy alike; while every unhappy family is unhappy in its own way (…) It is tempting to say the same thing of states"[21]. However, it is widely recognised that, to function effectively, any states must exhibit three fundamental properties: authority, legitimacy and capacity. Therefore, weakness along any of these dimensions can be sufficient to destabilize a country, requiring specific types of intervention by international donors. There are also precipitators or triggers, which combined with structural causes and features, can intensify their effects and increase fragility, pushing the state into crisis and violent conflict.

Most donors tend to include the general following features in state fragility:

Weak governance and institutional capacity[22]

Many studies have shown that the levels of stability are related to the relative strength of state institutions. In fragile situations, the weak performance is clearly linked to chronically weak

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[20] For instance, WB has identified about 30 LICUS, DFID presents a proxy list of 46 fragile states and USAID as put the number of failing states at about 20.

[21] Chesterman, Ignatieff, Thakur (2004); *Making States Work: From state failure to state-building*. International Peace Academy/ United Nations University, New York.

[22] Capacity is defined as "the emergent combination of attributes, capabilities and relationships that enables a system to exist, adapt and perform" (ECDPM 2006). Fragile states usually are weak or unable to ensure one or more of the "five core capabilities": the capability to self-organise and act; the capability to generate development results; the capability to establish supportive relationships (across societal groups); the capability to adapt and self-renew; and the capabity to achieve coherence. Brinkerhoff, 2007.

institutional capacity and governance, which undermine the capacity of the state to deliver basic social and infrastructure services to citizens. Countries that experience a steady deterioration of social and political institutions may be on a process of state failure (e.g. Zimbabwe, Guinea).

Weakness in state institutions also relates to the incentives governing the behaviour of social groups, particularly those with political power: power selection mechanisms, control on the state executive and public participation in political processes are three main components that tend to have signs of inadequacy or fragility in difficult environments. Many situations of fragility show a preponderance of personalities over institutions and a blurred distinction between the legislative, executive and judicial arms of states structures (with uneven power distribution among them). In most cases, an overly centralised system of administration has weakened already ineffective local government institutions.

In many cases, weak state institutions also mean that the state is no longer capable to manage effectively the natural tensions that occur in society. In fact, there are cases where this means and aggravation of grievances. Natural resources, ethnic composition or colonial heritage do not themselves drive fragility, but the political manipulation of these factors can impact on state stability – and this manipulation is more likely in states with weak institutions. When countries have a long history of political rights violations, rent-seeking, economic and political exclusion and non-participatory decision mechanisms, political systems are not well equipped to face economic/ethnic/cultural challenges that might trigger state fragility.

Lack of authority, control over the territory and or monopoly of the use of force.

A country whose government is losing control of its territory (as a result of the loss of its monopoly on the legitimate use of force associated with important rule of law deficits) is more likely to be in a process of state failure. This can result from a combination of weak institutional capacity and territorial dimension (e.g. DRC) or conflict (e.g. Sierra Leone). In this context, the state's institutional capacity to maintain law and order and to retain viable internal accountability mechanisms is severely hampered.

While some states might be able to maintain authority and a measure of state control even in the absence of strong legitimacy or capacity (e.g. North Korea, Zimbabwe), many others with strong legitimacy and capacity are unable to exercise effective control over the full extend of their territory (e.g. Colombia, Sri Lanka). Yet, both entail a degree of state fragility. The lack of authority may undermine attempts to provide development assistance, even if the government is willing and able to support, cooperate and take ownership of international development programmes.

Poor/declining economic performance and uneven development

Several studies show that fragile countries' macroeconomic indicators have even tended to be inferior to those of other low-income countries. For instance, all the 46 fragile states listed by DFID are low income countries and most of them are among the least developed countries (LDCs). Other approach to the same problem is to use the MDGs as point of reference, mentioning that fragile countries are those where the MDGs will not be achieved. In addition, these countries have found it more difficult to satisfy the conditions for reaching the HIPC initiative completion point for debt relief.

There is also a close relationship between human development and state stability. Poverty in the form of low levels of education and social exclusion may contribute to weakness in governance and this can open the way for increased instability. UNDP data shows that the proportion of deaths by war in countries rated low in the Human Development Index (HDI) is ten times higher than in the medium countries and twenty times higher than in countries with high HDI rating. Moreover, there is a vicious cycle between poverty, weak institutions and other aggravating social, economic and political factors (e.g. rapid economic decline, uneven distribution of resources, marginalisation of social segments/groups within the country population, unemployment, resources dependency) and conflict – the "conflict trap", since poverty fuels conflict and, in turn, conflict sustains and aggravates poverty[23].

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[23] Collier, P. Et all (2003): *Breaking the Conflict Trap: Civil War and Development Policy*. World Bank Policy Research Report, Washington.

Some of these countries also experience low levels of economic growth despite the existence of huge natural resources in their territory. In fact, these resources are usually interlinked with higher conflict potential, when there is weak capacity of management and regulation. These resources have in the past been used by rebel forces or by governments to finance and sustain the war (e.g. oil and diamonds in Angola, diamonds in Sierra Leone, several minerals in DRC)

More than poverty levels, it is uneven economic development (between regions or social groups) that contributes to state fragility. The lack of economic and social opportunities and unequal access to basic services, as well as the (real or perceived) discrimination by a particular social group or region (denominated "horizontal inequality") can play an important role in reinforcing fragility and instability. Likewise, some research in Africa concludes that states experiencing unbalanced development – high urbanisation accompanied by low GDP per capita or strong regional unbalances – have higher propensity for fragility[24]. Unemployment rates are usually also higher in countries that experience fragility, contributing to exacerbate social tensions. Studies have shown that people are much less likely to fight when they have something to loose, and that is also why stability and democracy are less fragile in higher levels of economic development[25].

High corruption levels and lack of transparency

Overwhelming corruption and generalised lack of accountability are generally associated with fragile situations, resulting in weakened beyond repair institutions. Criminalization or delegitimisation of the state generally occurs when state institutions are regarded as corrupt, illegal or ineffective. In this context, it is usually linked to low investments in pro-poor policies and development. Facing these conditions, people often shift their allegiances to other leaders – opposition parties, warlords, ethnic leaders or rebel forces, further weakening the state.

The governance and transparency of monetary and financial institutions is also seen as worse in situations of fragility and difficult environments. There is, however, significant variance across the group, since several countries – such as Timor Leste, Haiti or Liberia – have made important progresses in this regard.

Higher risk of political instability and violent conflict

The countries are not necessarily conflict zones, although it is estimated that 75 per cent are conflict-affected or conflict-prone[26]. Some studies (WB) highlight the fact that, within five years, almost half of all countries emerging from civil unrest fall back into conflict in a cycle of collapse (e.g. Haiti, Liberia)[27]. Moreover, some countries may remain in a state of "no war, no peace" for a long time.

Conflict can be simultaneously an outcome of fragility and a driving factor of fragility. On the one hand fragile situations usually include other features (such as weak institutions and uneven development) that are important causes for higher instability. Particularly in states where there is an active political or economic discrimination or mechanism of social exclusion against particular groups (ethnic, religious or others), fragility tends to entail a higher potential for violent conflict. On the other hand, conflict tends to undermine the state service delivery capability, to weaken institutions and to affect economic performance (e.g. destruction of infrastructures, lack of production, less investment) therefore causing or reinforcing fragility.

Lack of a democratic culture

The correlations between fragility and regime type as proven to be complex and misleading. More than the issue of being a democracy or an authoritarian regime, fragile countries tend to lack an effective democratic culture that is widespread over society and political spheres (including in central and local government structures). Having frequently a legacy of war or of authoritarian regimes, most situations of fragility are linked to public structures that are obsolete,

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[24] François, M.; Sud, I. (2006); *Promoting Stability and Development in Fragile and Failed States*. Development Policy Review, 24(2), pp.148.
[25] Vallings, Claire and Moreno-Torres, Magüi (2005); *Drivers of fragility – what makes states fragile*, DFID working paper, April, p.13.
[26] International Alert / Saferworld (2005); *Developing An EU Strategy to Address Fragile States: Priorities for the Uk Presidency of the EU in 2005*.
[27] Collier, P. et all (2003): *Breaking the Conflict Trap: Civil War and Development Policy*. The World Bank.

to an institutional culture that is inadequate to respond to the population's aspirations, and political systems that urgently need capacity-building and reform.

This generally results in other features that are commonly associated with state fragility, such as the absence of a rigid delineation between the executive, legislative and judicial branches; the importance of the army in the political sphere; or the existence of reported human rights violations. Michael Ignatieff[28] characterises weak and collapsing states as the chief source of human rights abuses in the post-cold war world.

Regional linkages and implications

Geographically, fragility can become highly contagious and have spill-over effects to neighbouring countries, affecting development and security. Chauvet and Collier estimate that when a fragile country is a neighbour, the result is a loss of 1.6 percent of GDP for that country per year. This risk is heightened by the existence of ethnic, economic or other relevant links, in connection with long-standing grievances towards respective central authorities. The Balkans' recent history – as conflict spread throughout former Yugoslavia – and the conflict in the Great Lakes – where there are complex social linkages between Rwanda, Burundi and Eastern DRC – are cases in point.

In countries that lack effective control over the entire territory, these effects are more likely to occur, frequently resulting in transnational problems such as drug trafficking, criminal networks, arms flows, refugee flows and cross-border alliances between rebel groups (in the case of conflict-affected countries),etc. Neighbouring states often take part in conflicts in situations of fragility, by being a direct part of the conflict (DRC conflict in 1998), by supporting militias or fund rebel groups (Liberia and Sierra Leone in the late 1990s), by providing a safe haven for rebels (e.g. Chad, Sudan and Central Africa Republic), or by other indirect means. National borders are no longer the dividing line between security and insecurity, which further add to the complexity of state fragility.

1.3. REASONS FOR ENGAGING

Since the early 1990s there was an emphasis in rewarding the so-called "good performers" – countries with relatively effective governments and stable macroeconomic policies – which have led to neglect the ones that were weak performers but also, by definition, the ones that most needed aid.

Table 2: **Aid Flows to fragile environments**

- Aid flows to difficult partnership countries and fragile countries were in the past and still are smaller and more volatile than to other countries in broadly similar circumstances: fragile states receive at least 40% less aid than their levels of poverty, population, and policy effectiveness would justify[29]. This kind of states is under-funded even when taking their limited absorptive capacity into account[30].

- Despite the fact that overall aid to fragile countries rose by more than two-thirds in 2005, about half of the aid received was in debt relief and humanitarian assistance[31]. In the DAC countries, the "other ODA", which traditionally finances development projects and programmes, accounted for less than a quarter of aid given to "fragile states" in 2005[32]. Therefore, engagement is often reactive rather that preventive.

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[28] Ignatieff, *Intervention and State Failure*. In Dissent, vol.19(1), 2002.
[29] This conclusion is based on the poverty-efficient allocation benchmark developed by Paul Collier and David Dollar, as measured by the WB Country Policy and Institutional Assessment (CPIA).
[30] For further information on aid flows issues, please consult Levin, V. and Dollar, D. (2005), *The Forgotten States: Aid Volumes and Volatility in Difficult Partnership Countries*, paper prepared for the DAC Learning and Advisory Process on Difficult Partnership Countries Senior Level Forum, January; or McGillivray, M. (2005); *Aid Allocation and Fragile States*, World Institute for Development Economics Research, UNU, Paper presented at the Senior Level Forum on Development Effectiveness in Fragile States, January.
[31] WB, Global Monitoring Report 2007, p.15.
[32] *WB Global Monitoring Report*.

- Aid flows is also twice as volatile as those to other low income countries, as much is committed for only 1 to 2 years. Many donors have an erratic engagement and make "stop-start" decisions based on short-term government performance[33].

- In post-conflict settings, donors tend to decrease aid or starting to pull-out precisely when absorption capacity increases and aid could, therefore, become more effective (some 4-5 years after the end of the conflict)[34].

- Furthermore, most aid in fragile environments tend to be concentrated in a restrict number of states – generally nations in post-conflict situations and/or considered strategically important for global security[35]. On the contrary, a wide number of states receive comparably smaller amounts of aid and results in the "aid-orphans" phenomenon – typically very large or very small countries that are considered strategically insignificant or that suffer from chronic aid fatigue.

- Non-transparent and inconsistent allocation criteria exacerbate the problem for these countries by making aid flows unpredictable[36]. On humanitarian aid, donors have agreed principles of aid allocations based on need in the Good Humanitarian Donorship Process.

These facts contrast with the **increasing strategic importance and political relevance** that is being given to state fragility and failure in world politics. The origin of this focus begins with efforts in mid-1990s by countries such as Norway, Canada or Japan, together with UNDP, to reorient the focus and policies of international security away from states to persons, according to the concept of "human security"[37]. The effort has been to create a new consensus around the obligation of protecting peoples' rights and has now evolved towards a "responsibility to protect", as stated by the UN High-Level Panel on Threats, Challenges and Changes[38].

It is currently acknowledged that the primary responsibility of avoiding failure lies in the country itself, namely in the ability and/or willingness of the country's leadership to prevent, absorb, manage and overcome potential or real crisis. However, is also recognised that the international community can play an important role in reinforcing responsible and responsive local leadership and helping prevent the rising of instability and other fragility factors (such as poverty). Three main sorts of reasons for engaging in fragile situations and difficult environments can be highlighted:

Firstly, the universal **moral and legal arguments**. When the state cannot or will not fulfil its core functions, citizens suffer. If morally we agree that all human life is of equal worth and all human beings have a right to live with dignity and security; therefore, all possess an obligation to help each other when that dignity and security is threatened. All states and international organisations are to respect international law, which *inter alia* promotes the universal respect for, and observance of, human rights (e.g. United Nations Charter). This means that there are also legal obligations regarding security and development in every country.

Secondly, **development arguments**. The goal of poverty eradication is seriously compromised and MDGs will not be met unless progress is made in the weaker countries. The WB considers that "fragile states" – identified as countries with particularly weak governance, institutions and capacity – comprise 9 percent of the developing world's population, but over one-fourth of the

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[33] Following a phase of intensive engagement, a complete volte-face often takes place, culminating in conscious passivity. This zig-zag course is well observed in cases like Somalia, Haiti, Burundi or DRC. Debiel, T., Klingebiel, S., Mehler, A. and Schneckener, U. (2005); *Between Ignorance and Intervention: Strategies and Dilemmas of External Actors in Fragile States*, Policy paper 23, Development and Peace Foundation, Bonn, Germany

[34] DFID; *Why We Need to Work More Effectively in Fragile States*, p.13. East Timor is often mentioned as an example of this premature pull-out.

[35] In 2005, 10 fragile states saw an expansion in ODA of over 50 percent. The largest increases were in Afghanistan, Republic of Congo, DRC, Liberia, Nigeria and Sudan. However, more than half of fragile states actually saw a decline in aid from 2001 to 2005, despite overall aid to fragile states increased more that 167 percent over that period. WB Global Monitoring Report 2007, p. 151.

[36] McGillivray, M.; *Aid Allocation and Fragile States*, 2005.

[37] The concept appeared in the UNDP Human Development Report of 1994 as a new people-centred concept, that included economic, food, health, environmental, personal, community and political aspects of security. For more recent bibliography, see for instance, Human Security Brief 2006, University of British Columbia, Canada. or *A Human Security Doctrine for Europe: The Barcelona Report of the Study Group on Europe's Security Capabilities*, 2004.

[38] High Level Panel on Threats, Challenges, and Change, "*A more secure world: Our shared responsibility*", *UN (2004)*, 2, 14-16. Available at www.un.org/secureworld/

extreme poor (living on less than US$1 per day), nearly one-third of all child deaths and 29 percent of 12-years old who did not completed primary school in 2005[39]. It also concludes that "fragile states" have lower absolute performance and slower improvement in economic and social indicators that non fragile ones. Therefore, the global optimism over the prospects for improved growth and poverty reduction does not apply to these countries: by 2015, it is estimated that extreme poverty levels in non-fragile countries will decline to 17 percent, more than achieving MDG 1 target, while levels of extreme poverty in fragile states will remain over 50 percent, higher than the level in 1990. This "MDG deficit" is particularly severe in several Sub-Saharan African countries, where there is a small decline in the share of people living in poverty, but the absolute number of poor has stagnated. In most MDG, sub-Saharan Africa is more off-track than fragile states in general, and more fragile states are off track when compared to other developing countries. There are, however, countries that contradict this general tendency, such as Mozambique or Uganda, that have made a successful transition to sustained gains in growth and poverty reduction.

Thirdly, **security arguments**. The UN's High Level Panel report above mentioned provides for a comprehensive justification for international engagement in fragile situations and difficult environments. It goes beyond traditional concerns and includes in the threats to national and international security "economic and social threats, including poverty, infectious disease and environmental degradation; internal conflict, including civil war, genocide and other large-scale atrocities; nuclear, radiological, chemical and biological weapons proliferation; terrorism; and transnational organized crime"[40] In many cases the threat posed by fragile or failed states is nor urgent or acute, neither is the principal serious direct threat to international peace and security; but all the above mentioned threats are more likely to emerge in fragile environments and must be taken into account in any analysis and policy.

In fact, disengagement theoretically disappeared as an option after September 11, when Western nations and the US in particular became aware of the close links between their own national security and stability in the world's poorest regions. Security and development came to be complementary goals, not just at fragile states level, but regionally and globally as well. Many studies provide compelling evidence that the price of disengagement is too high to be a serious policy alternative; for instance, the Chauvet and Collier analysis includes direct costs (such as investment in post-conflict reconstruction) and indirect costs associated with fragility (such as regional destabilisation) and concludes that the total costs of state failure are huge at local, regional and global levels[41]. Evidence has already demonstrated the cost-benefit ratios of investments in conflict prevention: on average €1 spend in conflict prevention generates over €4 of savings to the international community. So, what is new is not so much the phenomenon of 'fragility' per se, but rather the *securitisation* of the problem.

The reasons for engaging are not exclusively at donors' side, being even more important for their regions. A country that is submerged a situation of fragility or instability can easily become highly contagious and have spill-over effects to neighbouring countries, affecting development and security in the whole region. Likewise, "islands of good-performance" cannot be sustainable over time, if they are surrounded by conflict-affected countries and poor performers. Regional neighbours of fragile countries therefore have also strong reasons to engage, and the efforts being pursued by African continental and regional organisations on this issue is a case in point (*see 2.4.2*).

1. The EU approach towards situations of fragility and difficult environments should build on the <u>main features of fragility</u>, as above mentioned, having into account the variety of situations that this definition entails.

2. The EU must make a <u>strong statement on the need to engage in fragile situations</u>, based on <u>moral, legal, development and security arguments</u>. EU aim to build a better and more secure

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[39] *World Bank Global Monitoring Report* 2007.
[40] High Level Panel on Threats, Challenges, and Change, *A more secure world: Our shared responsibility*.
[41] Chauvet. L. and Collier, P. (2004), *Development Effectiveness in Fragile States: Spillovers and Turnarounds*, Centre for the Study of African Economies, Department of Economics, Oxford University**.**

world presupposes an adequate response to main security threats, including state failure (that is identified in the European Security Strategy as "an alarming phenomenon that undermines global governance and adds to regional instability". Being poverty alleviation one of the main goals of EU external action, the EU intervention as also to be based on a moral obligation to provide assistance to the most needed countries and populations, even if they don't represent a direct threat to the EU.

3. In the context of international commitments towards the increase of ODA, it would be desirable that the EU strategy includes a strong commitment to raise funds targeted to development and long-term actions in countries that face situations of fragility or are conflict-prone/conflict-affected. Some predictability of funds and long-term engagement has to be ensured, focused on development cooperation actions that are conflict-sensitive (having conflict prevention as the main focus).

1.4. MAIN DONORS' STRATEGIES

The international community is increasingly aware of issues particular to fragile situations and has been considering alternative approaches tailored to the characteristics of specific countries. However, policy and practice are still at an early stage. Some of the most recent donors' institutional developments to deal with state fragility are presented in *Annex 2*.

In general terms, **two broad approaches** currently dominate responses to state fragility, each driven by different motivations and policy recommendations.

a) "Security first" approach: security concerns and short-term responses

This approach is grounded in the assumption that fragile and failed states are a threat to individual nations' national security and international order. As stressed by USAID and the US National Security Strategy, the central aim is to create a new world order that favours democracy Bush's Freedom Agenda) and defeats terror at the same time. Embedded by national and international security concerns, the responses are based in short-term security policies that can provide for immediate stability – such as strengthening domestic military and police forces, limiting opportunities for international terrorist activities and suppressing transnational crime. Most responses are reactive rather than preventive and the coordination efforts are at internal level, in order to quickly mobilise and coordinate American response to any emerging conflict or unstable situation. The main focus are states deemed to be most at risk of instability, that pose the greatest risk of regional destabilization and that can impact most seriously on American national security. In fact, USAID Fragile States policy suggests that the method and level of internal coordination will likely depend on the country's strategic importance to American security interests. In it extreme, this security approach can lead to a militarised approach.

b) Development concerns and long-term assistance

This approach is based in a development-oriented perspective and emphasises the significant challenges posed by state fragility to alleviate poverty and achieve the MDGs. The OECD Learning Advisory process on Difficult Partnerships and the DFID strategies are some examples, which mainly address aid related issues, such as its effectiveness, coordination among donors and actors at all levels, programming flexibility and aid impact. According to this perspective, policies and external assistance must be create conditions to address the population basic needs, enhance opportunities for education and employment, reduce disease and malnutrition and increase the partner country's performance in several social and economic indicators. Geographically, it also tends to have a strong focus in Sub-Saharan African, since many poor performers are located in this region.

The two perspectives define "fragile states" according to different focus, result in different list of unstable states and prescribe different policy approaches. Sometimes, the pursuit of one has

undermined the efforts of the other, as in Afghanistan, where the activities to neutralise terrorism and organised crime included campaigns to eradicate poppies, that also provided much of the income of poor Afghans. Being the dominant mainstay of the economy, the efforts to combat drug production has serious consequences for economic development, if they are not accompanied by other measures and programmes to address employment and agricultural production issues.

Therefore, **the two approaches can be complementary** in many aspects, and focus should be on bringing these two areas more in line with each other, in a manner that serves both ends. Terrorism can only be prevented by concentrating in its root causes – such as poverty and inequality – as well as security is a prerequisite for development (as stated in the ESS). Most findings and lessons learned on international engagement in situations of fragility argue that the combination of the two perspectives is not just possible, but highly recommended through PCD and WoG approaches (*see Findings*).

In conceptual and strategic terms, one of the ways to combine the two approaches is the **Human Security**[42] paradigm, which pursue both "freedom from fear" (the goal of public safety) and "freedom from want" (the goal of human development). It is based in six basic principles[43]:

a) The primacy of human rights, including economic and social rights as well as political and civil rights.

b) The goal of establishing a legitimate political authority capable of upholding human security (which applies both to physical security, where the rule of law and a well functioning system of justice are essential, and to material security, where issues of employment, provision of infrastructure and public services require state policies).

c) The promotion of multilateralism, through a commitment to work with other international institutions (particularly within the UN framework), sharing tasks with regional organisations (NATO and OSCE in Europe) and reinforcing partner countries institutions (e.g. AU, and SROs in Africa). It also includes creating common rules and norms and coordination between different policy areas.

d) The implementation of a bottom-up approach, that integrates the concepts of "partnership", "participation" and "ownership" not only to development but also to security policies. Communication, consultation and dialogue are essential tools for this.

e) Regional focus

f) Emphasise the importance of using legal instruments, through the establishment or restoration of the rule of law in partner countries (legal frameworks, civilian capabilities for law enforcement such as the police, court officials and judges).

Furthermore, the human security paradigm involves a strong commitment to peacebuilding[44]: a willingness to make a difference on the ground in preventing conflicts or establishing the basic conditions for making sustainable security and development possible.

1. EU response towards situations of fragility must be grounded in a <u>multidimensional approach</u> that combines instruments from different policy areas – going beyond the direction that the ESS sets out – and must emphasise <u>multilateralism and law-enforcement</u> as concepts that can be beneficial to development.

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[42] The Commission on Human Security uses a broad definition of human security: "to protect the vital core of all human lives in ways that enhance human freedoms and human fulfilment".

[43] (2004): *A Human Security Doctrine for Europe: The Barcelona Report of the Study Group on Europe's Security Capabilities.* Independent Study Presented to the EU High Representative for Common Foreign and Security Policy, Javier Solana, Barcelona, September.

[44] The term "peacebuilding" entered the international lexicon with the 1992 Agenda for Peace (UN) and has gradually expanded to refer to integrated approaches to adress violent conflict at different phases of the conflict cycle; thus, conflict prevention and post-conflict peacebuilding are currently considered two sides of the same coin. Tschirgi, N. (2003*): Peacebuilding as the Link between Security and Development: Is the Window of Opportunity Closing?*, IPA.

> 2. The EU strategy can be <u>distinctive by being based in a Human Security Approach</u>, focusing on protecting the safety and live-hoods of individuals. This has greater potential to address the new challenges posed by fragility, combining security, conflict prevention and development in holistic principles that can promote structural stability.

1.5. CHALLENGES AND DILEMMAS OF DONORS' ENGAGEMENT

Because the factors creating state fragility are diverse, because it is manifested in a variety of forma and because the needs of these countries are multifaceted (encompassing simultaneously short-term and long-term needs), the international responses tend to be **dispersed and poorly coordinated**. Actors that have a "fragile states agenda" are working in humanitarian aid, peacekeeping and peacebuilding, DDR, post-conflict reconstruction, responses to small arms proliferation, anti-terrorist activities, combating organised crime, alleviating poverty, reinforcing state institutions and promoting good governance, service delivery, containing diseases (such as HIV-AIDS), addressing trade and economic issues, etc. This raises important issues over **prioritisation, coordination and coherence**.

Furthermore, acting in situations of fragility and difficult environments is still a **recent area of knowledge**, where there is a growing theoretical thinking and production, but that has weak linkages with the field action. On the one hand, field delegations and development workers have few practical orientations that can help them respond quickly and effectively to the challenges that these countries represent. On the other hand, field experience is also being loss (by the constant turnover in donors' staff) and many times not being mainstreamed in the development cooperation strategies/policies. This highlights the need for better information exchanges between field delegations and headquarters, between conceptualisation and implementation phases, and between donors.

Engaging in fragile situations and difficult environments is difficult, entails several risks and poses important policy dilemmas. A study developed for the Canadian government shows that there is virtually **no correlation between levels of fragility and aid per capita**, therefore raising important question over aid effectiveness and commitments followed by the international community[45]. If poverty alleviation is not the only goal of development aid in fragile countries, but also issues as conflict prevention or improvements in human rights, then some adjustments to aid paradigm have to be made. It is currently recognised that ODA is only one of several instruments to address state fragility and experience shows that impacts are not related to the amount spent, but to the use of an appropriate combination of instruments. But how to combine the available instruments to reach better results?

Some of main challenges posed by these countries to donors' engagement can be summarised in the following points.

Addressing short and long-term needs

Fragile environments usually entail several short-term and long-term needs, which have to be addressed jointly in every situation. Evidence as shown that in practice there is no rigid separation or border line between humanitarian, development and security-related actions, or between conflict and post-conflict phases. This theoretical delimitation actually inhibits dealing with the specific needs and the rapidly evolving environment of fragile situations, as it does not reflect realities on the ground. However, many donors, and even the EC, still have rigid mandates and fixed programming timeframes that can hamper the ability to adapt the responses to these multiple needs. For instance, the different mandates on humanitarian and development structures and actions, or the separation between development and security/ peace-related activities (DDR being a case in point) often result in "grey areas" that are not fulfilled, or in delayed transitions from one type of action to the other, or simply in inadequate

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[45] CIFP (2006); *Failed and Fragile States 2006: A Brief Note for the Canadian Government*.

actions because not shouldered by other types of action directed at deeply inter-related aspects – what is 'flanking measures' and which measures are flanking what is a somewhat 'chicken or egg' dilemma.

Immediate results versus *sustainability*

Donors are frequently more interested in concrete results and therefore target most of their assistance towards electoral support and monitoring, humanitarian interventions and other short-term actions. However, quick-fix palliatives to structural problems will nor work. Although humanitarian aid can save lives, it does not address the causes and characteristics of chronic state fragility; as well as elections support doesn't ensure that the elected government is supported through a process of strengthening state institutions. State-building is inherently difficult and it entails a long-term process (often with advances and setbacks), with no quick, visible or quantifiable results. Taking into consideration the programming timeframes, mandates and ways of operating (including the pressure for measurable results and visible impacts), external agencies face severe limitations in pursuing this goal. This also suggests that stability of partners on both sides is important; in this regard, the current EC process of awarding contracts for implementation of projects and programmes does not always encourage such long-term engagement.

Disengagement versus *pro-active engagement*

Disengagement from a fragile situation may avoid the risks of compliance with dubious regimes, but will not contribute to promote reform and can reinforce a decline in human development (as the case of Sudan in past years). Although disengagement is increasingly regarded as a bad option, sometimes agencies are forced to suspend cooperation in face of severe incompliance with international or agreed criteria. On the other hand, uncritical engagement with repressive or authoritarian regimes can equally serve to reinforce them (e.g. Rwanda before the genocide). The use of strong conditionalities (e.g. elections holding) can also delay the disbursements of funds that are essential for post-conflict reconstruction or for state capacity-building. There is, therefore, a strong dilemma on the ways and level of engagement that donors should pursue. However, there is a growing consensus on the need to engage in a pro-active manner and at the earliest stages (with strong focus on preventive strategies). These can be combined, if necessary, with ad-hoc responses once the crisis has occurred.

Donors' Capacity versus political will

The question of donors' political will to engage is fundamental in fragile situation. Very often, windows of opportunity were missed because there is a lack of strategic interest in a given country by comparison with other international priorities (e.g. US interest in Iraq, Afghanistan and Sudan, versus disengagement in other Sub-Saharan African conflicts). This leads to inconsistent allocation criteria that are usually contested by the partner countries and regions. Even where there is a political will to implement an integrated approach towards a situation of fragility, the issue of capacity inevitably comes up: donors have important institutional and operational constrains that undermine the ability to respond in a timely and adequate manner (the EU not being an exception). So, if we want to engage in situations of fragility, there are both issues of political will and capacity to be addressed.

Combining democratisation with peacebuilding

Elections holding or the existence of "acceptable governance" is often donor's preferred form of conditionality, but not necessarily or always the most effective one or the best starting point. Other elements, like government's commitment to good economic governance and accountability for the well-being of its people, are often disregarded as a valid yardstick for donor assistance. Elections are almost universally regarded as helpful in reducing conflict; however if they are rigged, conducted at the very early stages of post-conflict transition, or attract a low turnout, they can be ineffective or even harmful to stability. In fact, electoral democracy appears to have only a modest impact on the stability of countries such as Afghanistan, Iraq, Rwanda, Kenya, Venezuela, Nigeria or Indonesia.

One should distinguish between the normative connotations of democracy and the practical implications a democratisation process may have for the human security and the livelihood of

people in a given context. This is a very sensitive issue that has resulted in intense and complex debates among donors on the links between democratisation and conflict, most of the times biased by political interpretations. How to balance the pursuit of democracy with the need for short-term stability to enable the consolidation of the peace-process and to prevent social conflicts continues to be one of the main challenges faced by donor community in fragile situations.

Promoting reforms versus ensuring stability

External efforts to strengthen states with institutional reform, whether national or local, are often destabilizing, not improving, because of the political implications of those reforms for local actors. The plurality of actors involved in external assistance also tends to impose a huge, unmanageable list of demands on weak governments and to treat outcomes considered unsuccessful as a matter of "political will" rather than local capacity and resources to implement these demands or the genuine political conflicts they provoke. In fact, fragile countries are particularly vulnerable to external shocks, either because the response must be faster than its institutions can manage or because different institutions are required and the transition can be highly conflictual. Any institutional change – including reforms in governance demanded or supported by external assistance - has direct distributional consequences, therefore instigating dispute among those who will loose privileges. This is particularly evident is sensitive areas such as the military or the political system. The challenge is to find the right timing and sequencing of reforms that can contribute to state-building without fuelling social and political tensions.

With whom to work? Alignment versus direct actions

When donors engage in fragile situations, they often establish parallel systems because government systems are weak. This approach can ultimately undermine capacity and state-building goals. A particular issue in the social sectors is the potential gaps in service delivery in the so called "transition phase" between the end of a humanitarian crisis or violent conflict and the beginning of longer-term recovery and reconstruction programmes. Aligning with national policies and systems is particularly problematic in states with weak institutional capacity and even more in "unwilling" states where the government is unresponsive to the international community. Being a mere spectator of a donor-driven show, the local population and even some politicians may start to look to external agents as the providers for services, rather than to their own national government. Finding ways to deliver services quickly without harming long-term state capacity development is, therefore, one of the main challenges.

The question of ownership is also very challenging and has sometimes problematic implications that for the design and implementation of co-operation strategies. In many situations of fragility, reformers and / or local government actors and civil society groups often have other agendas than central government representatives. How to deal, for instance, with situations in which major political actors are still fully engaged in their power struggle, the government leadership is contested (e.g. Nepal)?

This does not mean that donors can not work at a more micro-level with local communities and actors. A variety of options might be considered, depending on the case and the context, the government being not necessarily the main collaborator in the short-term. In fact, considerable demand from communities for resources and rapid implementation of infrastructure and income generation activities confirms the validity of working through local communities. However, the long-term objective should be to mainstream these projects into regional or national planning and programmes; otherwise they can create duplications, tensions among actors and social imbalances (between communities or regions).

Combining National with Regional and sub-national approaches

Where sub-national fragility is involved (e.g. Northern Uganda, Darfur), or where cross-border issues are critical (e.g. Great Lakes), analysis and engagement need to be sufficiently flexible to move to these levels, which poses organisational challenges for donors geared to working at national levels and within the "nation-state" framework. Regional approaches are many times essential to address specific issues, such as drug trafficking, crime, rebel alliances, refugee flows, illegal exploitation of resources and others; however, their coordination with national

programming and actions is still difficult for donors. At sub-national level, supporting civil society can be sometimes the only possible intervention, but working with local authorities can also be an option in other situations. In some cases, agreements made by national authorities with international donors do not necessarily engage the political will of sub-national actors, which results in implementation gaps. How to include this sub-national focus into national programming and how to link all these actions and priorities into a comprehensive strategy of state-building is a major challenge for donors' intervention and an important task of an inclusive and enlarged policy and political dialogue.

Linking Security and Development

It is widely recognised that security and development are interlinked: security is a pre-condition for development and development will not be possible without a minimum level of security. This is particularly true in fragile environments, where the capacity of fulfilling basic functions of governance – such as preserving law and order and ensuring access to basic services – is often weak. The need to make security and development interventions work together more effectively, without undermining each other and sharing the same objectives, is currently recognised by most donors. However, there is a strong disconnect between the policy rhetoric about integrated approaches at the international level and policy realities at sectoral and field level (*please also see 2.6.*).

Moreover, countries are usually on different security and development trajectories that require different mixes of security and development policies specific to their needs and it is critical that interventions be tailored to the needs of the country. International actors tend, nevertheless, to rely upon a standard set of policy tools that are not necessarily compatible[46].

There is currently no common understanding on how these two spheres can be combined, due to several factors: the cultural and institutional differences between security/military and development institutions are considerable; there is a discrepancy of mandates, variance in time horizons and missions' frameworks (military and security interventions tend to focus on short-term actions and limited timeframes while development is regarded as a long-term quest); there are often tensions between development goals and foreign policies; and the suspicion with which some parts of the development and security community regard each other is still a stumbling-block[47]. For instance, some within development organisations are concerned that the involvement of defence and security organisms in development work might lead to a subordination of development to security objectives in the post-9/11 international context, or that attention is diverted to from countries where there is no evident security challenge. Therefore, little progress has been made towards proper integration and complementarity of military and development objectives and methods within donors' strategies and actions. This collaboration will nevertheless be necessary, given the increased donor engagement in tasks that comprise these several dimensions – such as Disarmament, Demobilisation and Reintegration (DDR) or Security Sector Reform (SSR)[48].

1.6. MAIN FINDINGS

1.6.1 General Findings

Some of the general consensus about engaging in fragile situations can be summarized as follows:

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[46] IPA (2006); *The Security-Development Nexus: Research Findings and Policy Implications*. Program Report, International Peace Academy, New York

[47] Cravinho, João (2007): *The EU's development policies are still out of step with its security role*. Europe's World, Summer 2007. Available at http://www.europesworld.org/EWSettings/Article/tabid/78/Default.aspx?Id=4fbb115a-c871-4def-9a2b-1a0b1cf20198

[48] SSR extends well beyond the narrow focus of more traditional assistance on defence and security; security systems include: the armed forces, police, intelligence services and similar bodies, judicial an penal institutions, as well as elected and duly appointed civil authorities responsible for control and oversight (e.g. parliament). For more details, see OECD-DAC (2005); *Security Systems Reforms and Governance*, DAC Reference Document.

Each context is different. Each situation of fragility is complex and its particular problems unique, which represents difficult policy challenges for donors' approaches. Therefore, every donor strategy must entail a profound political and social analysis of each specific context. Some states might have the willingness to engage but are incapable of doing so, while others might have the capacity but not the necessary political will, and this requires differentiated approaches. There is no single approach or "one size-fits all" prescription, but rather differentiated strategies that have to focus on context and policy objectives, combined with flexible use of various instruments.

2.

Despite the important progress that has been made in theoretical approaches and thinking, **the causes of state failure** are still overlooked in donor activities. Addressing the causes is far more cost effective than having to undertake remedial action by way of military intervention once failure actually occurs, but despite this, donors' interventions are still focused on reacting to symptoms. Therefore, donors should move away from isolated, self-standing political aid projects towards a more comprehensive approach that addresses the political causes of state fragility (history, power relations, "rules of the game" and the relationship between these and formal institutions, social discrimination, blurred distinction between political and military dimensions, etc). Taking into account the causes of fragility and the conflict impacts in every development strategy is essential to ensure its success – **conflict analysis** should therefore be a pre-requisite for programme development and policy formulation.

3.

Countries move in and out of a fragility situation as they can also move from conflict to post-conflict and then regress, walk forward and backwards in a highly volatile environment. Frequently, there are no clear "beginnings" or "endings" (e.g. Israeli-Palestinian conflict, South Caucasus). The **"conflict-cycle" terminology is misleading** and does not reflect the reality of situations on the ground, where multiple stages may be present at once. It also creates a false distinction between "conflict prevention" and "country rehabilitation or reconstruction", which are mainly the same activities in different contexts and should be carried out inside a **broader concept/goal of stabilizing the country and managing the risk of crisis[49]**. However, donor structures and programming cycles are still very rigid, applying response models accordingly to the category (e.g. "conflict" / "post-conflict"), mainly due to institutional and management factors. Donors should move from a project approach - based on precise expected results - to a **framework or process approach** - based on a general goal to be achieved and focused in the dynamics of the process itself -, allowing for a regular review and reorientation of funds/activities whenever necessary (rolling programming or iterative approaches)..

4.

Fragile situations entail several **simultaneous short-term and long-term needs, emergency and development needs**. The dynamics of conflict and fragility are discontinuous and sequential approaches are far less effective than 'joined-up' strategies that combine all policy tools in a coherent package; the links between Relief, Rehabilitation and Development, therefore, are important to be ensured in the same timeframe, that is, simultaneously. Timings and flexibility are fundamental in responding to fragile environments, by using an adequate combination of approaches and instruments (including political, security, humanitarian and development instruments).

5.

The main focus of donors' interventions should be to **help national reformers to build legitimate, effective and resilient state institutions**. However, donors are compelled to use resources in "traditional" development sectors", often for reasons of accountability, quantitative performance criteria and results assessments. The specific needs of fragile situations have shifted development actions to areas such as state-building, conflict prevention activities or reconciliation initiatives, which require a long-term engagement, not always with identifiable or

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[49] The EC states that conflict prevention activities should be "designed before a conflict (preventing the outbreak), during a conflict (preventing its spread) and after (preventing its re-emergence)". *Programming Guide for Strategy Papers: Conflict Prevention*, January 2006.

quantifiable measures of success and impact. These areas can not be neglected for bureaucratic and procedural reasons; they should be the main focus of donors' actions in fragile countries. This also means that donors should intervene only when they will add value to the peacebuilding process.

The EU approach towards situations of fragility and difficult environments should <u>incorporate these main findings</u>.

Some of findings regarding **specific fundamental issues in fragile situations** can also be highlighted:

1.6.2. Democracy

Donors have often focused on the rapid establishment of democracy and government legitimacy, particularly in post-conflict situations, presuming it to be a central issue of state (re)building and peace consolidation. Several recent studies concluded, nevertheless, that democracy-peace relations are not linear or cause-effect. In fact, while established democracies and entrenched autocracies tend to be relatively stable, countries that are experiencing transition phases towards democracy are more likely to degenerate in conflict and instability[50]. Though democracy is a valorous ultimate goal and has the tendency to promote peaceful states over the long-term, fragile states often have short-term vulnerabilities that can make transition to effective democratic governance problematic and destabilising, particularly in those with strong social (e.g. ethnic or religious) cleavages[51]. Rather than expecting the 'right' outcome straight away, elections have to be viewed as a process, the choice being usually between bad and less bad alternatives[52]. Side effects of rapid democratisation in volatile environments may include the strengthening of radical groups or an increasing willingness of socially or politically disadvantaged groups to resort to violence. Some donors are, therefore, emphasising that external actors should not wait for all the conditions to be met or try to build an "ideal" government, but rather support the minimum institutions and capacity that exists to start promoting changes – what DIFD calls the "good-enough governance" (a basic level of commitment).

Chauvet and Collier demonstrate that the risk of a post-conflict country reversing to conflict is significantly higher in the period following post-conflict elections than in the period preceding elections. This risk may have important implications for the sequencing of electoral, peacekeeping, and development assistance; therefore one of the main findings is the importance of ensuring that electoral assistance in fragile transitions is properly sequenced with decisions to maintain or draw down peace-keeping troops, and with aid-financed efforts to support measures to generate growth and employment and other initiatives that may mitigate the risks of reversion to conflict.

Some studies also argue that donors should act slowly and cautiously, concentrating on developing the political culture and principles for democracy over a wide range of actors, rather than the specific structures. In fact, the imposition of institutions pursuant to donors' pluralistic democracies might trigger rejection or increase instability in the short-term; therefore, local expectations about the state functions and local decision-making processes should be taken into account (such as traditional local leaders, gatherings of elders, traditional conflict-resolution methods, and other infra-state structures). Is it acknowledged that the promotion of locally grown traditions can further enhance domestic acceptance of newly created leadership structures (e.g. through elections).

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[50] Goldstone, J et al., 2000, *State Failure Task Force Report, Phase III Findings*, University of Maryland**.**
[51] Holding elections in DRC without making significant progress in establishing integrated armed forces and effective policing or in delivering economic opportunities to an impoverished population has not removed the sources of violence. Likewise, the successful recent democratic transitions in South America, Eastern Europe and South Africa have had many preconditions of democracy in place before voting started. See, for instance, ID21 (2007); *Retaining Legitimacy in Fragile States.* Id21 Insights 66, Communicating Development Research, Institute of Development Studies, May.
[52] Batt, Judy (2004); *Failing States and the EU's Security Agenda*, EU Institute for Security Studies

1. With respect to its common foreign and security policy and its development policy, the EU has often been criticised as being incoherent in promoting democracy, since conflicting national interests of MS and complicated procedures have limited the visibility and effectiveness of many programmes. While having democratisation as a valid long-term goal for peace and state consolidation, the EU should be particularly cautious on post-conflict settings about the timing of elections holding, pursuing an analysis of all the fragility and instability factors.

2. While traditionally the EU has put most of its direct "democracy-building" efforts into election support, it is increasingly recognising that this is a much broader concept that requires a variety of approaches. On the one hand, any electoral funding should be embedded in a wider governance or state-building programme. On the other hand, EU engagement should not be exclusively dependent of the establishment of an electoral democracy, but rather focus on the promotion of a culture of democratic politics over a wide range of actors.

3. The compliance with a vast range of universal human rights can be combined with respect for local ownership and traditions. Therefore, EU approach should promote linkages between high-level political process and grass roots democracy-building measures.

1.6.3. State-building and Governance

Most lessons learned point to the crucial importance of state-building in fragile situations. However, the pace for quick results often leads the international community to substitute domestic structures rather than support them, which at the end might lead to weaker state capacity. The issue of local ownership is fundamental for successful state-building actions, including technical assistance: most studies conclude that these are more successful when it supports activities within a nationally defined and nationally owned programme. How soon to transfer responsibilities back to local institutions is still an important dilemma of external action.

Institutions establish and embody the rules and procedures for how a state is governed. There needs to be a broader understanding of institutional support than has been recognised up until now, which includes a long-term engagement. In fact, one of the main findings is that the withdrawal of support and funding before institutions have been adequately built up in capacity can sharply increase the likelihood that a country will face political instability[53]. This broader understanding must also include a shift from purely technical solutions supported by individual champions of reform, to donors' approach that address the state-society relationships, and the political incentives and the institutions that really affect prospects for reform. For instance, the support for financial reform as to be a part of a wider strategy to promote good governance and administrative capacity across a state's civil service (and this should be as coordinated as possible between donors). The capacity-building programmes have to target the root causes of fragility and not just the symptoms; therefore it is institutional change that matters, more than organisational change[54].

Table 3: **Comparison of Capacity Development in "Fragile" and "Non-fragile States"[55]**

Similarities	Differences
▪ Need to consider sustainability and reinforcement of endogenous capacity. ▪ Long timeframe. ▪ Change agents and champions, political will and ownership. ▪ Importance of adaptation of intervention templates. ▪ Systems perspective to capture complexity and interconnections.	▪ Pressure to restore services and security quickly. ▪ Short timeframe. ▪ Limited capacity to build on. ▪ Often not simply rebuilding, but creating new capacities. ▪ Little "margin of error" (e.g., lack of: trust and social capital, institutional resilience, etc.). ▪ Hyper-politicized environment.

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[53] Vallings, Claire and Moreno-Torres, Magüi (2005); *Drivers of fragility – what makes states fragile*, p.22.
[54] DFID (2007): *Governance, Development and Democratic Politics: DFID's work in building more effective states,* p.6-7.
[55] Brinkerhoff, D. (2007): *Capacity Development in Fragile States*, p.15.

Moreover, not all governance concerns need or can be addressed at the same time[56]. Having to face a wide range of capacity problems, donors have to be clear on selectivity (which agencies or institutions to target), priority (which capacity issues and reforms are the most urgent) and sequencing questions (what is the most suitable process of reforms)[57]. The support for targeted reform that does not overwhelm governments with unrealistic demands has proven to be more effective, for instance agreeing on an achievable reform package that prioritises reforms that focus on weaknesses with great potential to deepen and worsen poverty. This can be critical to the legitimacy and political will that is necessary to carry through further reform. Priority should be given to the reinforcement of the rule of law (e.g. SSR programmes), which includes the reform of the "core five" institutions: military, police, civil service, system of justice (formal and informal), and leadership[58]. In countries that are unwilling to cooperate, donors should try to identify champions or drivers of change such as moderate and progressive people within government or leaders of civil society organisations).

Governance is also a home-grown process that is interlinked with state-building and should not be led by donors' own political agendas. There is no particular institutional model for governance, but a broader strategic approach should be developed on the basis of partnership and ownership, avoiding a narrow and technical perspective (e.g. fight against corruption, which is an outcome of weak governance). This holistic approach involves the essentials of efficient and effective governance, namely: adherence to the rule of law, competent and fair judiciaries, effective police services and criminal justice systems, professional civil services with an ethos of democratic governance.

A special attention must be given to the partner country's own mechanisms (even at informal level – such as traditional conflict mediation practices), organisational and institutional culture, instead of pursuing the donors' state-building model that is based exclusively in western institutions and often disregards the local dynamics. For instance, in Solomon Islands, there is a tension between the western model of state-building and addressing some of the causes of the 1998-2003 conflict: the inappropriateness of the Westminster parliamentary system was one of the causes for instability, but the Regional Assistance Mission to the Solomon Islands is reinforcing it through capacity-building measures.[59] In other words, it is important to match new systems, procedures and capacities with positive aspects of what exists on the ground, in order to reduce divisions within societies and to ensure that all parts of the society feel included[60].

This also implies that the existing national, regional and continental mechanisms and structures with a role in promoting good-governance in situations of fragility are adequately supported and reinforced – such as the good-governance national programmes or the AU African Peer Review Mechanism (APRM).

1. Building a state that can maintain security and provide for the needs of its people should be the central focus of EU engagement in fragile situations and difficult environments. The EU must recognise that all its activities have implications for long-term state-building.

2. EU state-building actions must have realistic goals: instead of engaging in an ambitious and comprehensive plan of reforms that will inevitably conduct to a frustrations of expectations, the focus should be in creating a decently functioning state, starting with basic, targeted and priority reforms. Instead of building a "strong" but flawed from the outset state, the aim is to build resilient and enable states in a long-term perspective. This implies to use political dialogue mechanisms to create an opening for reform and an approach that goes beyond technical solutions, addressing political incentives and the institutions that really affect prospects for reform.

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[56] In Afghanistan, the reforms covered by donors are wide ranging and have led to more than one hundred pieces of pending legislation, ultimately resulting in an institutional blockage and ineffectiveness.
[57] World Bank (2006a). "Engaging with Fragile States: An IEG Review of World Bank Support to Low-Income Countries Under Stress." Washington, DC: World Bank, Independent Evaluation Group
[58] For instance, in Afghanistan the police and the judiciary have been woefully neglected in reconstruction efforts, contributing to increase insecurity.
[59] Baser, Heather (2007): *Technical Assistance Personnel in the Solomon Islands: What can we learn from the RAMSI experience?* Draft, ECDPM, June.
[60] Brinkerhoff, D. (2007): *Capacity Development in Fragile States*.

3. Capacity-building and governance initiatives have to based on a <u>stronger and profound understanding</u> of the context (including power, state-society interactions, role of different forces, etc), and, in doing this, try to increasingly use local expertise and knowledge.

4. The objective of state-building should be to strengthen <u>national capacities.</u> Technical assistance personnel need to be combined with other ways of building capacities such as on-the-job training, exchanges and structural and attitudinal changes. State-building activities need to take into account the partner country's own mechanisms, organisational and institutional culture, rather than focusing solely on western institutional models. It is preferable to begin such programmes with no preconceptions about the "right type of institutions".

5. Regarding governance, the EU must ensure that the principles established in the 2006 EC Communication on Governance[61] have a <u>practical implementation</u> at field level by being mainstreamed into cooperation programmes. Political dialogue at multiple levels is one mean of engaging in fragile situations. The EU engagement at a national, regional and continental level in Africa is an example.

1.6.4. Aid Modalities

In practice the predominant current approach to fragile situations and difficult environments tend to favour the use of project approach rather than budget support, use NGOs and other non-state actors[62] rather than state implementers, invest less money in shorter time periods and rely in humanitarian aid more that in development approaches. However, we must acknowledge that the objective in these situations is threefold: meeting immediate needs and delivering basic social services to rapidly address the populations' needs; building sustainable systems within and outside government to formulate policy and deliver services; supporting pro-poor domestic political reform. Therefore, the combination and flexible use of various instruments at the same time is highly recommended. The selection and design of instruments must be made according to the objectives and the specific context, rather than having preconceived notions of suitability.

Regarding *humanitarian aid*, it has frequently been expected to contribute to objectives that are not the core purpose of these actions (which is to reduce suffering and save lives), sometimes tending to become the catch-all solution in fragile situations, and particularly during violent conflict. It is sometimes used as an instrument to by-pass the state in poor governed countries (e.g. Afghanistan, Zimbabwe), but it is by definition a short-term intervention. Therefore, is has to be coordinated and complemented with long-term development approaches towards capacity-building. Much humanitarian aid is still fragmented; the greater use of pooled funding and trust funds could enhance response.

Projects offer a way of working in difficult development partnerships to provide access to public goods and basic services and can also be very useful in situations of state collapse, to compensate for the total inefficiency of central structures. In unwilling or illegitimate governments, shadow alignment is one possibility to be explored[63].

Various types of *pooled funding* – such as Social Funds or Multi-Donor Trust Funds have strong potential to increase harmonisation. *Social Funds* are a useful way of getting funds directly to communities for small investments and have a higher degree of design flexibility that allows adaptation to local contexts. Case-studies show that they tend to be more successful when aligned with priorities of the respective ministries or linked to government structures in the development of service delivery systems (e.g. Yemen). Like national programmes, social funds can also help enhancing state legitimacy in that grants are seen as coming from the state. However, when some minimum conditions are not met – such as basic administrative infrastructure – implementation tends to be slow.

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[61]*Governance in the European Consensus on Development - Towards a harmonised approach within the European Union;* COM(2006)421.

[62] Non-state actors encompass diverse groups and sectors, including the business sector, religious groups, women's and youth organisations, NGOs, professional associations and the media.

[63] This means that donors work to be compatible with national systems without subjugating them to government priorities or policies (for instance putting aid "on budget" but not "through budget"). Christiansen, K., Coyle, E and Lockhart, C. (2004), *Harmonisation and Alignment in Fragile States*, Overseas Development Institute (ODI), London, Report prepared for the OECD-DAC.

Multi-donor trust funds have been used in fragile situations as tools for humanitarian response (e.g. OCHA in Angola and DRC), for post-conflict reconstruction (e.g. Bosnia, Kosovo, East-Timor, Afghanistan) or for specific issues, such as SSR and DDR (e.g. DDR in Sierra Leone and the Great Lakes). They have the advantage of raising more funds, contributing to coordinate donors and ensure a more predictable and equitable resource allocation. Global Funds to address specific issues at a wider geographic level can also contribute to a common development goal, but they carry the risk of creating separate planning, financing and delivery channels that distort national priorities. The linkage with country-led process is again one condition for success.

Budget support have been used with some positive impacts via Trust Funds in the early stages of state formation (e.g. Afghanistan, East Timor) and directly to the government in post-conflict settings (e.g. Rwanda, Sierra Leone). It is recognised that programme aid instruments, although depending on the efficiency and effectiveness of government policies, have a greater potential than other aid modalities to develop local capacity and systems in the medium-term, and support the principles of good donorship[64]. The ultimate goal is that the state can gradually exercise its most important functions: setting priorities, making hard choices and managing expenditures. In fact, it tends to reduce demands on already limited government capacity, much of which gets diverted to fulfilling individual donor requirements.

In short, researchers and experience in a number of countries suggest that:

- Where the state has the capacity to govern (in terms of a functioning political, bureaucratic and judicial system) but no commitment to poverty reduction ('unwilling states' or 'difficult partnerships'), donors should consider off-budget, joint, national or regional programmes with pooled funding and should use humanitarian projects only in response to need. Sectoral programmes in social areas like health and education can also be an option.

- Where there is both little capacity and little commitment, donors should follow a similar pattern, but also with a focus on relationships with civil society and strengthening the vulnerable communities though appropriate resources, training and transfers.

- Where there is commitment, but little capacity, donors should establish an arrangement between national governments and donors which would cover political, security and development strategies; create multi-donor trust funds for budget support and investment; and provide technical cooperation for developing local skills and capacity[65].

EU Strategy for addressing fragile situations and difficult environments must entail a strong support for aid instruments that promote local ownership and accountability. In that regard, social funds and joint programmes using multi-donor trust funds tend to be the most promising in situations of fragility; they are often parallel systems to the government, but they are national and can be moved back to state control more easily than fragmented project approaches.

Budget support (with few conditionalities) shall be regarded as one of the possible tools for success in transition periods and in "weak but willing states", since it can help countries meeting shot-term needs that can be destabilising factors (e.g. public officers and military salaries arrears), stabilising transitional governments or giving important boost for elections holding. In some countries, EU has been playing an important role in motivating other donors for this kind of support (e.g. Guinea-Bissau, Burundi. See Part II). This support can be done in a step-by-step approach, gradually laying down more stringent indicators for budget support – for instance, commitment and progress on fundamental reforms such as financial management, justice system and SSR, key good governance and peace consolidation measures, or government investment in service delivery.

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[64] In Rwanda, budget support has strengthened the incentives for government departments to work together and has improved public financial management systems and government reporting and monitoring. DFID (2007): *Governance, Development and Democratic Politics: DFID's work in building more effective states*, p. 52

[65] For further information see Leader, N. and Colenso, P. (2005); *Aid Instruments in Fragile States*, PRDE working paper no. 5, Department for International Development, London.

1.6.5. Aid effectiveness Issues

a) Adapting the DAC Principles[66]

The DAC Principles for Engagement in fragile states and situations[67] where developed and agreed by a joint process that involved several multilateral organisations (OECD-DAC, UNDP, WB, EC) and bilateral donors. This represents a concerted effort to coordinate approaches and jointly find common responses, rather than pursuing independent agendas. However, the adoption of the principles and the piloting exercises were sometimes found to be excessively theoretical (with no practical implementation consequences) and donor-driven (since a list of principles was presented to partner countries with no prior discussion). They also lack a clear statement of objectives and the inclusion of several dimensions that are considered fundamental by partner countries, particularly in Africa

These principles have strategic, policy and organisational implications for donor agencies. At strategic level, the principles will have to be integrated in donor strategies. At policy level, international actors need to adopt "whole-of-government/organisation approaches" that can foster close collaboration across the economic, development, diplomatic and security fields (The UN Peacebuilding Commission is an important step in this regard). At institutional and organisational levels, donors will have to create internal capacity to assess state fragility, to respond quickly to volatile environments, to build an adequate local presence and attract skilled staff to work in these countries. These are positive aspects for a more effective donor response in situations of fragility.

Generally, the EU should base its engagement in the adopted DAC principles, with several adaptations that were suggested by partner countries in the DAC piloting exercise:

- To establish clear objectives for the agreed Principles, namely that they should only be viewed as useful if they have value to efforts for poverty reduction;

- To debate the principles with partner countries on a case-by-case in order to select the most relevant and adapt them to specific realities;

- To actively implement the most relevant principles in EU programming;

- To expand them to relate to broader sectors, such as trade and environment;

- To include an additional regional dimension, by integrating regional approaches and supporting existing regional and continental structures to address fragile situations.

b) Engagement and Aid Absorption

Sustainable changes require a good fit between the intervention and the absorptive capacity of the partner country[68]. They also require engagement in the activities and a commitment to make them succeed on the part of the partner. The tendency of donors to allocate huge amounts of aid in short-term period following the end of a violent conflict or elections holding, and to pull-out in the medium-term when absorption levels are increasing, is highly counterproductive. Most studies highlight the necessity to:

- Adopt a more practical approach with smaller commitment of external funds that can be sustained over a long period of time; the pace of resource commitment should be in line with the evolving capacity of the partner government.

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[66] In Annex 1.
[67] OECD-DAC (2006); *Fragile States: Policy Commitment and Principles for Good International Engagement in Fragile States and Situations*, DAC Senior Level Meeting, 5-6 December 2006.
[68] At the macro economic level, Mark McGillivray of the United Nations University in Helsinki showed in a presentation to AusAID on aid effectiveness (December 2006), that efficient aid is in the range of 20% of GDP for stable states and probably only 13% for highly fragile states because of their weaker institutions and hence smaller absorptive capacities. Baser, Heather (2007): *Technical Assistance Personnel in the Solomon Islands: What can we learn from the RAMSI experience?* Draft, ECDPM, June.

- Invest in human capacities (there is some evidence that long-term investments in human capital have potential to increase absorptive capacity even prior to government-wide reform).

- Initially focus aid on areas where capacity is least weak and try to remove barriers to effective use of future support; plan reforms on a gradual basis in order to ensure sustainability[69].

- Complement government actions with capacity-building in the private sector and civil society.

The EU should ensure a pro-active long-term engagement that is focused in preventive strategies. At the same time, it must be aware of the absorptive capacity in fragile situations. A sustained and consistent commitment of financial resources has, therefore, to be ensured, with adaptations being determined by the evolving capacity of the partner government. Any strategy must be based in a proper sequencing of reforms, as part of a gradual approach.

c) Coordination Issues

Uncoordinated and incoherent interventions in fragile situations and difficult environments can exacerbate tensions or undermine state-building efforts.[70] These countries are especially vulnerable to donor fragmentation and its potential burden on government capacity, since they are also less capable of leading donor coordination themselves. Furthermore, they are often unable to refuse aid. High poverty levels and huge variety of needs tend to push the governments to accept all donors' proposals, regardless of their conditions or their relevance to the country's priorities, thus increasing the possible negative impacts of aid. This makes implementation of the principles of the Paris Declaration on Aid Effectiveness[71] particularly important in fragile situations.

The developments in the last few years point out to a general shift towards new experiences such as joint assistance strategies and co-financing between donors. However, donor coordination cannot success without a minimum level of common vision and purpose among donors over the fragility phenomenon. When donors' activities cannot be harmonised, it is important to ensure that they are at least complementary.

The question of division of labour - that seeks to rationalise the number of donors present in a country and/or across sectors, accordingly to their comparative advantages – is central to the coordination debate. In fact, donors tend to be cautious on this, because of their competing interests, quest for visibility or disagreement over the main priorities. Lack of coordination often results in duplication of efforts (programmes that are addressing the same issues with no coordination), in regional imbalances (when all donors concentrate their actions in a few provinces and forget others), sectoral imbalances (some sectors can have dozens of donors

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[69] Chauvet and Collier state that trying to push policy reform on post-conflict states does not work and that policy reform should only be undertaken about 7 years after peace is restored. Before that, there is likely to be little ownership on the part of the government and thus no sustainability. In many cases, we have to distinguish between what works on a short-term basis and what is sustainable (and many of the things done in fragile states are not sustainable).

[70] We can generally distinguish four levels of coordination: (i) intradepartmental, which calls for coordination of all development programmes targeting a given country within each donor department, in order to ensure that they share complementary objectives and methods; (ii) whole-of-government, which highlights coordination between aid and non-aid departments and ministries within donor governments; (iii) inter-donor, which refers to coordination among aid agencies and between aid and non-aid approaches across donors; and (iv) donor-partner, which calls for alignment between donors and the partner countries' needs and priorities. Picciotto, Robert el all (2005); *Striking a New Balance: Donor Policy Coherence and Development Cooperation in Difficult Environments*, Background Paper for the Senior Forum on Development Effectiveness in Fragile States, DAC, January.

[71] The Paris Declaration on Aid Effectiveness tracks progress of 12 indicators, in accordance with five partnership commitments: ownership of the partner country, alignment of the donors on the countries' national development framework, harmonisation of donors' actions, management for results, and mutual accountability of donors and partners for the results. The EU has argued for higher targets and has taken four extra-commitments: (a) to provide capacity-building assistance through coordinated programmes; (b) to channel 50% of government-to-government assistance through country systems; (iii) to avoid the establishment of any new Project Implementation Units; and (iv) to reduce the number of uncoordinated missions by 50%.

operating –e.g. health, education – while others are clearly under-funded –e.g. environment, employment programmes, etc). These elements further undermine the possibility of a sustainable and harmonious development.

Although the DAC principles are meant to concretise the philosophy of the Paris Declaration in its application to fragile situations, the EU can go beyond the established guidelines on coordination and try to actively implement the Paris Declaration in fragile situations, focusing on the central aims of state-building and conflict prevention/peace consolidation (as interrelated aspects). In this context, harmonization of donors' intervention, promotion of the country's ownership and a gradual alignment with national priorities, are important elements to ensure a sustainable impact of development actions.

The EU needs to work both with Member States and with other international partners to develop common approaches and operating principles in fragile states, in particular through efforts to improve coordination and division of labour with organisations leading peace-building efforts, such as the United Nations and regional institutions.

The EU Code of Conduct on Complementarity and Division of Labour in Development Policy should be actively promoted and implemented in order to avoid duplications and increase complementarity and coherence within the EU actors (EU institutions and bilateral donors) – *see Part II, 2.4.4.*

d) Coherence within Donors

Evidence has shown that several policy areas can have strong impact in poverty reduction and development. The Policy for Coherence (PCD) initiative promoted by OECD seeks to promote policy coherence in support of the internationally agreed development agenda. The OECD Learning Advisory Process has made progress towards harmonizing and aligning donor agency actions in fragile environments, and in enhancing coordination between development agencies and security forces operating in the same territory. However, much progress still depend on particular political momentums: progress with multilateral debt relief was rapid after the Gleneagles Summit in 2005, but there was a lack of progress with multilateral trade reforms in the Doha Round - these two examples similarly demonstrates how strong or weak international commitment can determine changes and progress.

EU defines PCD as "ensuring that the EU takes account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries and that these policies support development objectives", having identified 12 areas in PCD[72]. The debates on these issues have then evolved to the promotion of PCD through "whole-of-government" (WoG) responses, as a necessity to overcome the particular difficulties faced by situations of fragility and difficult environments. Development alone cannot succeed in stabilizing a failed state, any more than a military intervention can rebuild destroyed political infrastructure. Therefore, according to OECD definition, the WoG approach intends to promote "policy coherence within the administration of each international actor"[73].

Nevertheless, whole-of-government/organisation approaches demand for high coordination levels for an extended period of time, which has proven very difficult to attain. Within bilateral donors, policies are usually generated separately by ministries, each having different goals, languages, methods and approaches. Many times, donors also support projects that do not add up to support a coherent strategy. The same happens between departments or bodies in multilateral agencies. There are many examples of incoherence resulting at a strategic level, for instance between arms exports and conflict resolution efforts; trade and development objectives, etc.

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[72] The 12 areas are: Trade, Environment, Climate Change, Security, Agriculture, Fisheries, Social dimension of Globalisation and employment, Migration, Research and Innovation, Information Society, Transport, and Energy.
[73] OECD-DAC (2005); *Principles for Good International Engagement in Fragile States*, Learning and Advisory Process on Difficult Partnerships, Development Assistance Committee (DAC), Paris.

Table 4: **Examples of Bilateral Whole-of-Government Approaches and Innovations**

US established in 2004 the Office of the Coordinator for Reconstruction and Stabilisation within the Department of State, which intends to coordinate all civilian government efforts to address state fragility and failure, including the State Department and USAID. It also draws resources from the Department of Defence, the intelligence community and other relevant government departments. In this context, it has also created a Stabilization and Reconstruction Fund.

The **UK** government has created two Conflict Prevention Pools (CPPs) to improve department coordination and priority-setting: one focused on Sub-Saharan Africa (ACPP) and chaired by the Secretary of State for International Development, and one other with a global scope (GCPP) chaired by the Foreign Secretary. The CPPs are jointly funded and administered by three departments of state: the Ministry of Defence (MOD), Department for International Development (DFID) and Foreign and Commonwealth Office (FCO). The Pools receive specific funding from HM Treasury and report separately to Parliament. An inter-departmental steering mechanism and a process for joint priority-setting for each conflict contribute to ensure coherence between departments. The CPPs brought together budgets for programme spending and peacekeeping costs, including all aspects of reconstruction, from security to economics, participation and social development.

The UK has also established a Post-Conflict Reconstruction Unit to contain specially trained civil and military personnel, integrating civil and military responses. Sierra Leone is an example of trying to establish a joined-up UK government support, where DFID, FCO and MOD have been working closely in the post-conflict phase (after UK military intervention).

The policy coherence efforts at internal level are combined with strategic joint action in international forums; for instance, DFID, FCO and MOD developed a joint Security Sector Reform strategy, and UK chaired the OECD task team on SSR.

The **Netherlands** has established in 2003 an integrated policy framework that combines diplomacy, political dialogue, security, trade, market access and development cooperation. It as created a Stability Fund to enable rapid decisions on allocations for the promotion of peace, security and development in low and middle-income countries that are affected by conflicts; it combines resources drawn from aid and foreign policy budgets.

Canada pursues the "3D" model of coordination across the domains of Defence, Diplomacy and Development at a strategic level. Canada newly established Stabilization and Reconstruction Team (START) in order to facilitate a joint approach to crises and conflict prevention. In 2003, **Sweden** adopted a bill which requires all major policy areas to contribute to sustainable global development and to promote the same goals internationally, especially within the EU. **Japan** has established several cross-organisational task forces, consisting of representatives of several government departments (MFA, JICA, JBIC, JETRO).

The EU should select the most relevant policy coherence areas in fragile situations and difficult environments (e.g. security, trade or migration, are clearly more relevant than "transport" or "information society") and invest in stronger linkages among these selected areas. A set of guidelines on how to ensure a security-development nexus in fragile situations and difficult environments should be elaborated.

The pursuit of a Whole-of-EU approach is not a goal in itself, but a useful tool for promoting the ultimate goal of encouraging development in partner countries, particularly when they are poorly equipped to lead or coordinate the activities of donors.

PART II: The EU Response Strategy to address situations of fragility and difficult partnerships

2.1. POLICY FRAMEWORK

In the last few years, the EU has adopted a number of important documents and issued various policy statements stressing the need to address state fragility and improve EU response[74].

However, the development of EU approach towards situations of fragility and difficult environments is not about creating another policy – to add to the European Consensus on Development (2005), to the EU Programme for the Prevention of Violent Conflict (2001), to the Action Plan for the Civilian Aspects of ESDP (2004), to the EC Communications on Governance (2003 and 2006), to the European Security Strategy (2003) – but rather to attempt bringing all these policy commitments together into **a comprehensive framework** to address state fragility.

The EU is an economic world power and, although financial resources are not unlimited, it does have the economic, financial and, in some cases, the political clout to make a difference, and even more so if its actions are coordinated 'in-house' (CE, Council and MS), as well as with local and international stakeholders. As a group, the EU and its Member States are the world's largest aid donor (with some 55% of total ODA), is active in over 160 countries in the world and engaged in a political dialogue both at national and regional level with many of them. It also has a wide-range of policies and instruments that are critical when it comes to engaging in situations or with states that are affected by problems of weak capacity to deliver basic services (including law and order) to their populations, have a very poor governance record, are affected by conflict or just coming out of a conflict, and in some cases are deliberately unwilling to play the role of an effective state, independently of having or not the capacity to do so. The EU has, therefore, the **potential** to effectively address some of the main security and development problems involved in these states, or at least **to contribute to structural stability** in many of these states with whom it has a long-standing relationship and where it is engaged in a variety of forms.

The EC is generally recognised and praised for having and making use of a wide range of policies and for the improved flexibility of its instruments. However, and despite progress, it is also acknowledged that it is far from having a 'whole-of-Commission' approach[75], not to mention a 'whole-of-EU' approach, which would be the most advanced stage of EU coherence and coordination (including, CE, Council and MS policies). EU action is often fragmented and uncoordinated, due to several factors: the institutional structure and disconnect between pillars; lack of coherence in donor policies among the EU and its Member States; the gap between military crisis management capabilities and longer-term civilian, development and peace building programmes; the inefficient coordination among instruments; amongst other factors. It is also lacking an overall strategy and direction that can refine the existing policy instruments and seize the window of opportunity created by the recent changes in EU external action. Another challenge will be to ensure that technical and political means for coherently addressing the causes and consequences of state fragility are mainstreamed through EU policies, financial regulations and practice.

Therefore, when it comes to the EU ability to play a more effective and positive role in helping affected states and societies to cope with and reverse the causes and effects of fragility, **the issue is not so much whether the EU has the means and the necessary tools** within the considerable possibilities available to EU institutions and MS, **but rather:**

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[74] See Annex 2.
[75] OECD-DAC (2007); *Review of The Development Cooperation Policies and Programmes of The European Community*, Peer Review, DCD/DAC/AR(2007)2/EC/PART2, 26 June 2007.

- **how these** wide-range of policies and various instruments **inter-relate and mingle** to make a coherent, needs-based and well-informed strategy and a clearly guided policy, supported by coordinated efforts and adequately and timely sequenced actions;

- **how best can they be optimised and adapted** to fit the specific requirements of complex and often volatile and unpredictable situations, where a continuous reassessment of the situation and impact of on-going policies and approaches may be needed, and EU forms of engagement in that specific country/region may need to be revised and adjusted consequently.

One may also argue, legitimately, that beyond means and tools available, there is also the fundamental question of **political will and leadership** to commit to a necessarily, if to be effective, long-term engagement in more complex and sensitive contexts, where 'return-investment' is less obvious or immediate, although by far less costly and less risky than trying to heal situations of conflict and rebuild countries, not to mention the long-term economic and social impact of conflict in the social fabrics of a country or indeed a region.

Tacking Africa as the Starting Point

Although geographic proximity puts almost automatically neighbouring countries/regions in the priority list of EU external action, globalisation also has its toll on the logic of the proximity/priority tandem, e.g. countries like Afghanistan, who were not until a decade ago a major priority for the EU, are now high on the priority ranking of EU foreign and security policy. Long-standing history of political and economic cooperation and socio-cultural ties also matters. This can certainly be argued in relation to the ACP, and Africa in particular, with whom the EU has been engaged for most of its institutional existence and, in 2000, renewed that commitment for another 20 year period (under the Cotonou Agreement). That long-term commitment has been reinvigorated namely by the new regional dynamics in Africa and in particular the revival and strengthening of the pan-African institutions (NEPAD, AU), as well as the internal dynamics within the EU that has led, in the last decade to its assertion as a global player also in the political and security arenas[76].

Africa can testify of these changes in the EU. The political dimensions of the EU-ACP relationship have been substantially reinforced during the 90s and in particular with the Cotonou agreement (compared to a partnership that had, for most of its history, been largely dominated by aid and economic cooperation). Furthermore, in 2003, Africa was the backstage for the first fully autonomous (without recourse to NATO assets) crisis management military operation outside Europe (operation Artemis in Ituri, DRC)[77], and again in 2006 with three different CFSP/ESDP missions, proving the EU continuous engagement in situations of fragility, as is the case of DRC, and other countries in the continent. These countries, and Africa in general, remain at the top of EU development efforts and humanitarian aid, but these are now framed by a political dialogue and cooperation that is more inclusive both in terms of the issues and policies it covers, and in the actors it engages (or intends to). It provides an illustrative example of the policy mix the EU can apply, although not always a successful one, where there are lessons to be learned from its own and other donors' experiences of engagement in situations of fragility and in difficult partnerships (e.g. Zimbabwe, which has proved to be a partially divisive issue within the EU and with African partners),

The EU Strategy for Africa, adopted in December 2005, reflects also this evolution in relations with the continent and provides a comprehensive policy framework for relations with Africa, which include also the issue of fragile states and the need to develop and foster a culture of prevention in such environments[78].

State fragility is also an issue in the agenda of the on-going dialogue, public consultation and negotiations towards a Joint EU-Africa Strategy to be adopted at the second EU-Africa Summit, to be held in Lisbon in December 2007, during the Portuguese Presidency. As mentioned in the

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[76] in !992, the Treaty of Maastricht established a Common Foreign and Security Policy (CFSP) and, in 1999, the European Council in Cologne decided to operationalise an European Security and Defence Policy, aiming namely at providing the EU with the means and capabilities to engage in conflict prevention and crisis management tasks (the Headline Goal, at the Helsinki Summit in late 1999).
[77] FF, EU-ISS, 2004
[78] See Annex 2.

Outline for the Joint EU-Africa Strategy endorsed by the Ministerial Troika Meeting of 15 May, the parties acknowledge that "for the implementation of this new partnership and to meet our objectives we will need to take concrete action and to make significant progress in the following inter-related areas" and go on to name various, including "in the context of situations of conflict, crisis or instability, as well as institution-building, and building on discussions in various international *fora*, decide to start a dialogue on the concept of fragility of states aimed at reaching a common understanding and agreeing on steps that could be taken."[79] It is an acknowledgement of the need to tackle differences in perception and understanding if the EU and Africa are to join and optimise their efforts in tackling the problems to bring sustainable development, peace and security to Africa.

Africa is not the only region experiencing situations of fragility or where the EU can draw lessons from its engagement in difficult environments and fragile situations – in Europe itself (e.g. Kosovo) as well in Afghanistan, East Timor, Nepal, Haiti, Burma, Middle East, among others, there are lessons to be drawn from EU experience -, but the dialogue on a EU-Africa joint strategy provides a moment of opportunity. Both the EU and the AU are trying to define strategies to deal with such situations and environments[80] and have pledged to cooperate and are indeed cooperating to tackle them (e.g. Darfur, Somalia, CAR, Comoros).

2.2. THE ACTORS

The EU has a **wide-range of actors** it works with in the design and implementation of its policies, but with whom it also engages in its decision-making process. Beyond engaging with States and State institutions – these are EU 'natural' and primary counterpart - , the EU also works with local administrations (decentralised state actors) and local and international NSAs as well (NGOs, community-based organisations, private sector, media, etc.) and can engage in dialogue with these actors. Furthermore the EU also has established partnerships with other donors and regional and international organizations (*see 2.5*).

Under the EU commitment to effective multilateralism, coordinating with other donors and international organizations in upholding shared efforts is an obvious need and an increasing common practice (to be further improved) in many countries where the EU is engaged, as well as in international *fora*. Among these, the UN (and its agencies) is the prime EU partner (and the EU a major contributor to the UN system), to whom the EU recognises the legitimacy and leading role in world peace and security. EU external relations activities and in particular its foreign and security policy is informed by and meant to reinforce the international relations principles upheld by the UN. Unlike many donors, the UN is generally always present in situations of fragility and of crisis and post-crisis. It often has the role of coordinating other donors' assistance in these countries, particularly when it comes to humanitarian aid, but not only. It is therefore a nearly constant interlocutor of the EU, both in the field and at the different policy levels. (*see 2.5.1.*)

Regional organisations are also an increasingly important partner for the EU, from political dialogue to the definition and implementation of strategic approaches to address issues of common interest and shared priorities. Regional Organizations, in Africa and elsewhere, have in many instance taken matters in hand and faced difficult situations when the international community shied away (e.g. ECOWAS in West Africa). Whether it regards dealing with crisis situations or governance in fragile countries, many regional organisations and partner countries have developed mechanisms and strategies to address structural problems (governance-related problems included) and are trying to develop capacities to address short and long-term needs, including early warning, crisis management and peace-building. They do look at the EU to take their perspectives on board, complement their efforts and provide them with much needed support. (*see 2.5.2.)*

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[79] Outline of the Joint EU-Africa Strategy, May 2007.
[80] The African Development Bank has proposed in late 2006 a framework for enhanced bank group assistance to fragile States in Africa. The AUC has a Conflict prevention policy and is in the process of operationalising a continental early warning system supported by the regional early warning mechanism that exist or being put in place in the African RECs. In Mid-2006, the AU has adopted a policy framework on post-conflict reconstruction and development.

Structural fragilities affecting many countries are not just home-grown and the regional dimension is often among the causes, the trigger or the consequence to deteriorating situations and increased fragility. Regional problems also need therefore regional solutions. That is very much the 'motor' that drives EU cooperation with the AU and sub-regional organisations in Africa, like ECOWAS, IGAD, ECCAS or SADC. Advancing on the local/national agenda for peace-building is likely to have limited impact if the regional dimension is ignored or downgraded, as is well illustrated by the conflict in Darfur and the descent into deepening crisis and potentially looming conflict in Chad[81]. Regional partners can be important at all stages of a process: from understanding the regional context and societal linkages across borders to finding the best approaches and solutions to the problems. They are also likely to be the most suited and best placed to exert pressure on unwilling governments and their voices more likely to be heard than those of the EU or other international actors.

Beyond States and international and regional organizations or other donors, the EU also works with a large variety of NSAs at different levels and in a variety of setting and types of activities. In some areas, as for humanitarian assistance, the EC relies largely on NGOs and often does not engage at all with governments, as these are often absent from the scenarios of conflict and crisis that are the working background of ECHO. In some instances, though, it can have governments as the counterpart particularly when these are coordinating relief efforts, as it was the case in Pakistan. The DIPECHO programme is one of the few where ECHO engages with NSAs as well as with State actors at local and central level namely in enhancing capacity-building for disaster risk preparedness.

The design and decision-making of development programmes supported by the EC is a relative **participatory process**, involving a wide-range of non-state actors through dialogue and financial support. Dialogue between state and non-state actors and support for civil society capacity-building are the main tools for implementing participatory approaches and ensuring that the priorities and concerns of stakeholders are integrated into development strategies and programmes. These participatory processes are a well established principle of EC development policy, although their application and 'quality' varies significantly from one country to another and depend not only of the EC engagement in pushing forward the process, but also on conditions in each country and the capacity of NSAs to engage effectively (capacity-building of these actors becomes then basically the only possible aim of the process) and the openness of State authorities to involve them beyond pure implementation tasks. This is namely the case in cooperation with the ACP countries. However, the revision of the Cotonou Agreement, concluded in early-2005, provides new opportunities by facilitating direct access of NSAs to indicative programme resources, provided the actors and activities to be supported are identified in and inscribed within the overall strategy for the country agreed with the Government. Local authorities are also now explicitly recognised as actors in the ACP-EU partnership. Saferworld experience in Somalia (see box below), in a programme supported by the EC, is an interesting example of promoting participatory approaches in so-called 'failed states', where no central government exists or has lost control in parts of the State.

One of the thematic programmes within the DCI regards non-state actors and local authorities in development, opening therefore the possibility for the EU to directly finance these actors without need to prior approval of the country's government or having to channel EU support through the government. This also applies to the ACP countries. This thematic programme will provide financial support to initiatives from non-state actors and local authorities in the EU and partner countries at three levels:

- supporting interventions in developing countries and regions where geographic programmes do not support non-state actors and local authorities;

- raising public awareness of development issues and promoting education on development in the EU and acceding countries;

- supporting activities to strengthen co-ordination and communication between civil society and local authority networks.

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[81] See Marchal, Roland (2007): *Chad: Towards a Militia State?* March 2007 (mimeo).

Also in the areas of conflict prevention and crisis management the EU is engaging in partnerships with these actors. One well-known example is the case of Aceh, where the political mediation between the Indonesian Government and the Free Aceh Movement (GAM) was done by an NGO, the Crisis Management Initiative, with the financial support and backing of the EU, alongside other EU activities. In November 2006, CivCom in the Council adopted a set of recommendations for enhancing co-operation with NGOs and CSOs in the framework of EU Civilian crisis management and conflict prevention, which included among others: taking into consideration NGO and CSO expertise, when appropriate, for fact-finding or pre-planning missions; exchange of information and views at the Brussels level as well as in the field, training, and use of their expertise for deployment in civilian crisis management, with the aim of increasing the operational effectiveness of ESDP missions.[82]

Under the Instrument for Stability, a Peacebuilding Partnership is foreseen to be established, to strengthen operational links with MS, specialist non-state actors and multilateral actors (including regional and sub-regional organisations). It will include and join CE staff (e.g. regional desks and Relex), and expertise from roasters, which can include individuals, NGOs, MS experts, etc). It is meant to be an important support tool for assessment (hopefully preparatory and impact as well), programming and implementation of peace-building strategies.

The EU also finances the Conflict Prevention Partnership, a group of international NGOs with expertise in peace-building, crisis management and conflict prevention, with the aim of strengthening EU and MS capacities in these areas.

There is also recognition of the vital role played by civil society in promoting democracy, social justice, Human Rights, and in delivering security and justice, which in situations of fragility is hardly ever the monopoly of the State. In some situations, the State is actually the main source of insecurity and human rights violations. In fragile countries and even more in collapsed states, State and NSAs are important actors – positive and negative – and donor's approaches to deal with these will need to consider the roles of both of these actors, although this may imply that donors may need to make tough and risky, but hardly avoidable, political choices[83].

NSAs provide also an entry point to engage in cooperation and support to key areas in development, as well as in governance and, justice and security in countries where State institutions are basically non-functioning or have collapsed, and/or in unwilling countries where political dialogue and official cooperation are reduced to a minimum or halted. This is a proven comparative advantage of the EU with regard to other institutional donors. It is, however, important to stress that cooperation with NSAs and supporting their capacity is not meant as an alternative to governments but rather aiming at critical complementarity to State action and role, whether in terms of the provision of services and in creating checks and balances for improved governance. Even in situations where governments are often absent from the partnership relation, and NGOs are the main interlocutor and implementing partners (e.g. in humanitarian assistance), there should be an effort, whenever conditions in the country/region allow for it, to simultaneously engage with and reinforce the capacity of local and central administrations in providing and managing relief and rehabilitation. This could be done directly through technical assistance or indirectly through the implementing NGOs. State-building in countries in fragility, and particularly in those prone to disasters, should also include this critical capacity. Ideally, building capacity in situations of fragility ought to encompass a critical engagement with both State and NSAs and in promoting constructive partnerships between these actors.

Finally, NSAs also play a role in political dialogue, both in willing and unwilling states. They convey local perspectives, are a key source of information and local knowledge that donors can't always fully grasp and States are either unaware, not opened to take into account their needs and concerns or simply unable to, and as the ultimate intended beneficiaries of international assistance, they also the ultimate 'barometer' and 'evaluator' of the impact of international assistance. In difficult partnerships, NSAs can also be the only window of

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[82] Council, *Recommendations for enhancing co-operation with NGOs and CSOs in the framework of EU Civilian crisis management and conflict prevention*, Brussels, 20 November 2006
[83] On this issue, see the recent OECD/DAC report *Enhancing Security and Justice Service Delivery*, 2007.

opportunity in a country to have feedback on their needs, concerns and expectations, although in such situations a dialogue with non-governmental players is also likely to be made more difficult because of resistance by the government and of the political charges it entails for all those involved.

Table 5: **EC support to an Non-State Actors Programme in Somalia[84]**

The EU finances since 2004 a 4-year programme implemented by Saferworld in Somalia, which can be an example on how the EU can actively contribute to promote development in fragile contexts by supporting NGOs that are present at field level and by strengthening the capacity of local actors.

Somalia has been for more that 15 years a state where there is no functioning and effective central government, with varying degrees of de facto autonomy in its three regions; NSAs therefore fill many of the traditional roles of the state, such as the delivery of basic social services. With the collaboration of three well-established Somali NGOs, the programme aims at strengthening the capacities of NSAs to **engage in dialogue with national actors and international donors**. The development of legitimate and representative NSA structures that serve as platforms for dialogue, as well awareness activities on international policy processes, are some of the programme components. The project is enabling to create a bridge between the authorities and several communities, through unprecedented consultations that have enabled Somali civil society to voice their priorities, concerns and needs to policy-makers, at internal level (parliamentarians, government authorities from the three Somali regions) and external level (e.g. EC, UN, WB).

2.3. STRENGTHS AND WEAKNESSES OF EU INSTRUMENTS AND POLICIES

The EU range of instruments and policies for external action and across the EU pillar system of competence and financing extend from diplomatic (namely political dialogue and mediation) to economic cooperation and trade, energy policies, humanitarian aid and development cooperation that goes beyond the usual social, and agriculture and environmental policies or infrastructure, or technical assistance for institution-building, including the strengthening of administrative capacity, macro-economic and fiscal management, but also technical and financial support to conflict prevention mechanisms and other conflict-related activities, like DDR activities, SSR reform and SALW.

There is acknowledgement of the limitations of EU instruments, internal organization and decision-making processes, capacity and ability to fully respond to the specific needs and requirements of upstream and preventive policies, and early action to address situations of fragility and difficult environments. EU policies and financial instruments for external action have been in the last few years the subject of reforms. There are on-going efforts to improve linkages between these policies and instruments, make them more flexible, conflict-sensitive, development-friendly, needs-based and integrated in holistic and comprehensive strategies. Progress has been achieved, namely within the EC. It can claim credit for the increased volume of aid, quicker disbursement rates, and better quality of assistance, while also trying to tackle critical but sensitive issues as governance, of which it had often shied away in the past.

However, much of the EU latest efforts have been focused in the need to better respond and address situations of crisis and post-crisis, meaning often situations of fully fledged conflict and post-conflict where peace is fragile and the risk of reverting back into conflict is very high. These are definitely important, and help the cause of addressing state fragility, but address only part of the problem and in its most advanced states of fragility or indeed when the situation is already beyond fragility and into collapse. Working effectively and timely at the preventive level remains

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[84] Saferworld; *Policy Dialogue between non-state actors, governments and the international community in fragile contexts: The Somalia experience.* Briefing for "Partners in Conflict Prevention and Crisis Management: EU and NGO Cooperation" Berlin, June 2007. A detailed report on lessons learned from the Somalia NSA Programme will soon be produced by Saferworld.

probably still the major weakness of the EU, where the stimulus to adapt in time and upfront EU policies and engagement is curtailed by lengthy and complex procedures and by the awareness and conviction that the EU decision-making processes are only (and still there not even guaranteed) mobilized by a sense or urgency that is generally limited to fully-fledged crisis[85].

2.3.1. The policies

Development cooperation policies are a fundamental cornerstone of EU external action. It is a long and well established policy within the EU that, despite criticism as to its accomplishments, remains the most visible and widespread form of EU engagement in partner countries/regions and key to fulfil EU international commitments and EU foreign policy objectives as poverty reduction, attaining the MDGs, international peace and stability.

EU **development policies** have a strong focus on social sectors (education and health in particular, integrating also gender considerations in budget support and sectoral approaches[86]), infrastructure (including water, transport and energy), rural development and management of land issues, but are encompassing increasingly areas as institution-building, rule of law, democratic institutions, human rights, justice and migration. It is a fundamental tool to address the root causes of fragility and potential conflict and has the powerful advantage of having significant financial resources available. However, development cooperation alone is unlikely (and has proved to be unfit if isolated from local and other stakeholders policies) to meet those goals, particularly in complex situations as those that characterise fragile states. Integrating other dimensions into traditional areas of development cooperation, calling up the attention to their role in addressing conflict prevention (and their potentially damaging effect if blind to the particular context they apply on or to their impact), and rethinking aid management and mechanisms is part of the 'identity crisis' development cooperation has undergone/is undergoing - not necessarily a negative thing, though!

In this process, and while complementary to and/or complemented by EU common foreign and security policy, development policies are having to link increasingly with **ESDP** missions (civilian and military crisis management) – and vice-versa - , particularly in situations where cross-cutting issues (e.g. human rights, rule of law) and activities (e.g. DDR, SSR) are likely to be as important (or even more so) as traditional areas of EU foreign policy engagement.

The EU has been reinforcing its commitment to tackle issues related to peace and security beyond developing its civilian and military capabilities for crisis management, and trying to make its development policies more conflict-sensitive. It has also been supporting or developing initiatives aimed at controlling and regulating activities that are directly or indirectly impacting on national/regional/global security and, consequently, on EU development efforts in third countries, in areas like : anti-personnel landmines; the illicit trade in Small Arms and Light Weapons (SALW), which is a root cause of instability in many developing countries, and especially in Africa; the illicit trade of rough diamonds – 'blood diamonds' - that are used by rebel movements to finance wars against legitimate governments (e.g. Angola, Côte d'Ivoire, DRC and Sierra Leone), namely through the support to the Kimberley Process Certification Scheme (KPCS) and through direct assistance to capacity-building of authorities in countries that are a route to the illicit trade of blood diamonds[87]; the illegal logging and associated trade of conflict timber which is the purpose of the EU Action Plan for Forest Law Enforcement,

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[85] There are some laudable exceptions though, and the interposition force in Macedonia in 2003 (Operation Concordia) is probably the best one, although again this action was very much on the edge of a fully fledged conflict and a follow-up to other international missions aiming at stabilising a potentially explosive situation.

[86] 'Gender' is often wrongly understood as empowering women only. Gender refers to both men and women in their different roles in a society (that may differ substantially from one society/culture to another or from one group to another). Gender mainstreaming means taking into account both woman and men concerns and experiences in the design, implementation, monitoring and evaluation of policies and of their implications for women and men, the ultimate goal being to achieve gender equality (e.g. in rights, resources and voice). See ECOSOC Conclusions 1997/2 and World Bank (2007), *Millennium Development Goals, Confronting the Challenges of Gender Equality and Fragile States.* Global Monitoring Report 2007, Washington.

[87] It is the case of the EU assistance to the authorities of Ghana - an exporting route to diamonds from the conflict affected Côte d'Ivoire - for strengthening the control on conflict diamonds being exported through the country, with the aim of supporting the peace process in Côte d'Ivoire.

Governance and Trade (FLEGT); and the impact and conduct of extractive industries companies in resource-rich countries (the Extractive Industries Transparency Initiative)[88]

These initiatives are also related to the issue of economic global governance and conflict-sensitive economic policies and trade. The EU (including MS) is often criticised for not moving fast and far-enough to 'put some order in the house' and putting in place tighter controls over the transfers of arms and military equipment to fragile environments, taking action against money laundering and advance towards a proper regulation of EU companies that invest in countries with poor governance records and accountability systems. Initiatives like the Kimberly process, IETI, FLEGT intend to be a response to that. However, these initiatives alone, albeit positive, can not solve many of the problems related to illicit trade and poor governance and accountability in the management of these resources. This is particularly true with regard to essential and highly demanded energy resources like oil, specially if compliance with such initiatives is on a purely voluntary basis, as is the case of IETI, and other energy-avid countries like China feel no need or obligation (or not yet, at least) to abide by human rights or good governance considerations. No effective sanctions are put in place to enforce IETI and the monitoring and control capacity of civil society in the signatory countries, and especially of poor oil-rich countries is often too weak and divided to effectively push for transparency. The EU has the economic and in some cases the political clout – if able to stick together, speak at one voice and coordinate at the international level – to push for greater transparency and accountability of European and western companies active in these oil-rich countries[89]. The call for mutual accountability regards also these issues and not just the management of aid.

Economic and trade policies are a cornerstone of poverty reduction strategies. Economic growth is essential to a sustainable drive out of poverty, and trade and regional integration are considered effective tools to foster growth and, in the process, creating stronger regional linkages and interdependencies that can also promote political 'rapprochement' and confidence (e.g. the EU success story). Trade and regional integration are thus considered priorities in the European Consensus on Development.

Economic policies, trade and trade related reforms can have in some instances a long-standing impact (positive or negative) in a society. In this context the State's ability and willingness to regulate economic activity in the country in a transparent way and to put it to the benefit of all and not just a few is of particular importance. Corruption is a problem both in developing and developed nations, but for many developing countries it is more serious as for example the good management of natural resources would be one of the few guarantees for the fight against poverty and the 'curse' of prolonged conflict.

The EU is currently involved in the negotiation of Economic Partnership Agreements (EPAs) with the objective of supporting development in the ACP countries and their gradual integration into the world economy, and of promoting the development of regional integration and regional markets through the progressive removal of barriers to trade between the parties and enhanced cooperation in all trade-related areas. In this context and related also to the WTO Doha Development Agenda, trade related assistance like the Aid for Trade initiative is being presented as a 'new' (or rediscovered) solution to support developing countries cope with the impact of globalization and develop their capacity to trade. Some alert thought to the risk that Aid for Trade may be used to push the ACP to sign up to a trade deal that many seem to doubt of its benefits for the region and point out to indications that these agreements might further harm their economic, social and environmental development [90].

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[88] EITI supports improved governance and governments' accountability through the verification and full publication of company payments and government revenues from oil, gas, and mining. Since its launch in 2002, the initiative has attracted more than 20 member countries as well as the support of leading NGOs and corporations.

[89] Thorsten Benner and Ricardo Soares de Oliveira propose in their article "*Getting tough with the petro-elites*" (IHT, April 10, 2007) concrete action in four key areas. http://www.iht.com/articles/2007/04/10/opinion/edbenner.php. For a through analysis of the political economy of oil in the Gulf of Guinea, see also Ricardo Soares de Oliveira (2007, forthcoming), *Oil and Politics in the Gulf of Guinea*, Hurst, London.

[90] See "*Aid for Trade*": another missed opportunity to make trade work for development?, Contribution from the Fair Trade movement to the EU debate on "AfT", April 2007. For more information on this, see also *Can Aid Fix Trade?: Assessing the WTO's Aid for Trade Agenda*, The Institute for Agriculture and Trade Policy, September 2006; and Trade Negotiations Insights, From Doha to Cotonou Vol.6 No.1, January - February 2007, ECDPM and ICTSD.

Although the aim of EPAs is to integrate and support development strategies and objectives of the ACP countries, and take into account the special situation of the least developed and most vulnerable ones, the trade agenda is often perceived as de-linked from, and at times contradictory with, other EU development-related policies. Some stakeholders even mention that if not designed properly EPAs, through their possibly negative economic, environmental and social impacts could potentially have a role in exacerbating root causes of conflict[91]. Furthermore, in general, the institutional, financial and human resources capacities in many EU's developing partner countries are too weak for them to push their own agenda and concerns beyond what the EU trading negotiators are willing to listen to and integrate into the EPAs.

Taking into account the weak capacity and negotiating power of most developing partner countries engaged in trade negotiations with the EU, it becomes even more important that the EU adequately monitors and assesses the impact of such policies on these countries and regions, including from a conflict prevention perspective, a dimension that has not been sufficiently addressed according to the last conflict prevention report[92].

The EU has also a strong and established policy of **humanitarian aid**, present in most humanitarian crisis (as a consequence of conflict or natural disasters) around the world, through NGO's and international humanitarian organizations it funds. At times, the EC, through ECHO, the EC Humanitarian Office, is just about the only donor in 'forgotten crises[93]. ECHO, has its own assessment capacity and mechanisms (including 200 field experts and various offices in third countries all over the world), and has the capability to react quickly to humanitarian crisis. Although mostly identified with countries in conflict, humanitarian aid is also at work in situations of fragility (i.e. in post-conflict), and can play a role in the prevention of potential crisis by helping local communities and states to prepare for coping with natural disasters[94], which may contribute to trigger or fuel conflict in countries or regions already affected by extreme poverty, poor governance where states are weak and unable/unwilling to provide basic services, and prone to natural or man-induced disasters[95].

The irony of humanitarian aid is that it often ends up perpetuating their presence well beyond the usual timeframe for humanitarian assistance, either because the crisis situation continues (when war or low-intensity conflict endure and rehabilitation and development is not possible to undertake) or because no sustained rehabilitation and development activities have followed or accompanied the relief work.

Another relevant policy area is **environment**. The sustainable management of natural resources and the impact of climate change are also a cross-cutting issue and a coherence element in the EU policy framework, namely with regard to development objectives as well as to humanitarian considerations (e.g. health impact, Dips). There is evidence of the impact of the scarcity of vital natural resources like water or land to the stability of a country or indeed a region when coupled with other drivers of conflict (e.g. Darfur). A country's vulnerability to environmental disasters (natural or man-induced) or to climate change (e.g. small islands) can have an even greater impact in situations of fragility and ought therefore to be taken into account in the EU strategic approach to state building and support to local communities and other NSA in the country/region.

Migration and the increasing global mobility for different reasons is also an aspect that impacts on development and stability and works both ways. For host countries, particularly in the developing world and even more so in the case of already fragile states, the impact of a flow of

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[91] For instance, it is acknowledge that trade policy reform and liberalization can exacerbate production, employment and income losses and thus impact also on social and inter-group/ethnic relations within a country. An increased interest of EU/international investors in certain natural resources may lead some groups within a country to try to take control of that sector thus fuelling tensions within a country/society, particularly when no proper accountability systems exist.

[92] (2007); *Presidency Report on EU activities in the framework of prevention, including the implementation of the EU Programme for the Prevention of Violent Conflicts.* Council of the European Union, 10158/06, 13 June 2007.

[93] The identification of forgotten crises is undertaken by a specific method taking into account a high level of vulnerability (vulnerability index); low or no coverage of the crisis by the media; a low level of interest from the international community and donors, as indicated by the aid given; and a field evaluation undertaken by the experts and geographical units of the Commission/DG ECHO.

[94] DIPECHO programmes mainstream disaster preparedness action in relief operations and through specific interventions such as the drought preparedness decision for the Horn of Africa, launched in 2006.

[95] EC COM (2007), 317 final, *Towards a European Consensus on Humanitarian Aid*, 13.6.2007.

refugees – a plight well know by many in Africa, and elsewhere – can be extremely destabilizing, economic, socially, politically and even security-wise (e.g. Great Lakes), and its impact likely to be enduring. For countries who 'provide' much of the migrants, there can be both positive (e.g. remittances) and negative impacts (e.g. 'brain drain'), not to mention other concerns related to human trafficking (including forced labour).

2.3.2. Assessment and Programming Tools

Currently, the **EU** does not have an assessment tool specifically for state fragility, nor does it necessarily need to create a specific one, provided it adapts some of its existing tools and does make an effective use of these. Some existing tools within the CE and the Council Secretariat could inform and help to develop a comprehensive methodology, where qualitative assessment of structural weaknesses (e.g. institutional capacity to deliver basic services, inclusiveness of the political system, economic governance and accountability, namely in oil/gas/minerals reach countries, imbedded mechanisms for managing change and differences, etc) are included alongside the identification and evolution of conflict trends, development needs and society expectations, thus providing a comprehensive development, governance and security analysis. Such an assessment should not be limited to a mere exercise - albeit very important - of fostering a common understanding within the EC and with MS on the identification of the problems. If it is to trigger an effective EU response it should include possible ways of addressing these problems and help identify opportunities to act preventively.

From an overview of the assessment tools (see annex F for a non-exhaustive list of assessment and programming tools), the general impression is that there is no lack of tools according to specific areas of concern – situations of fragility cutting across most of these - , but they are scattered, some seem to duplicate others, some have simply been dropped or simply ignored (e.g. check-list of root causes of conflict, preventive strategies), and only a few of these tools seem to have the potential to bring together the different areas of concern and translate these into policy programming and action. Many of these tools also tend to be owned by the EC or the Council services from where they emanate, which is positive on the one hand, but not necessarily good to promote a 'whole-of-EC' and/or 'whole-of-EU' approaches. Some of these tools do cut across the institutional divide (e.g. Country Conflict Assessments, joint fact-finding or pre-planning missions, Country and/or Regional Strategy Papers), but they are either too weak, too political or too specific (e.g. too conflict oriented and not addressing other relevant issues to an assessment of structural fragilities within a country/region) to be owned by the CE and Council as a whole, particularly if there is no prior minimum shared understanding and sense of priority.

Among the tools that could have the potential to be this comprehensive tool if refined to include other actors and areas of concern and trigger preventive targeted action are the CCAs, the preventive strategies (the latter, elaborated in the Council, have not as yet triggered the action they were meant to), and foremost the Country and Regional Strategy Papers which are a Commission tool for implementation of development policies, but that involves a whole range of EU and local actors. CSP are instrumental in developing a strategic, joined up approach that is built on joint ownership with the recipient country. However, although CSPs/RSPs are meant to integrate all dimensions of external relations in a coherent framework to guide political dialogue and policies in a given country/region, they are sometimes weak in political and security analysis[96] and do not always include a discussion on conflict elements or addressing structural causes of instability. They are often weak in guiding priority action in sensitive areas like governance. In some cases, CSPs are aligned with Joint Assistance Strategies (JAS) agreed by the donors engaged in a given country, and because JAS can be poor in assessing and guiding activities in sensitive and potentially blocking issues, CSPs tend to inherent those weaknesses and gaps. When there is an obligation to elaborate CSPs jointly with the partner government, as is the case the ACP countries (under the principle of partnership of the Cotonou agreement), the EU often shies away from addressing politically sensitive issues or the partner country simply refuses to put such concerns on the agenda (e.g. Angola). The EU governance initiative (the governance profiles being its assessment tools) is meant to address those shortcomings,

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[96] Often as a consequence of lack of qualified human resources with expertise and political sensitivity; of limited and restricted assessment processes that do not integrate local or experts views, particularly if they dissent from the official and/or generally accepted views.

although criticised for not being participatory (implying little or no ownership by local state and non-state actors) and taking little or no account of local specificities.

Even when CSPs/RSPs assessment and analysis is good and comprehensive, it remains unclear how well does it translate into effective policies and practice. Given the gap between strategic and policy design, and between the latter and programming, evidence seems to suggest CSPs/RSPs have a weak record of taking on board relevant assessment and of triggering comprehensive and consistent approaches to policy implementation. Furthermore, as the recent DAC peer review of the Development Co-Operation Policies and Programmes of the European Community highlights, there are, among other weaknesses[97]:

- no means to feed lessons into the programming process, thus stressing the need to improve knowledge-sharing processes;

- no mainstreaming (e.g. the systematic application) of conflict sensitivity and prevention in CSPs, thus emphasizing the need for a more systematic use of conflict analysis in the programming process; and

- an overlap of units - Relex, Development, Aidco - dealing with these issues and no horizontal regular involvement of these units, thus highlighting the need to rationalize this multiplication in order to better provide inputs to delegations, from where much of the CSPs exercise emanates.

The IQSG is where mainstreaming of cross-cutting issues (e.g. conflict prevention, Linking Relief, Rehabilitation and Development, etc) and quality check can be done within the EC programming process by bringing qualified human resources from different relevant areas. It is not clear, however, how much and how systematically cross-thematic programming fiches are being used or what are the main constraints to make effective use of these. Human resources are a frequently highlighted problem, particularly in such qualitative-demanding processes as these ought to be.

There is a need to revise these existing assessment tools within the EC and the Council, refine them to make them more qualitative-oriented and channel some of these specific assessment tools into a comprehensive assessment and programming tool that can be a guiding one for both the CE and the MS and ideally by also owned by partner countries. There is also and foremost the need to create a common sense of joint work and shared objectives and priorities, which partly already happens but they are the exception, rather than the rule. In this perspective a Common External Service could provide a window of opportunity if quality prevails and if not (seriously, at least) affected by the 'in-house allegiance bug'.

Many EU tools could be merged into a single 'whole-of-CE' exercise, and feed into a 'whole-of-EU' exercise – the CSPs/RSPs being probably the tool with greatest potential to play that role -, for assessing root causes and proximate and structural causes of fragility and potential conflict. That presupposes: (i) the existence within the CE (headquarters and delegations) of capacity to effectively use these tools (more and qualified human resources), and (ii) a systematic, increased and better sharing of information among Commission and Council services and in between the two institutions – it is already happening to some extent, but mostly on a base-by-case basis – and with MS.

Assessments should be elaborated with the contribution of different stakeholders on the ground with experience of work in the country/region (international donors and organisations, state actors, private sector, media, NGOs, academics and other NSAs) and bring in relevant local and non-local knowledge and understanding of the socio-economic and political dynamics of a country and/or region.

It should also integrate lessons learned from previous experiences and impact assessments and greatest efforts be made to mainstream relevant cross-cutting issues.

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[97] OECD-DAC (2007); *Review of The Development Cooperation Policies and Programmes of The European Community*, Peer Review, DCD/DAC/AR(2007)2/EC/PART2, 26 June 2007.

Existing early-warning tools could be refined in order to better focus on situations of fragility, through the inclusion of additional indicators, monitoring for longer-term proximate and structural causes of instability, monitoring for the qualitative evolution of context relevant political and economic trends, and MS and CE more engaged in the elaboration of preventive strategies.

Early-warning mechanisms should improve the linking up with other international organizations early-warning mechanisms and with local and regional mechanisms of partner countries/organizations and support the latter in building up their capacity and developing their assessment and monitoring tools.

2.3.4. The financial instruments

Recently, the EU has adopted a significant reform of its financial instruments for external action that should allow for greater flexibility and a more rapid funding decision response, thanks to a simplified political and administrative structure, which is one of the recognized bottlenecks of the EC ability to deliver timely assistance and to implement integrated approaches[98].

As of January 2007, the **Instrument for Stability** (IfS) replaced the Rapid Reaction Mechanism (RRM), which until the end of 2006, had provided support for SSR (RDC, Liberia, Kosovo, Afghanistan), to peace processes or national reconciliation (Sudan, Sierra Leone, Sri Lanka, Philippines, East Timor), DDR (Aceh, Colombia) and to electoral/referendum support (Madagascar, Mauritania, Serbia and Montenegro). The new IfS is praised for its aim of allowing for EC quick interventions in situations of urgency, crisis or emerging crisis[99], but can also fund activities in stable context aimed at mitigating threats and risks that could fuel conflict or lead to crisis (e.g. threats to law and order, to critical infrastructure, to public health etc) and thus support prevention, including pre- and post-crisis capacity building (e.g. in early-warning, mediation, confidence-building, emerging inter-community tensions, post-conflict and post-disaster recovery)[100]. It combines therefore short-term and long-term programmes and aims to (1) improve further the effectiveness of EC crisis management by ensuring a rapid, flexible and adequately funded initial response to situations of political crisis or natural disaster in third countries, and (2) contribute at a strategic level to efforts to address certain global and trans-regional threats, notably the fight against the proliferation of weapons of mass destruction, the trafficking of people, drugs and arms, terrorism and cross-border organised crime, as well as major threats to critical infrastructure and public health.

The IfS has, however, been criticised for not responding to the need of a coherent, consistent, rapid and effective response by the EU to crisis, creating further confusion between development and security objectives and funding, as well as between humanitarian and development mandates[101]. How do the short-term actions to be financed by the IfS integrate into a long-term response and strategy remains unclear, as well as to what extent the IfS can promote consistency between Council and Commission activities. It helps in the process and that is also what is intended, but of course it can not by itself alone provide all the answers on how programmes can be better integrated and sequenced when they are financed by different financial instruments. Furthermore, its total budget for the period 2007-13 is € 2,062 billion and covers all third countries, except industrialised ones. This amount is not so significant taking into account the likely requests it may need to provide support for, namely as a consequence of its fast disbursement and of the many needs for such type of flexibility. About 70% of this assistance targeted towards country based crisis response interventions can be triggered in support of an ESDP mission, when a window in an existing area of instability opens up, when a new crisis appears (e.g. tsunami). Initiatives that are currently planned/being implemented this year with support of the IfS include support to SSR in DRC and conflict resources work; accompanying measures to AMISOM in Somalia; support for the Juba Peace talks in Uganda

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[98] The previous geographic and thematic financial instruments were often criticized for having different and complex comitology and programming rules, some external assistance programmes being financed by more than one instrument.
[99] Its interventions can last up to 18 months, with interim response programmes. Longer-term measures under the CSPs or Indicative programmes financed by the IfS will also be subject to comitology.
[100] EC Regulation no. 1717/2006 establishing an Instrument for Stability, 15 November 2006.
[101] EPLO & CONCORD Joint Statement on the IfS (August 2005).

and likely the financing of SSR reform in Guinea-Bissau. A Strategy and annual indicative programme to implement the IfS have been prepared and currently being subject to the approval of MS. Activities financed under the IfS will be managed by the delegations where these activities will be implemented. The includes therefore support to EC delegations in the form of additional human resources for the duration of the activity, thus avoiding to put further strain on the capacity of delegations.

Many questions remain though as to how this new instrument (although building on aspects of the former RRM) will operate, regarding namely the prioritisation of its funding, how demand driven will be the interventions it finances and how will it connect with/complement other (CFSP, EDF and community) financial instruments and engagement by with other development/ international partners in each country/region?

The IfS is going to be particularly important in support of the geographic instruments like DCI and EDF and the questions of how it will link up to these in terms of the activities it funds and the timing of commitments and disbursements to make sure there is an immediate continuity, and in many instances contiguity when funding short-term and long-term aspects within a programme where these two dimensions co-exist (e.g. DDR, SSR, LRRD).

Other geographic and thematic instruments are also relevant for an effective EU assistance to promote structural stability, namely the European Development Fund (EDF) and the Development Cooperation Instrument (DCI), which together represent more than 50% of the total ODA by the EU, as well as the European Instrument for Democracy and Human Rights (EIDHR), which along with the already existing humanitarian aid, the macro-financial assistance and the IfS form the group of horizontal instruments issued from the financial reform. Other geographic instruments finance regions not covered by EDF and DCI[102]

The **DCI**, which replaced the former ALA (Asia and Latin America), part of TACIS and 10 thematic budget lines, funds Asia, Latin America, some countries of Commonwealth of Independent States, South Africa, sugar restructuring in ACP states and includes five thematic budget programmes [103]. Its overall amount for the current financial perspectives period is of €16,897 billion.

Cooperation with ACP countries continues to be funded under the **EDF**, which remains outside the EC budget, as decided by the European Council in December 2005. The EDF, like other community financial instruments is very much know for its complex and lengthy procedures There are, however, emergency provisions within the EDF regulations that allow for adaptations in agreed programmes (provided these do not imply a significant shift in the overall design of the programme or have major financial implications), and authorise decisions to be taken without comitology up to €10 million and for a maximum duration of 6 months. In some of these cases, a request is needed by the partner government The EDF also allows for significant flexibility in the allocation of funds into envelope A (pre-defined and programmable funds that are generally the largest bulk of the funds allocated to a country) and envelope B (the more flexible one, for emergency or other unforeseen situations). In some cases, the full amount of envelope A was transferred into B (e.g. Togo, Haiti, Côte d'Ivoire) as much of the support needed was in response to unforeseen situations and difficult to programme in advance.

These special rules provide therefore enough flexibility to adapt to volatile situations where the impact of programmes may need to be continuously monitored, assessed and adapted in light of local/national/regional developments and of local and international actors' engagement. However, it is not clear how often are they invoked or why aren't they a more common practice. There is also no clear evidence of how the EDF system impacts more (negatively or positively) than other budgetary instruments in dealing with situations of fragility. There are however cases where the EDF programming cycle (5-year programming with a mid-term review, where significant programmatic and financial adjustments can be made) is perceived to be a constraint

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[102] Geographic instruments are the Instrument for Pre-accession Assistance (IPA), the European Neighbourhood and Partnership Instrument (ENPI), the Instrument for Development Cooperation (DCI, that excludes ACP countries as these are funded by he EDF), and the Instrument for Co-operation with Industrialised Countries (ICI).
[103] Thematic programmes included in the DCI are: (i) non-state actors and local authorities in development; (ii) food security; (iii) environment and sustainable management of natural resources, including energy; (iv) "investing in people"; and (v) migration and asylum.

to alignment of EC assistance (e.g. in Burundi, the health sector programme of the EC will have to wait for the mid-term review to be aligned with the government programme).

On the other hand, EDF does actually provide an integrated framework for funding development and security–related activities (but no military cost can be covered): it funded/funds activities like DDR (e.g. Eritrea, Sierra Leone, Liberia), SALW, SSR, rule of law, policy planning, mediation, early-warning, electoral observation, peace processes and capacity-building in most of these areas (e.g. in DRC, basically all of these dimensions are being funded by the EDF), both the continental level (AU), as well as at the sub-regional and national level. It has also proved to allow for significant flexibility when financing the African Peace Facility (APF)[104], adding to it now the possibility of MS contributing to the APF on a voluntary basis. Although the decision to fund the APF out of development funds remains controversial and is not the envisaged long-term sustainability for the AFP, it brought upfront the need to integrate peace and security issues into the EU-Africa dialogue and cooperation. As of 2007, the EU has also added an *incentive tranche* under the 10th EDF to 'reward' and promote good governance in ACP countries, based on an assessment of present level and future reform in the area of governance. To be noted that no similar initiative exists/applies to other regions with whom the EU has cooperation agreements.

The terms of comparison between EDF and the other instruments will be changing too, as of this year, when experience develops on the way the new financial instruments are used. These, and namely the IfS, is also meant to be complementary to geographic instruments allowing for more immediate and short-term forms of assistance that cannot be covered, or at least not in the desired timing, by the geographic instruments.

The EIDHR aims at contributing to the development and consolidation of democracy and respect for Human Rights in third countries, and integrates conflict prevention and resolution priorities. It provides support for the development of early warning, mediation, reconciliation and confidence-building measures implemented by grassroots and international NGOs, and strengthening the capacity of international, regional or local organisations involved in conflict prevention.

Legal constraints have limited DCI and other regional instruments possible role in conflict prevention and in addressing some relevant problems in situations of fragility. Legal services in the Council refused to allow DCI to finance conflict prevention and peacebuilding efforts, under the argument that those are pillar II competences, despite the fact that non-CFSP community instruments have been financing these types of activities. This weakens or may undermine the ability of the IfS to effectively link short-term and long-term efforts, and of geographical instruments to give continuity to efforts initiated under the IfS, particularly in areas that cut across the pillar competencies and are both short- and long-term in nature like DDR and SSR activities.

The CE and the Council are currently in legal battles about matters of competence and who could do best in what. Hopefully a common external service could also provide some answers to these, but the essential work is much deeper than that and for that matter allowing those on the field (e.g. the delegations) to take the lead in some of these processes may contribute to a better understanding of the need to overcome such battles and agree on an effective division of labour. Reality-check may have the positive impact of bringing upfront the really important priorities, e.g. those that can have a positive and visible impact on the ground, although the ability to pass on the message to policy-makers in capitals and in Brussels is equally important.

Provisions in the financial regulations to articulate and link funding, and the timing of funding decisions, across the pillar structure in situations where the IfS can not fund all the aspects of a programme (e.g. DDR or SSR military aspects can not be funded by the IfS), could possibly contribute and further support efforts to bridge the institutional divide, allow for timely sequenced activities and promote integrated approaches.

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[104] Under the 9th EDF the African Peace Facility was financed with €300 million. The same amount was committed under the 10th EDF for the period 2008-2010.

2.3.5. Political Dialogue

Political dialogue is, among EU various tools for external action, the most determinant one. It sets the pace of cooperation and very much determines the quality of it. Political dialogue is reflective also of realities on the ground and it often resents from negative dynamics. In that perspective, it is a good 'sensor' of a country situation and may allow to identify potentially negative (early-warning) or positive trends in the making. Being able to seize 'windows of opportunity' in difficult situations and trigger positive action at the right time is the ultimate 'art' of political dialogue.

With the rise of the EU into a more political entity, political dialogue became a more frequently used tool, not only to resolve internal disputes, forge minimum consensus and common positions within the EU itself, but as a foreign relations tool. The EU increasingly recognises it as a fundamental one. Very much like in its own internal integration process, political dialogue is the tool that can best allow the EU and partners countries/organizations to reach and share a common understanding of situations, problems and priorities of common concern and how can these be jointly addressed. It provides therefore a framework to develop and agree upon joint strategies for joint or supportive action. In less positive contexts, when cooperation between the EU and partners countries deteriorates, political dialogue provides for a platform for discussing differences and ideally try to sort them out before any other means are considered, the ultimate step being the use of sanctions.

The EU has in the past neglected political dialogue, namely in relations with the ACP states[105]. Although regular political dialogue was put at the core of EU-ACP relations with the Cotonou agreement in 2000 (art. 8), it was not always put to its best use and sometimes just serving as an intermediate step towards consultations (art. 96 of the Cotonou agreement), which, if failed, would lead to the imposition of sanctions (see box below on the evaluation of Coordination and coherence in the application of art. 96). Political under the Cotonou Agreement is meant to be regular, flexible, at various levels and formal or informal according to the need. It can address all issues of common interest and range from development matters to migration, and peace and security, and address the essential and fundamental elements of the agreement (e.g. respect for human rights, democratic principles, the rule of law, and good governance). The broad definition of what article 8 was supposed to entail also led to some confusion. On the one hand, the ACP states did not immediately see the potential benefits of political dialogue either, and tended to dismiss the emphasis on the political dimensions of the Cotonou agreement as a politicization of aid, a means to impose hidden conditionalities, and political dialogue its implementing tool. On the other hand, the EU did not use extensively nor consistently, and often too late, when the situation was deteriorating rapidly, the opening offered by article 8. Both the EU and the ACP countries acknowledge the importance of tacking a more proactive and open-minded attitude towards political dialogue. The revised Cotonou agreement (annex VII) sets more detailed modalities for the conduct of formal, structured political dialogue, which ought to include jointly set benchmarks and targets for the essential elements.

Political dialogue is a preventive tool and, for that matter, a long-term one. It is a platform for discussing differences and ideally tries to sort them out before any other means are considered. Sanctions are the ultimate tool when all political dialogue fails, but it is increasingly acknowledged that sanctions and the 'shut down' of political dialogue hardly ever have the quick desired effects, if any positive ones at all, often entailing a radicalisation of the situation and a deterioration of the suffering of the society. Constructive engagement is seen as a better alternative, but how to go about it, is not always easy and clear to see.

The EU has been investing more in its capacity to engage more effectively in political dialogue. It is trying to make of it a flexible and multi-actor exercise, entailing also greater coordination and consistency among MS. Being able to speak at one voice is seen as, more than an advantage, a necessity – certainly not an easy-task to forge among an EU of 27 nations with different and some strong national interests and sensitivities. Yet, progress is being made and a

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[105] Laakso, Liisa; Kivimäki, Timo; Seppänen, Maaria (CTS – Conflict Transformation Service), (2007): *Evaluation of coordination and coherence in the application of Article 96 of the Cotonou Partnership Agreement*, Triple C evaluations no.6, EU, April.

reform of the Treaty could further consolidate on-going efforts, namely the European External Action Service agreed upon in the last European Council (23-24 June) to assist the High Representative of the Union in his/her role of external representation.

Besides the Presidency and the High Representative, the EU has the possibility of making better use of other actors in political dialogue and in preventive diplomacy and even mediation. That is the case of the Special Representatives (SRs), who are generally appointed to situations of conflict or with a high potential to develop into conflict, and who inevitably play a role in political dialogue (whether formally or informally). SRs have a political mandate and respond to the HR and the Council[106]. It is therefore important that the Council sticks to a common position and supports the SRs. Consequently, MS position and efforts in a situation or country of concern ought to be consistent and supportive of EU efforts undertaken in the person and role of the SRs.

Another important actor are EC delegations. Commission delegations, together with representatives of the future Presidency, are fully associated with the Presidency as part of a 'local troika', carrying out 'démarches' to third countries and establishing joint Heads of Mission reports on political developments. As the network of Commission delegations is wider than the foreign embassy system of many of the Member States, they will sometimes be the sole representative of the EU in a country and in these cases their representative role for the EU as a whole increases. However, EC delegations respond to the EC and have no political mandate from the Council. There are two laudable exceptions to the rule: the EU representative in Macedonia and the future representative to the AU who are 'double hatted'. Depending very much on the political qualities and willingness of the Head of the Delegation and of the existing capacity in the Delegation to support him in that process, it can play an important role in 'quite diplomacy', in early-warning, in providing qualitative information about the country, etc. Delegations often do play that role, but their political clout is often weak, particularly as they are perceived as one among various EU interlocutors. The Reform process may provide a solution to some of these shortcomings. With the devolution process, EC delegations gained in powers, competences, and human resources (although not always in a relative proportion), but it still lacks a political mandate that could provide its activities with a stronger political backing. A possible solution could be 'double hatting' the Delegation Heads with a joint EC and Council mandate. However, the effectiveness of a 'double hatted' role goes beyond the legal aspects of the status quo of Delegations; it requires and effective backing by the whole of the EU, Institutions and MS.

As the nomination of a double-hatted representative to the AU testifies, continental and regional organisations are an increasingly important partner in political dialogue for the EU. In many fragile situations, problems are also regional in nature and therefore solutions too. In difficult partnerships, regional organizations and neighbouring governments are often the only voice unwilling governments may be willing to consider listening to. An open (to criticise and to criticism) political dialogue with these organizations can possibly de-block some situations or be the only possible indirect form of dialogue with unwilling governments. As the experiences of political dialogue under the Cotonou agreement have shown, an engaged participation of the ACP group and of sub-regional organisations within the ACP proved to be positive (e.g. Guiné-Bissau, Togo).

Political dialogue is a platform that also allows for bringing in difficult and often divisive issues like political and economic governance, impunity, human rights, or the impact of economic and social policies, provided these are effectively integrated into the dialogue process, at its different levels and with various actors, and taking into account other efforts at the international level to address these problems or difficult issues. This may be a particularly difficult task in dialogue with unwilling governments, who are often also reluctant or resist engaging other actors, particularly, NSAs. Regional partners may be more acceptable and provide a good opening to address difficult issues. That does not mean though that the EU should not engage in such situations with NSAs. On the opposite, but it should sought the best means to do it in a supportive way and without putting such actors in even more difficult positions as they may

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[106] There are currently nine in place: Afghanistan, Bosnia and Herzegovina, Central Asia, Macedonia, African Great Lakes, Middle East Peace Process, Moldova, Southern Caucasus and Sudan.

already be. In those circumstances, human rights can often be a good (and sometimes the only) entry point into a dialogue with these actors.

The use of political dialogue mechanisms is fundamental to create an opening for reform and an approach that goes beyond technical solutions, addressing political incentives and the institutions that really affect prospects for reform, and in the process create and strengthen **ownership**. Ownership can be best strengthened by engaging in dialogue with various national actors (state and non-state), at various levels (local, national or regional), and by promoting dialogue in between the different national actors (e.g. Saferworld programme in Somalia, box.. in the Actors point). It provides a means for them to convey their needs, views, perspectives and expectations. Ownership can also be reinforced by giving special attention to the partner country's own mechanisms (even at informal level), organisational and institutional culture, which could contributed to greater ownership, instead of pursuing a state-building model that is based exclusively in western institutions and often disregards the local dynamics.

Political dialogue provides the most effective means of engaging fragile states[107] and promoting ownership. It is often an effective preventive tool. It is multidimensional and multi-actors, allowing for engaging in such environments at different levels: local, national, regional and continental.

The EU ought to improve its mechanisms, support other partners role and efforts (e.g. regional organisations, AU), and empower those EU/EC institutional actors best placed to engage effectively in dialogue on the ground (e.g. SRs, double-hatted Delegation Heads). That implies a common understanding of the political agenda and unity among MS and EC, and ideally one that can be shared and supported by/in support of international actors like the UN, with whom the EU often works alongside in situations of fragility and difficult environments.

However, no matter how huge may be the potential of political dialogue, it is fundamental that it is supported by consistent and timely action, at both Community and MS level.

2.4. POLICY COHERENCE (PCD and WoG Approaches)

"Over recent years we have created a number of different instruments, each of which has its own structure and rationale. The challenge now is to bring together the different instruments and capabilities: European assistance programmes and the European Development Fund, military and civilian capabilities from Member States and other instruments. All of these can have an impact on our security and on that of third countries. Security is the first condition for development. Diplomatic efforts, development, trade and environmental policies, should follow the same agenda. In a crisis there is no substitute for unity of command.(…) Greater coherence is needed not only among EU instruments but also embracing the external activities of the individual member states"[108]

Acknowledging the fact that poor coherence and coordination reduces (at its best) the effectiveness of EU external action, efforts are underway to improve coherence within EC policies (the right 'policy mix'), but also bringing on board MS bilateral policies and interventions through increasing coordination at the various levels and stages of EU action in a country/region.

The European Consensus on Development, agreed in 2005, is an important benchmark and provides the backstage for EU efforts towards greater coherence. It formulates a common EU vision of development, shared by all EU institutional players: the European Commission, the Council of Ministers, EU Member States, and the European Parliament. It links EC and Member States' aid (that used to be little more than just mathematics for the ranking of global ODA), and provides for a common policy vision and a guiding tool for both Member States and EC development co-operation activities in all developing countries. It provides also a specific policy framework for the Community.

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[107] Saferworld, IA, 2005
[108] European Security Strategy, 2003.

Overarching and comprehensive strategies for EU external action in certain regions or joint concept for EU activities in specific areas have been adopted in the last few years These can be potentially important instruments to promote greater policy coherence within the CE, and with the Council and MS policies and action, overcome the shortcomings of the institutional divide and the lack of coordination between the EC and MS, and guide the action of EU Special Representatives. EU PCD can build on these existing positive examples that combine military and civilian actors, development and security policies and actors, promote joint plans of action in development and peace and security areas, and ensure that these are implemented in an effective way (see point 2.6). The PCD Work Programme for 2007 is a joint effort of the EC services and relevant Council bodies, identifying common priorities for 'horizontal' (organisational) and 'thematic' (policy) action on the 12 PCD commitments[109].

Significant steps have, therefore, been taken by the EU to achieve greater coherence and better coordination at the level of strategy and policy framework design at the whole EU level (intra-institutional, inter-institutional and with and within, Member States). However, the gap between adopted strategies and programming, and between capacity/policy design and practice remains wide. PCD is particularly difficult in the EU due to its complex institutional setting as already mentioned before. Security policy is clearly dominated by the MS and although the office of the High Representative for CFSP plays an increasing role in these issues through its supporting policy unit, its role is not comparable to that of a supranational entity, nor does it reflect or brings on board EC perspectives or activities. Coherence is also a problem at the MS level. It must therefore be a two-track approach, where MS engage in putting some coherence in their external relations, which can better inform also a coherent and coordinated approach at EU level.

However, the EU is already engaged in several activities where a minimum coherence and coordination is required between several policy areas and actors, and across the pillar structure such as security and development (e.g. DDR) or trade and development (e.g. Aid for Trade). Efforts are being made to improve dialogue between the security and development communities within the context of the Committee for Civilian Aspects of Crisis Management (CIVCOM) and at ministerial level. The EC is engaging more and more in rehabilitation activities and in DDR programmes, in order to ensure that the "R" becomes a stronger component. There has also been a considerable amount of joint Council/Commission work on other security issues with development aspects, for instance on security sector reform in Africa.

The joint-evaluation of intra-governmental mechanism that promote PCD in the European MS and EU institutions[110] concludes that there are several obstacles to this process, such as the lack of adequate political support, the lack of clarity on the mechanisms' precise mandates on PCD; insufficient information and in-depth knowledge, and the lack of resources, capacity and specialised skills in arguing complex cases in different disciplines. There are also natural limits to PCD, chief amongst these being that other policy areas will also be seeking to encourage policy coherence from their side.

2.4.1. Institutional Issues

Some of the acknowledged obstacles to greater policy coherence and coordination within the EU derive from the institutional set up and pillar structure that define the roles and competences of each EU organ.

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[109] This work programme aims at promoting adequate follow-up to the GAERC conclusions of May 2005 and the Council conclusions on the PCD Work Programme 2006-2007 of April 2006. It sets out some guidelines and priority actions to increase the inclusion of development concerns in different policy areas, including security. It is to serve as a reference point for all levels of decision making involved in the implementation of the PCD commitments (Council, MS and EC)
[110] ECDPM (2007): *Evaluation Study on the EU Member States' and Institutions' mechanisms for promoting Policy Coherence for Development*. Final Report, May**.**

Already at the Commission level, there are often differences of views and priorities in-between the various Directorate Generals and in-between services (e.g. Development, Relex, Echo, Aidco, Trade). Some issues are dealt by various units in different services (e.g. conflict prevention in Relex, DEV and Aidco), which may be positive to ensure that these are taken into account in different geographical areas, but they do not necessarily contribute to a mainstreaming of lessons learned into that specific policy area. Furthermore, lengthy and complex procedures and namely the comitology rules[111] which, although positive to ensure the political control by MS, often mean that funding decisions may take various months. There are means to ensure that this process goes quicker, but those are the exceptions rather than the rule, which does not work as an incentive to change or correct policies and commitments '*en cours de route*'.

There is a recognised institutional disconnect between the Commission and the Council: ESDP being Council-led under Pillar Two and trade, environment, development and aid policies, conflict prevention, peacebuilding and post-conflict reconstruction supported by the EC under Pillar One. This means that it is very difficult to fully integrate the programming of complementary development and peace-related activities into the strategic and operational planning of crisis management operations (civilian and military), and in terms of effective sequencing of funding decisions.

ESDP decision-making can be swiftly but is not necessarily well informed of all EU action in a given country (or potential EC action) and therefore the likelihood that these missions are poorly linked and articulated with on-going activities of the EC, or MS activities in areas other than security and defence, is quite high. Although the CE sits also in Council Committees and Workings Groups and is therefore informed of Council activities and planned decisions, the opposite is not true, nor is there always the political will and interest to take into account what the perspective of the CE is or what activities it is engaged on or plans to conduct.

With the devolution process, EC Delegations were given a greater role in the programming and management of EC country support, and are also responsible for the CSPs that inform that process. They also play a role in the coordination with MS on the ground and in the many improvements the EU is aiming at operational level that include namely enhanced donor co-ordination up to the stage of joint programming, transparent division of labour, and a further shift from project to programme approaches, from programme approaches to sector-wide approaches and to budget support implementation modalities. However, while EC delegations role in programming and coordination has been considerably boosted, they still lack the political clout and adequate expertise to support that enhanced.

The outcome of the last European Summit (June 2007), and the commitment to a decision to establish an European External Action Service in the framework of the institutional reform can be a step forward, already for its symbolic meaning, but it needs to be implemented and backed up by more meaningful changes in the way the CE and Council/MS operate and interact. Possible ways of cementing it that could be:

- improve coordination mechanisms (or eventually fusion different departments into new administrative structures): e.g. increase the frequency and regularise the participation of development ministers in the GAERC; encourage Trade, Development and External Relations (e.g. Africa) working groups to meet more regularly with a broader agenda; transform COARM in a forum where development objectives are also part of the discussion[112]; ensure that ECHO representatives knowledge and understanding of specific crisis situations is taken into account in the planning of crisis management operations by attending planning meetings at the Civil-Military Cell.

- All these institutional sharing mechanisms should be supplemented by joint training and awareness raising activities, joint assessments and analysis, and better information-sharing by MS.

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[111] EC funding decisions above a certain financial threshold (normally €10 million) are overseen by Committees composed of MS representatives.
[112] Christian Egenhofer and al. (2006): *Policy Coherence for Development in the EU Council. Strategies for the Way Forward,* Centre for European Policy Studies (CEPS), Brussels, pp. 96 and 102

- Give EC delegations a political mandate and clear guidelines on how to move forward on key issues and on a case-by-case basis, and establish effective communication and dialogue mechanism also between the Delegations/EC geographic desks and the relevant Council WGs.

Key to all of these proposals is the necessity to develop human resources quality and capacity at all levels - on the field, in Brussels, as well as in MS capitals - and in the various areas of the strategic and planning process: in assessment and analysis, strategic planning, policy design including in peace-building related areas (e.g. DDR and SSR processes, human rights monitoring, dialogue and mediation, transitional justice, conflict analysis), communication, management and implementation, policy and political dialogue and mediation/facilitation.

2.4.2. Programming

The programming process is an intermediary stage in-between the strategic and policy-design and the effective implementation. It ought to be informed by overarching and comprehensive regional and thematic strategies and be able to translate this into programming. It is the closest indication of what future engagement of the EC will be until practice gets under way. However, here are significant gaps in-between these different stages. Programming appears sometimes as if disconnected from the strategic planning, and effective practice does not always reflect either what was programmed. Why these gaps and how could they be possibly addressed? What could be improved in this process?

Unpredictable and volatile situations (e.g. crisis or post-conflict) can make long-term programming difficult or just not adequate. Programming gives cooperation an element of predictability, particularly in cooperation with the ACP countries with a programming cycle of 5 years. This is a very positive element in most situations, but not necessarily possible or useful in situations of fragility, and even more so in situations of conflict, collapsed states or post-conflict. The element of flexibility in programming is therefore of particular importance and there are possibilities to use of such flexibility both in terms of content and finances and have been used in some circumstances (see point 2.3.4). However, long-term programming is likely to be most adequate to address structural problems and root causes of fragility, ensuring predictability and long-term engagement (although is in many situations 5 years is not long enough and longer commitments would be desirable, subject to effective will of the partner country to move forward).

Despite the participatory process in the elaboration of CSPs/RSPs, there is often poor local and national ownership of the process and outcome of the programming exercise. Under the Cotonou agreement, programming must be a participatory process where State and non-State actors are normally consulted, as well as EU MS and other donors' activities taken into consideration. Ownership and comprehensive approaches are brought together in the CSPs/RSPs. However, the extent and quality of consultations and analysis that inform the CSPs/RSPs is very unequal from country to country. This is partly related to the lack of capacity of local stakeholders and in some cases the resistance of the political leadership in a country (under Cotonou, ACP governments are the EC counterpart in the elaboration of the CSPs) to involve other national, non-state actors. It is however also due to the way the process is conducted locally and in Brussels (e.g., short time frames, inadequate mapping of local stakeholders, lack of qualified staff to conduct such human resources-intensive processes, resistance to move out of the usual templates that make the process easier for Brussels but not necessarily fit to a specific country situation). Not sufficient consideration is often given to local mechanisms and institutions, but a positive trend, to be decided on a case-by-case basis, and accompanied by effective control and accountability mechanisms, is budget support.

Poor mainstreaming of cross-cutting issues, lessons learned and impact assessments into programming. Conflict prevention, gender, peace and security-related issues are not always mainstreamed into programming, and analysis on these cross-cutting issues is often poor or does not translate into identification and prioritisation of related-activities. Furthermore, programmes in partner countries are not systematically assessed (and how they ought to be assesses also requires attention) in view of their implications to other policy areas and as tools to pursue a wider goal, and lessons learned are not shared across the EC and with/by MS.

Address the shortcomings of effective programming (and implementation) of transitional policies and issues. Linking Relief, Rehabilitation and Development (LRRD) is a case in point. It is defined as "the design of integrated transition strategies, which gradually take over the relief/emergency aid towards sustainable development and self reliance. The transition strategy should fill the gaps resulting from the difference between humanitarian aid and development cooperation in terms of objectives, procedures, partners and type of actions. It should aim at rebuilding institutional capacities, essential infrastructure and social services, increasing food security and providing sustainable solutions for refugees, displaced persons and the general security"[113] The EC recognizes this needs to become an integral part of the CSP in countries where crises and emergencies, or the potential for them to exist are high, particularly where ECHO is active and/or has planned an exit strategy. Integrating this perspective ought to start at the very design of emergency interventions and Involve, as early as possible, country institutions and all actors concerned (namely in joint planning and coordination). In that sense, LRRD is very much about a contiguum planning process than just about an effective sequencing. The MDGs should also be systematically integrated into post-conflict recovery strategies by coordinating security and humanitarian operations with long-term development efforts. The MDGs provide outcome objectives that countries can use as benchmarks for the transition from relief and recovery to long-term development[114], provided they are not taken on a purely quantitative way or in detriment of quality. Other important issue of primary importance to countries in transition is transitional justice, not always addressed in country analysis and programming. Although it can be considered part of SSR programmes, it is not always addressed in SSR. DDR is also, along with SSR, areas where linkages across areas of intervention and funding mechanisms are key aspects. For instance, ESDP activities have to be regarded as part of a wider peace building strategy and should not be implemented in an ad-hoc or individual basis (e.g. reform of the army or police) but rather integrated in multifunctional packages (e.g. including reform of the judiciary and others that are interlinked). DDR programmes, are not purely military processes, but a wider political process with long-term development implications (it is a tool for securing the peace process by facilitating ex-combatants' return to communities and must also be one part of a broader post-conflict recovery programme). By considering its other external assistance activities (on security, development, governance and justice) and their relation to DDR, the EU would be able to maximise the effectiveness of its interventions. This requires an improved information exchange and collaboration from planning to impact assessment between different bodies within the EU (MS included) and other international actors involved (the UN being almost always present in such situations).

Thus, EU programming should ***move towards integrated approaches and take into account MS and other donors programmes and activities*** and vice-versa. The Country and Regional Strategy papers could increasingly become more comprehensive instruments to guide EU external action in a given country or region, addressing several issues of policy coherence and types of assistance, and integrating existing international norms and regulations for good governance and accountability mechanisms on areas that have strong impact on fragile situations (e.g. Kimberley process, UN norms on responsibilities of Transnational Corporations with respect to Human Rights, good governance in relation to extractive industries activities, etc).

A good means to address some of the shortcomings of the programming exercise, and advance with the policy coherence agenda and improved coordination among donors would be **joint EC/MS programming**. This is partly under way in some partner countries with one or few MS strongly involved in that country (e.g. UK and EC in Sierra Leone) and is being envisaged in others (it was mentioned with regard to DRC, although France and Belgium have in the meantime signed their national cooperation programmes separately).

On the EU side, advantages seem to be quite obvious if MS are serious about joined-up strategies and actions to EU effectiveness, particularly in countries in fragility, where donor activities are likely to impact even more. On the other hand, national interests may need to be somewhat downplayed though, which may lead some MS to view it as a less attractive option.

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[113] EC (DEV) programming Fiche, *Transition strategy: The Linking Relief, Rehabilitation and Development (LRRD) approach,* March 2006.
[114] UN (2007): The Millennium Development Goals Report 2007

For partner countries, it would mean reducing the strain on the already weak capacity of national stakeholders. However, partner governments may also view this option with some discomfort as it may reduce their bargaining power and '*marge of manouvre*' (e.g. donor coordination in DRC was not always seen positively by the government). Resistance to joint programming exercises can also be explained by the fact that the partner government does not identify with it and feels no ownership of the process; it would then be important to evaluate own much other national stakeholders would perceive it and how much would they identify with it, and try to readdress the issue in an inclusive dialogue process where different national stakeholders can confront their views and agree jointly on priority areas and activities.

In difficult partnerships, where programming is already reduced to a few less controversial areas, it ought to be considered as the 'only' valid option for the EU and preferably within a joint effort with other regional partners.

2.4.3. EU and MS Coordination

The EU has also to strengthen the cooperation with the MS in order to promote the mainstream of EU guidelines into bilateral policies (such as the EU code of conduct on arms exports or the User's Guide published in October 1998). This cooperation is also important to ensure that short-term crisis management, which is implemented under European security and defence policies and falls within the competence of the MS, can be smoothly coordinated with long-term reconstruction for which the Commission is mainly in charge. Moreover, in fragile situations or conflict-affected countries the EC is sometimes present even when MS have withdrawn and can also act as an impartial "honest broker" between MS sometimes divergent interests.

Providing larger funds, or adopting more efficient vehicles accordingly to the situation, and donors' commitment to delegate authority to leading donors in several sectors, could help reduce transaction costs and improve aid effectiveness also in fragile situations. **Joint programming and joint actions** are one way of promoting coordination. In this context, the 2006 EC Communication on Governance states that "dialogue with individual partner countries on governance reforms should be conducted jointly by the EC and those MS represented on the ground; this dialogue should be translated into coherent approaches to aid programming and coordinated support for governments' reform programmes". The reality is still far from this: support for institutional reform, for capacity building and for governance issues are usually defined earlier (in the bilateral and EU cooperation programmes), with no previous coordination and accordingly to donors' priorities. In fragile situations the capacity for leading coordination and setting own priorities is usually weak, which can lead to situations where several EU MS are doing the same thing, at the same place and time (e.g. technical assistance to a given Ministry).

Division of labour is a way of improving complementarity and coherence between the EU and MS. The "EU Code of Conduct on Complementary and Division of Labour in Development Policy" (May 2007)[115] sets up process in which each EU donor should develop a vision of its 'comparative advantage' with a more limited focus. Complementary (in-country, cross-country and cross-sector) implies that each actor is focusing its assistance on areas where it can add most value, given what others are doing. It calls for an optimal division of labour in which the number of EU donors present in a country and/or across sectors are reduced and rationalised. If this is a huge challenge on sectors (since some sectors are usually more appealing donors than others – e.g. health and education versus environment, culture, etc), it is even more difficult relating to geographic rationalisation, since it is linked to bilateral foreign policy interests. In fact, some MS have already started to rationalise their foreign presence, such as the UK or Sweden, but this is mainly due to political and foreign policy priorities, more than to complementarity reasons.

The progress on EU donor coordination is still too slow and some MS perceive it as EU process interfering in national policymaking. Division of labour may lead to reduced visibility or loss of opportunities and, therefore, needs to be addressed carefully. In sum, expectations may need to

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[115] (2007): *EU Code of Conduct on Division of labour in Development Policy.* Communication From The Commission To The Council And The European Parliament, COM(2007) 72 final, 28/02/2007

be downgraded on this issue, because it depends always on MS willing of fulfilling the gaps in a **voluntary** basis. Delegated cooperation arrangements – in which one donor acts with authority on behalf of one or more donors - is not the most common situation, although it is increasing in countries where budget support is the preferred aid modality (e.g. Mozambique) and between donors that have a history of common cooperation (e.g. Nordic countries). In some partner countries, delegated cooperation is also increasing at field level from the MS to the EC, which is regarded as a more impartial multilateral donor.

The contribution of the division of labour to increase the quality of donor support and the real effects on poverty eradication remain unclear. Although it foresees the dialogue with the partner' countries, the division of labour can result in a reduction of choice for them in relation to sector focus and modalities (and on the choice of who should be present there) and can lead to a lowest common denominator approach. This can even be more dramatic in fragile states, where engagement is more complex and local capacities are usually weaker.

However, there are also some recent **positive developments** on EU-MS coordination, such as:

-   EU increasingly funds projects led my MS – e.g. projects to be implemented by the Provincial Reconstruction Teams (PRTs) in Afghanistan (EU member states run 9of the 25 PRTs)

-   Training requirements for civilian crisis management operations were identified. The MS agreed to work to ensure better quality among EU training providers and better interoperability with EU key partners in crisis management.

-   The EC is working with MS in the OECD-DAC framework to develop better evaluation criteria for conflict prevention and peacebuilding activities.

-   Joint programming with MS that have a strong presence and interest in a given country is the main goal, as mentioned in the previous point. However, results are mixed: a joint road map for EU cooperation has been developed in Ethiopia and signed by 9 of 12 EU donors present, but refused by Ireland and Sweden, and signed by the UK while keeping its bilateral programmes; likewise, there were some attempts to establish joint programming in DRC, but France and Belgium signed bilateral programmes during that process.

-   Regarding the Joint EU-Africa Strategy, an ad hoc working group has been set up within the Council of the European Union to coordinate EU member states' positions on the wide range of issues covered by the Strategy. The establishment of this group could facilitate a more systematic interaction with EU non-institutional actors. The group consists of experts from interested member states and will meet regularly, probably before each EU-Africa expert troika meeting.

Table 7: **EU in DRC: Instruments, Coherence and Coordination Issues**[116]

The EU is trying to integrate different types of action in DRC, in the field of stabilisation, democratisation, rehabilitation and reconstruction. The EC, Council and MS have invested significant financial resources in the country in the last few years. The main activities can be summarised as follows:

- In April 2006 and following an UN request, the EU deployed a military mission to DRC (EUFOR RDCongo) in support of MONUC during the Congolese election process, which ended in 30 November 2006. The EU Police Mission in DRCongo – EUPOL Kinshasa (July 2006 to March 2007) developed a close coordination with EUFOR and beyond the short-term objectives of elections monitoring, also assisted in reviewing the police legislation and the doctrinal framework in order to lay the groundwork for longer-term capacity-building. From July 2007 on, a new ESDP mission will have as mandate to assist the Police Nationale Congolaise (PNC) in its restructuring process and to support the PNC interaction with the Justice sector.

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[116] For a more profound analysis of EU action in DRC, see Vaillant, Charlotte (2006): *Peacebuilding in the Great Lakes: Challenges and Opportunities for the EU in the DRC*.

- The EU and the WB led the international efforts to create a Compact on Governance with the DRC authorities, having therefore a structured dialogue with the Government. This compact was approved by DRC and entails a strong security component (police, armed forces and justice sector). EC has also engaged in technical assistance in almost all key ministries and government institutions.

- In 2006, the EC and the Council Secretariat jointly prepared a comprehensive approach to SSR in DRC to promote coherence between actions undertaken under the first and second pillars. The mission EUSEC RCCongo has been fulfilling its mandate in the field of SSR since May 2005, with a mandate to completing the integration of the various armed factions in the DRC, as well as supporting Congolese efforts to restructure and rebuild the Congolese army. SSR includes a further package to support core judicial reforms as part of a large governance programme. The EU support to the DDR process is linked to the overall support to the Great Lakes Multi-country Demobilisation and reintegration Programme.

- ECHO has continued its humanitarian work in the country – although in smaller scale than during the 1998-2003 conflict. Short-term and long-term needs are being addressed simultaneously. Development support is mainly targeting public service delivery sectors, including justice and health, as well as infrastructure.

- Another important element of EU's conflict prevention work of direct relevance to DRC is the focus on the role natural resources play in financing and perpetuating conflict. EU is actively supporting several international rules on this regard (Kimberly process, EITI) and trying to implement its own initiatives (e.g. EU Action Plan for Forest Law Enforcement, Governance and Trade - FLEGT)

All these actions point out to positive developments and to a more comprehensive approach that intends to coordinate security, governance and development dimensions. However, the question remains: is this the beginning of a joint holistic approach or does this merely means that the EU is present in many sectors? In fact, there are several **weaknesses** in EU approach:

First, the coordination with MS that are present on the ground is still insufficient. Even in a case-study like DRC, where there is the political will to act, MS foreign policy priorities have an important role and have underpinned the attempts towards a more coherent approach. Some MS therefore signed bilateral programmes while the general goal was to achieve joint programming with the EC.

Secondly, security sector reform is still a new sphere of action for the EU and entails complex challenges, particularly in DRC (where several security forces diverge in their objectives and a considerable number of rebel forces and militias are still active in some parts of this huge territory). To sustain improvements in the security sphere, concrete advances with reforms of the security and justice sectors have to be achieved, but these can also trigger existing tensions and increase instability. One factor that is determinant to the success of SSR is currently lacking: the effective political will of the partner country. This raises the question of ownership, (which is considered a crucial condition for success in SSR programmes) and the dilemma of pursuing visible results in short timeframes while SSR programmes must rely on locally owned processes that inevitably take time.

Furthermore, time-bound SSR and DDR can only generate sustainable results if they are integrated in a broader process of national reconciliation and also combined with development measures, such as employment generation activities, greater access to income opportunities, etc. This entails important ongoing debates over the institutional competencies within the EU, since SSR and DDR entail both security and development components.

Thirdly, the competing demands of transitional contexts like DRC may undermine progress and lead donors to focus only in one dimension of a much broader problem. For instance, the electoral process became an immediate and urgent priority for donors (including the EU), while it is questionable if the government's legitimisation was more important than other state-building measures.

Finally, the regional dimension of insecurity in the east is not fully covered by these initiatives. A Peace, Stability and Development pact for the Great Lakes Region was locally established by

these countries and the EU is trying to pursue a regional approach (through instruments such as the special representative for the GL, the support to mechanisms set up by the Economic Community of Central African States – ECCAS, etc) but EU's national actions in DRC, Rwanda and Burundi are still largely uncoordinated.

Achieving coherence inside MS governments is a difficult task, because different ministries are responsible for different aspects of programmes in fragile states. (see some attempts of coordination in Part I, 1.6.5.). It would be desirable that the EU promotes Whole-of-government approaches also in bilateral cooperation, encouraging MS to establishing within their administrations:

- mechanisms for shared assessment and early warning;

- common conceptualisation of the problem and causes of fragility;

- joint strategies for intervention (common agreement on a hierarchy of objectives, including short-term and long-term priorities and actions);

- coherent policy implementation mechanisms (to delineate who has what function to perform); some degree of common pool of resources;

- and integrated analysis and monitoring mechanisms, in order to examine the interactions between interventions in different domains and assesses them against their impact in the established goals.

2.5. COORDINATION WITH OTHER DONORS AND DEVELOPING PARTNERS.

2.5.1. Donors' coordination

In countries affected by fragility, where the government is usually not in position to take the leadership, coordination and complementarity between donors is even more important, in order to avoid duplications, maximise impacts and avoid overloading the already weakened state with several donors' requirements and procedures. As stated in the Council conclusions of April 2006, the EU should become the leading force in promoting harmonization in particular in difficult partnerships and other cases where other leadership does not exist. To achieve this goal, the EC can take advantage of the reputation of "impartial actor" and "honest broker" that has in several partner countries, in comparison with other multilateral and bilateral donors.

The international context for donors' harmonization has never been so favourable: donors have committed to the Paris declaration targets, are increasingly aligning their aid policies and objectives with internationally agreed development goals (MDGs) and, finally, the emergence of budget and sector support as preferred modalities for improving aid effectiveness and ownership also offers an additional opportunity to further promote coordinated and joint actions.

However, these commitments have only partially been translated to the field level. More than coordinating actions, statebuilding in fragile situations and in conflict-affected countries has required the creation of special organisations, bodies and funds at all levels of planning, coordinating and implementing jointed-up security-development-governance programmes (e.g. Afghanistan, Cambodia). However, these new structures often result in parallel donor-driven programmes that have limited ownership and linkages with local actors and priorities.

The examples of uncoordinated actions and lack of common understanding in planning and priorities of donors are frequent, particularly in fragile situations and difficult partnerships, where many times there is also an insufficient political analysis and understanding of the profound causes and features of fragility. In situations where peacebuilding, state reconstruction, development and security are desperately required, it is vital but also very hard for donors to collaborate effectively, due to multiple factors: urgency, donors' political goals, ongoing

insecurity, multitude of actors and mandates, etc. Somalia, Afghanistan or Nepal can offer some examples of uncoordinated actions that lead to increased instability[117].

Beyond the coordination within the EU (with MS bilateral policies, analysed in 2.3.4), the question on how multilateral organisations as the World Bank, Regional Development Banks, UNDP and the EU will harmonize their approaches respectively to come to a functionally convincing division of labour with regard to fragile state is one of the toughest challenges on the donor side. Multilateral development banks seem to start to deal with this issue in a more serious way than before, and the EU should also work on this basis in a more systematic way. A good point to start would be to analyse where concrete comparative advantages of the EU are located in order to advance a division of labour among multilaterals.

The European Union – United Nations Coordination

"*The United Nations Security Council has the primary responsibility for the maintenance of international peace and security. Strengthening the United Nations, equipping it to fulfil its responsibilities and to act effectively, is a European priority*" (European Security Strategy). "*The EU will undertake to carry out this agenda in close cooperation with partner countries, other bilateral development partners and multilateral players such as the United Nations and International Financial Institutions, to prevent duplication of efforts and to maximise the impact and effectiveness of global aid. (...) EU action will take place in the framework of multilateral efforts including the UN Peacebuilding Commission, and will aim to re-establish the principles of ownership and partnership*". European Consensus on Development

The EU approach in fragile situations and difficult environments should be embedded by EU's overall commitment to effective multilateralism. In fact, fragile situations require a greater reliance on multilateral channels to deliver policy coherence at field level, and this calls for better coordination among (and stronger capacities within) the EU, the UN, the WB and OECD. Similarly to the EU, United Nations agencies have a long-time, permanent and wide presence in fragile situations, being considered in many cases as the most effective provider of humanitarian assistance and an impartial security and development actor.

The implementation of the outcomes of the UN World Summit of Sept.2005 is one of the EU's main priorities. The EU is strongly engaged in contributing for reforming the system of collective security and peacebuilding in the UN, including the creation of the Human Rights Council and the Peacebuilding Commission, both of which have required the EU to adapt to the new institutional set-ups of these fledgling UN bodies. It has also established a strategic partnership with UNDP.

Some examples of EU-UN coordination include:

- The EC started to deploy planning and assessment teams and is establishing stand-by arrangements with the UN and the WB to elaborate joint post-conflict and post-disaster needs assessments.

- The EU is actively supporting the establishment of the UN Peacebuilding Commission as a way of bringing together actors and resources to implement post-conflict peacebuilding and recovery programmes, as well as to promote sustained international attention to address the institutional gap in the transition period between the end of an armed conflict and the resumption of sustainable development.

- Several complementary actions are been undertaken by the EU and UN in the field of peace operations in concrete situations, such as the EU operation that succeeded a UN peacekeeping force to assist national authorities put in place a professional police force in Bosnia-Herzegovina; the EU military and civilian support to electoral process in DRC

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[117] For instance, in Nepal, "Some donors, most notably the UK and the US, continued to supply military aid to HMGN until the usurpation of power by the King and his suspension of democratic institutions in February 2005. The US's military aid programme was explicitly intended to help the Nepalese government fight the Maoist insurgents, whom the US Department of State has classified as an Other Terrorist Group (Vaughn, 2006). On the other hand, the UK's military assistance (mostly in the form of equipment) was meant to be used for medical, logistical and humanitarian purposes only – but it is also clear that this assistance allowed HMGN to free up some of its own resources for its military campaign against the insurgents. The availability of this military assistance undoubtedly contributed to the escalation of conflict and violence in Nepal (International Crisis Group, 2003)".

(assuming a complementary role to MONUC, through EUFOR and EUPOL); the support to the implementation of the UN support package to AU Mission in Darfur; the EU Member states' contributions to the reinforcement and deployment of UNIFIL; the cooperation between the EU Planning Team in Kosovo since May 2006 with UNMIK. The deployment of the first AU-UN hybrid peacekeeping force in Sudan is a new opportunity for coordinating efforts.

- In terms of military capacity, the EU battle-group concept provides for the possibility of EU-led Crisis Management Operations being deployed in response to requests from the UN Security Council, under UN mandate where appropriate.

- The UN is the primary partner of EU support to SSR, DDR and other peacebuilding tasks (e.g. implementation of the DDR programme in Liberia through the UNDP Trust Fund; the Law and Order Trust Fund for Afghanistan covering police and justice reform through EC support to UNDP; amongst others)

- Regular meetings are being held of the EU-UN Steering Committee on Crisis Management, as well as the "desk-to-desk dialogue in conflict prevention with integrated UN teams.

The need for increased cooperation in crisis management has led to an agreement in which the two organisations cooperate on the following measures[118]:

- Regular senior-level political dialogue between the UN Secretariat and the EU Troika on broader aspects of crisis management.

- Regular exchange of views between senior UN Secretariat officials and the Political and Security Committee of the EU.

- Continued meetings of the UN-EU Steering Committee including ad hoc meetings in crisis situations as required.

- Consideration of further steps to enhance cooperation in areas including, but not limited to: support to African peacekeeping capacity-building; cooperation on aspects of multidimensional peacekeeping, including police, rule of law and security sector reform; exchanges between UN and EU Situation Centres; and cooperation with the EU Satellite Centre.

- Pursuit of the establishment of specific coordination and cooperation mechanisms for crisis situations where the UN and the EU are jointly engaged.

- Systematic UN-EU joint lessons learned exercises following cases of joint operational cooperation.

Most of EU-UN cooperation takes place in the fields of crisis management and post-conflict activities; however in fragile states conflict prevention and addressing the causes of fragility at the earliest stages is crucial. The EU's Action Plan on Civilian ESDP (2004) already identified "conflict prevention and resolution in Africa" as an area with considerable potential for cooperation with the UN. Currently, this necessity is even stronger, since the EU and UN are both supporting the reinforcement of African capabilities, mainly through the AU and RCOs, having also engaged in tripartite cooperation in peace-support operations. The focus on prevention implies that EU and UN further engage in other levels of coordination, namely by enhancing political/diplomatic coordination and trying to invest, whenever possible, on a clear single voice. This is particularly important in difficult partnerships, where the international community often sends mixed signs to the government, further undermining the prospects for stability (e.g. Sudan).

The EU can also draw on UN's experience of having integrated policy units in selected countries (the UN Peacebuilding Offices and Political missions, such as the UN Integrated Offices in Sierra Leone or Burundi, UNOGBIS in Guinea-Bissau, etc), in order to ensure a more holistic approach to the wide challenges of fragile situations. Being increasingly engaged in

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[118] *Joint Statement on EU-UN cooperation in Crisis Management*, June 2007.

multidimensional activities such as SRR, internal coherence – within the EU - and external coherence – with other donors - will have to be promoted at field level by the EU.

One of the serious limitations at global level is still the lack of an international common peacebuilding framework that can guide multiple external and internal actors; therefore, this can also be an important theme for EU-UN cooperation in the near future. Within this goal, one possible issue for further discussion may be the establishment of "security goals" that can complement the MDGs by addressing the lacking dimension of governance and obstacles to human security, such as the proliferation of deadly weapons, international terrorism, organised crime, illegal trafficking of drugs and people, amongst others.

The EU should also be actively involved in the Peacebuilding Commission activities, namely building on several recommendations that have already been issued in order to achieve better effectiveness in tackling the root causes of conflict. These include: (i) making funding to host governments contingent on political commitments and benchmarks as an incentive to encourage political consensus; (ii) rethinking the timeframe (the period for implementation, one to two years, should be lengthened, as sustainable peace cannot be achieved, nor impact evaluated, within the current timeframe); and (iii) better involving communities in peacebuilding, particularly those who are most vulnerable and conflict-prone, and those in rural areas[119].

2.5.2. Working with regional organisations: the African case

"*Coherent policies are also needed regionally, especially in dealing with conflict. Problems are rarely solved on a single country basis, or without regional support, as in different ways experience in both the Balkans and West Africa shows*" European Security Strategy

Since 2000, a new dialogue between the EU and the African continent as started[120], and despite the difficulties in holding the second EU-Africa Summit (initially foreseen in 2003 but due to take place in 2007 during the Portuguese Presidency of the EU), this dialogue has continued on the form of ministerial, troika and expert meetings. This translated into an increasing convergence of interests, with several positive developments – mainly in peace and security aspects – and also some difficult issues – such as the return of cultural goods or migration. The emergence of the African Union in 2002 entailed a strong determination to formulate pan-African answers to the major problems of the continent and gave a significant boost to EU-Africa partnership.

However, the EU institutional setting is one of the obstacles in implementing the strategy in a coherent and effective manner. There are currently three agreements that translate into there different financial instruments and reflect different EU priorities: (i) the Cotonou Partnership Agreement (that covers Sub-Saharan Africa except South Africa), the European Neighbourhood Policy (with Northern Africa countries) and the EU strategy for South Africa (that followed a Trade and Development Cooperation Agreement). This fractioned relationship is reflected at institutional level – even within the EC, with DG Dev dealing with Sub-Saharan Africa and DG Relex covering North Africa – which further adds to the complexity of the relation between the two continents. Moreover, it also can be argued that Cotonou is also a fragmented framework, due to increasing lack of cohesion between Africa, the Caribbean and the Pacific region (with the EU formulating regional strategies for each of these regions)

The EU Strategy for Africa (2005) aims at providing a common coordinate and coherent European initiative and response to the development, peace and security challenges faced by the whole African continent in the 21st century and, as such, is it the first practical example of the implementation of the European Consensus on Development. Since it was approved, it became a useful instrument to boost the dialogue between the EU and pan-African institutions (towards the approval of a Joint EU-Africa Strategy until the end of 2007) and a starting point for

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[119] For example, in Sierra Leone, the Commission should invest in new ways to reach young ex-combatants living in squatter settlements. In Burundi, communities felt that more should be done to include all ethnic groups in the peace process. Actionaid, CAFOD, and CARE international (2007): "*Consolidating the Peace? Views from Sierra Leone and Burundi on the United Nations Peacebuilding Commission.*" To be launched in Brussels on 11 July.

[120] The Cairo EU-Africa Summit, in 2000, launched a framework for political dialogue between the EU and African sides and approved an Action Plan that covered several fundamental areas, such as regional integration and integration of the African continent into the world economy; human rights, democratic principles and institutions, good governance and rule of law; peacebuilding, conflict prevention, management and resolution; and several development issues (including environment, food security, debt, amongst others).

programming of relevant EU aid instruments. It intends to be a platform for both Community aid and the bilateral aid programmes implemented by EU member states, although its implementation is still not clear in practical terms. It is hoped that the Joint EU-Africa strategy can ensure a stronger ownership of all stakeholders on both sides and include the definition of a shared agenda, the role of all actors concerned and the practical mechanisms for implementation and monitoring[121].

What does this means for addressing fragile situations, since it is acknowledged that a good part of these countries are in Africa? Both parts agree on the need to "*start a dialogue on the concept of fragility of states aimed at reaching a common understanding and agreeing on steps that could be taken*"[122]. This will not need to be done from scratch: state fragility is already being addressed by several African instruments, with EU support.

For African sub-regional and continental institutions, it is clearly a priority to address the instability points that have negative consequences in neighbour countries' development and that represent a threat to the stability of entire regions, increasing fragility and conflict. Much of what African leaders expect from EU players is related to **respect, complement and support the work AU and the regional organisations are already doing to engage with fragile neighbours.** This is after all the key political shift in the AU Constitutive Act in comparison with the OAU Charter: from the principle of "non-interference" in internal sovereignty matters, to the principle of "non-indifference"[123]. This is not just a message in the field of conflict, but it also provides the basis for engagement with situations of fragility.

EU support to the AU and sub-regional organisations (SROs) aims both at strengthening urgently needed capacities to tackle conflict management and resolution, as well as at supporting continental and sub-regional mechanisms and capacity for conflict prevention, early warning, mediation and peacebuilding. Evidence shows that EU support works better where and when there is capacity of partner countries/Institutions/actors, making therefore the case for the EU engagement in strengthening the partners' institutions.

Cooperation with the SROs is fundamental, since they are the building blocks of the new African Peace and Security Architecture. The idea of the **EU working with regional neighbours to engage together with a country in situation of fragility** could become a corner stone of EU policy on this issue, provided that there is a cautious approach on the neighbours agenda and involvement in cases whenever fragility is associated with violent conflict. In practice, there are already some examples: e.g. the EU realises it has to turn to the SADC group of countries to be able to work with Zimbabwe. Regional dimensions could also still become one of the key issues in the EU-Africa Strategy. In the draft outline is already present in many ways but it is not developed fully as a core strategy; yet this is precisely the core approach of the EU to its own problems of development and stability and probably its most important key competence and added value.

Regional focus is also important from an EU perspective, but the establishment of common regional political frameworks to guide EU external action in the several sub-regions is not yet accomplished (e.g. Regional Strategy for the Horn of Africa, adopted by the EC in October 2006 with no follow-up). These regional strategies can be a useful tool for combining security, governance and development challenges, provided that they are fully mainstreamed in the formulation of CSPs and RSPs, as well as in other programming instruments and actions.

For African partner organisations it is also important to implement the AU Post-Conflict Reconstruction and Development (PCRD) framework that provides for simultaneous short-term and long-term measures to address post-conflict situations, in which weakened capacities, destroyed institutions and the absence of a democratic culture and respect for human rights are

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[121] For more information on the EU-Africa partnership and strategy, see ECDPM (2006); *The EU-Africa Partnership in Historical Perspective*, *Towards a Joint Africa-Europe Partnership Strategy*, Issue Paper I for public consultation; and *Setting the Agenda*, *Towards a Joint Africa-Europe Partnership Strategy*, Issue Paper II for public consultation, Maastricht, December 2006.

[122] (2007); *Outline for the Joint EU-Africa Strategy*. Endorsed by the EU-Africa Ministerial Troika Meeting, 15th May 2007

[123] The AU Constitutive Act states in Article 4 "the right of the Union to intervene in a Member State pursuant to a decision of the Assembly in respect of grave circumstances, namely: war crimes, genocide and crimes against humanity". Available at**:** http://www.africa-union.org/About_AU/Constitutive_Act.htm

usually serious obstacles to peace consolidation. The PCRD establishes human security as the basis for all activities and states that rebuilding a legitimate state authority and enhancing national ownership of that process are the central concerns of this policy. Therefore, all PCRD activities need to have a capacity-building component. The EU can draw most of its post-conflict actions from this framework, accordingly to the objectives/priorities/benchmarks established for each of the six core areas: Security; Humanitarian/emergency assistance (including LRRD); Socio-economic reconstruction and development; Political governance and transition; human rights, justice and reconciliation; Women and gender. This can be done trough alignment with the partner country's government in situations of fragility and through "shadow alignment" and increased cooperation with other local actors in difficult partnerships.

In conflict management and resolution, the African Peace Facility (APF) has been instrumental in supporting African organisations (financially but also at other levels) to run African Peace Support Operations (PSOs). It is the most important source of funding for this support and ensures the necessary predictability of funds. In order to pursue the implementation of actions proposed by the "EU concept for strengthening African capabilities for the prevention, management and resolution of conflicts", some flexibility is also being promoted, by developing short term support instruments for specific missions (e.g. the recent establishment of an EU fund to support AMIS) that can bypass AU financial weaknesses.

Through the APF, the EU is also helping in capacity building and strengthening of capacities of the AU Commission, the creation of an African Stand-by Force (ASF), support to sub-regional organisations' liaison officers to the AU, and establishment of an early warning system. By the development of RECAMP into a European instrument, the EU will also be able to support the full establishment of the ASF and national training and exercises programmes that might be offered by EU Member States. The financing source of APF has, nevertheless, raised some criticism and concern over the fact that funds initially allocated for development (EDF) are being used to support peace and security needs; however, one should always recall that security and development are closely interlinked and ensuring peace in African countries is certainly part of the development objective.

Although the support for peace operations or for the establishment of early warning mechanisms at regional and continental level are clearly important to address conflicts and fragility, a stronger effort needs also to be done towards an effective **conflict prevention approach**. Conflict prevention is still a weaker dimension in pan-African action (comparing to reactive measures) and the EU can play a major role on this area. Some positive developments can be highlighted: for instance, in West Africa EU is supporting ECOWAS in the elaboration of a comprehensive conflict prevention strategy, as well as activities to reduce the availability and the trafficking of small arms and light weapons[124]. Conflict Prevention experts are supporting the organisation in managing its operations, including studies, meetings and training activities.

At continental level, the reinforcement of Africa **governance initiatives** can also have indirect positive reflections on conflict prevention. In this context, the EU assessments on fragility and choice of the most appropriate reforms or EU support measures should mainly be based in these self-assessments, whenever they exist. Therefore, it is important to ensure that the current EU support to the African Peer-Review Mechanism (APRM) is not only directed to support the process itself (by supporting the APRM secretariat, reviews, missions and dissemination of results) but also to fully integrate the aid for reforms identified by reviews into the existing cooperation instruments – mainly via the National Indicative Programmes.

It is also a positive development that EU and AU are engaging in a dialogue to discuss ways in which the EU can support African owned human rights and democracy-building efforts on the basis of *inter alia* the African Charter on Democracy, Governance and Elections[125]. Joint initiatives such as the EU-Africa Plan of Action on the Trafficking of Human Beings are examples of coordinated strategies that can have an impact in addressing cross-cutting issues that are crucial to prevent fragility and conflict, provided that they are followed by adequate implementation and monitoring mechanisms.

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[124] Adoption of an ECOWAS-EU Joint Declaration on Proliferation of Small Arms and Light Weapons on 24 April 2007.
[125] (2007): *Final Communiqué, 8th EU-Africa Ministerial Troika Meeting*, Brussels, 15th May 2007.

2.6. ENHANCING THE SECURITY / DEVELOPMENT / GOVERNANCE NEXUS

The EU recognizes that security, development and democratic governance (without implying an endorsement of any particular model, but encompassing all relevant areas of public domain) are closely linked and that integrated approaches would be a major leap forward in consolidating the EU role both as a major donor as well as an important player in the global security sphere. It also recognizes that ensuring closer linkages between these fields is even more fundamental in conflict-affected countries and in fragile environments. As stated in the last MDGs report, "insecurity and instability in conflict and post-conflict countries make long-term development efforts extremely difficult. In turn, a failure to achieve the MDGs can further heighten the risk of instability and conflict. Yet in spite of a technical consensus that development and security are mutually dependent, international efforts all too often treat them as independent from one another"[126]. Part of the resistance for this derives from the mistrust and fears that mixing development and security objectives and priorities may lead to a confusion of roles and subordination of the former to the latter, which most agree would not serve the purposes of any[127]. There is thus the need to improve policy and practice on how their different goals can be pursued in a mutually reinforcing way[128].

While many causes can trigger state failure and fragility, "bad" governance is often at the heart of those, both as a direct cause or for its role in amplifying negative effects of other state fragility causes. When countries have a long history of political rights violations, rent-seeking, economic and political exclusion, non participatory decision-mechanism, political systems are not well equipped to face economic/ethnic/cultural challenges that might trigger state fragility, lead to a radicalisation of groups within a country/region and ultimately lead to conflict and state failure. Nepal and Chad, for instance, are illustrative examples of countries where poor political governance is fuelling instability and conflict and affecting development efforts.

The need for a security-development nexus is also upheld by partner countries/organisations[129] with whom the EU is engaged in supporting local and regional efforts to promote peace and security, alongside sustainable development and good governance.

Bridging the cultural and institutional divide

Many of the problems that often emerge in combining these different dimensions are the result of tensions between development, humanitarian and governance goals on the one hand, and foreign and security policy objectives and priorities on the other. Despite the recognition of the close links between security and development, the development and humanitarian communities tend to fear that their goals become subordinate to political and security agendas that may not (directly or indirectly) best serve their mandates, and that impact on their roles is often not taken sufficiently into account in the making of foreign and security policy decisions and actions.

There are many scenarios where development and in particular humanitarian actors work side by side and where the security actors mandate includes providing the minimal conditions for humanitarian aid to resume or expand their reach (e.g. Artemis in DRC, AMIS in Sudan, etc) and where their 'co-habitation' has actually worked well. Among the key conditions for a positive and cooperative relationship is **clarity of mandates** and rules of engagement, **openness and collaborative efforts** to tackle problems/situations of common interest, **quality of human resources and good communication skills** on both sides that can strengthen dialogue, sharing of knowledge and **understanding of the each other roles** and constraints, which can forge good cooperative efforts. That does not mean mixing up humanitarian and security actors on the ground – humanitarian tend to keep as much apart as they can for fears of blurred

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[126] UN (2007): The Millennium Development Goals Report 2007
[127] On this issue, see namely VOICE (2006): *The strengthening of EU crisis capabilities. What impact on humanitarian aid?* Briefing paper, October 2006.
[128] DFID (2005); *Fighting poverty to build a safer world - A strategy for security and development*, March, p13.
[129] For instance, the AU PCRD framework states that in most post-conflict reconstruction settings these paradigms co-exist side-by-side in external interventions instead of coming together to form an integrated post-reconstruction system, and adds that this is major obstacle to a coherent and effective response.

perceptions of who's who and who does what and using military assets only when no other means are available (the Oslo guidelines), which can have a negative impact on the security of humanitarian workers[130]. Good collaborative efforts in early phases, starting with assessment and planning, with involvement of qualified humanitarian representatives, can address from the outset some of these concerns and improve cooperation on the ground between ESDP missions and humanitarian assistance in the same scenario. The UN international framework for the use of military/civil defence assets in natural or man-made disasters (MCDA guidelines) and ought to inform EU activities with implications for humanitarian assistance.

In-between the development and security community the gap tends to be even wider, for the same reasons just mentioned. Even when there are shared goals, the divergences between the security and development communities highlighted in the challenges of engaging in fragile contexts (see Part I, 1.5.) are very present at EU level. This is also due to the different time frames, development activities tending to be generally long-term while security-related activities often aim at immediate results. However, not all security activities can fit adequately into short-time frames (e.g. the formation of a capable army, respectful of its constitutional role and duties, endorsed by its people) is likely to take much more than a few months or even take years and is in itself an incremental process, linked to other political, economic and societal factors, and thus to development work too.

Governance intends (or hopes) to be a guiding 'moto' informing and bridging political attitudes and development policies and practice to make them consistent, complementary and thus more effective. Upholding good governance principles may also collide at times with economic interests and concerns of remaining isolated to the advantage of other partners who tend not to link economic cooperation with human rights, political pluralism, freedom of expression or other governance aspects (e.g. the oil-rich Angola has not hesitated in playing the 'Chinese card' when dealing with the EU). The risk of isolation may also imply losing political leverage on unwilling governments, which may be perceived by many, as negative and counterproductive. If there is no shared understanding and agreement on governance principles and objectives among the various EU actors, and a constructive and gradual approach towards upholding governance in a partner country – an approach that takes into account the specificities of the local/regional context and feeds into locally owned initiatives or structures - the governance agenda is likely to be perceived as another form of conditionality alien to those who are meant to be its primary beneficiaries and in the process alienate also complementary development, political and security efforts.

In the framework of PCD, security and development are to be deal with as complementary agendas, aiming at creating a secure environment and breaking the vicious circle of poverty, war, environmental degradation and failing economic, social and political structures. However, there are also 'technical' problems to a more effective linkage between security and development communities and activities, which derive partly from the institutional divide within the EU.

The EU Treaty requires that the Commission be "fully associated" with the CFSP work, where it enjoys, along with Member States, a right of policy initiative, manages the CFSP budget line and brings to the CFSP debate the EC policy areas where it has a clearly defined role. The Commission also has a role as external representative in all the European Community areas - this involves the Commission both in policy formulation in Brussels, and in the representation of EC interests throughout the world by means of its extensive network of delegations. The Commission is, however, solely responsible for a number of external policies of the EU, such as trade. It also has sole responsibility for Community actions in the areas of humanitarian, development assistance, rehabilitation and reconstruction and sanctions regulations. The Council and the Commission are jointly responsible for ensuring consistency of EU external activities as a whole, in the context of its external relations, security, economic and development policies. Yet, Commission and Council/MS have often tended to work separately in line with the different roles and competences attributed by the EU Treaty and not taking enough into consideration what the other was already doping in the country/region. Therefore, it is important to ensure that the EC has a stronger presence and role in the Council relevant WGs or

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[130] Voice (2006), op.cit, point 5.1

committees from the very early stages of the debate in the Council, on a possible CFSP/ESDP action in a country where the EC as a long-term presence and an important role.

What is generally a problem at the Brussels level - because of the institutional divide - is often less of a problem and more easily overcome on the ground. Coordination and complementarity is often best achieved and easier at local level (as in the case of DRC). On the ground, necessity and reality drive attitudes, and not so much (or as much) the concern of being overtaken by someone else role or ambition. Brussels is very weary of not crossing border lines, not mixing security and development, development and military actors, not creating 'blurred situations' where institutional competences and legal arguments can be used against. There is still also a certain 'malaise' in Brussels as to the development of EU military capacities, often perceived in detriment of civilian and development efforts, although efforts to develop EU civilian crisis management have been significant in the last few years.

There are conflicting perspectives on what ought to be the priority areas for international support in situations of fragility (including post-conflict). Security is very often felt by locals as being the major problem and restoring law and order the most pressing priority to be addressed in order to allow for progress in other policy areas. On the other hand, it is also acknowledged that focusing on immediate security only does not contribute to long-term security and stability, and that there is a need to focus on economic and political governance to upheld the benefits of tackling immediate security problems (e.g. Solomon Islands, DRC, Liberia, Sierra Leone[131]), ought to inform a more constructive approach towards development and security communities working together.

Addressing the need to reinforce short-term and long-term linkages in EU action

In situations of fragility, and even more so in conflict or post-conflict situations, upholding a minimum of security is necessary for the pursuit of more medium and long-term security - and development-related efforts and to engage in state building. ESDP missions tend to have clearly defined mandates and milestones and are necessarily short-term, namely because of financial and capability reasons. Effective as they may be in their limited timing and purpose, they need to be followed-up – or shouldered – by more sustainable and long-term planned efforts within a comprehensive strategy, where all concerns are continuously monitored and assessed by staff with different expertise, including in the security sphere.

Because the engagement at a security level is much more political and MS capabilities and funding is limited, and public opinion support not always easy to get or conditional (e.g. Germany leading role in EUFOR DRC in 2006), EU engagement at this level will not be based solely on need and few of those in need are actually likely to be the subject of such a form of engagement by the EU. Prioritization is likely to be necessary and subject to considerations of EU added-value: the greater the EU overall engagement and political influence in a country/region/situation, the greater is likely to be its impact. ESDP missions are most unlikely to take place in countries or regions where the EU is already engaged through other means and policies. The planning of these missions should therefore take into account and be planned accordingly with the timing and scope of other EU actions. It must also take into consideration other donors/actors engagement and its own capacity to best plan and deliver on engagements made.

There is a growing effort with the EU to articulate civilian and military crisis responses through the Civil-Military Cell and enhanced military and civilian capabilities for crisis management[132], as

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[131] See namely Brinkerhoff, D. (2007): *Capacity Development in Fragile States*. Research Triangle Institute (RTI International) and ECDPM, draft, p. 27, and OECD – DAC (2007), *Enhancing Security and Justice Service Delivery. Governance, Peace and Security*.
[132] On the development of military capabilities, within the Headline Goal 2010 and since January 2007, the EU has reached the full operational capability to undertake operations of Battle-Groups size in situations requiring a rapid response (including simultaneous missions). By 2010, it should be able to respond to crises with rapid action using a fully coherent approach to the whole spectrum of crisis management operations: humanitarian and rescue tasks, peacekeeping, including peacemaking, and might incorporate joint disarmament operations, support for third countries in combating terrorism and security sector reform. In Civil-Military Cell, created in 2005, is meant to play an enhanced role in coordinating civilian and military aspects of EU crisis management and once the Operations Centre is fully operational it can work as an Operational Headquarter (OHQ) for a military operation, in particular where a joint civil/military response is required, or can reinforce national OHQs and assist in the planning, support and conduct of civilian operations. Efforts are also being made for the fast transition of rapidly deployable police elements - the

these operations become more complex, multi-faceted, more involved in the lives of the local populations, dealing not only with very specific military objectives (e.g. securing specific facilities or infrastructure, etc), but also with aspects related to law and order (e.g. justice, police, etc) and with deeply social issues like child soldiers and the role of women in armed conflict[133]. There is a recognised need to coordinating security (and not only humanitarian operations) with long-term development efforts and the adoption of strategies and concepts on cross-cutting issues like DDR and SSR is an indication that the EU should move into that direction.

The problem is how to implement integrated approaches effectively? Why are there still so few examples of such integrated approaches? Why is the gap between strategies and practice still so wide? How can short-term and long-term policy linkages be improved?

The possible and easily feasible starting point could be **promoting joint assessments and analysis** of situations of fragility and not just limited to situations where conflict is imminent, has already erupted or in post-conflict situations. EC, Council and MS experts with knowledge and understanding of local dynamics, and from different relevant policy areas, ought to be involved in analysis and assessment of those situations. That could allow for the early inclusion of conflict-sensitive analysis, structural weaknesses and long-term activities from the outset and for mainstreaming of lessons learned in relevant policy areas (e.g. conflict prevention, human rights, gender, transitional justice, DDR, SSR).

Shared analysis and assessment can also be improved with more and better **information exchange** among MS and with the EU institutions, thus contributing also to foster a common sense of priority and understanding of a situation or issue.

Also in **planning** EU activities in situations of fragility, including ESDP missions, the EU should have a pool of different expertise, including in the development, humanitarian and security and defence area, and with a background or tested knowledge of the country/region or situation concerned to participate in planning and programming of EU actions, in order to best integrate all possible dimensions that are likely to impact on policy implementation and assess impact of these policies at the various levels of the country politics and society. Complementary conflict prevention and development programming should be taken into account in the strategic and operational planning of crisis management operations.

EC and MS ought to envisage doing **joint programming** in situations of fragility (e.g. Afghanistan). It would put less strain on already weak state capacity, avoid creating multiple systems for donors' assistance, and would be a greater guarantee of common understanding of the country/region situation and of joined-up action, thus avoiding different diplomatic discourses and policies. It would also be particularly important that the EU programming links up with policies in support of good governance and mutual accountability (EU arms exports, corruption, organized crime, etc).

Donors' engagement in fragile situations ought to be **supportive of regional efforts** and explore synergies with other donors' stances and activities: a multitude of donors discourse and policies could damage those efforts and reduce the overall impact of international efforts.

Complementarity and sequencing of financial support is also important to ensure effective and timely linkages between short-term and long-term activities, particularly in cross-cutting issues as DDR, SSR and LRRD, but also within EC funded programmes and activities. For instance, the EC has often had problems with ensuring greater cooperation and supporting a clearer role of CFSP in relation to conflict prevention and rehabilitation – especially where rehabilitation programmes are financed using EFD resources, the flows of which can be

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Integrated Policy Units (IPUs) and the Formed Police Units (FPUs) – into a civilian chain of command, and also on the coordination of these with rule of law elements.

[133] Work has been taken forward on the implementation of UN Security Council Resolution concerning women, peace and security (UNSCR 1325) in the context of ESDP. This resolution calls for the increased involvement of women at all decision making levels in conflict prevention, crisis management and post-conflict reconstruction, as well as in areas such as DDR and promotes women as advocates for peace. It further acknowledges the need to take special measures in terms of protecting women and girls and to respect the different needs of men and women. On this issue, see namely Valenius, Johanna (2007): *Gender mainstreaming in ESDP missions*, Chaillot paper no. 101, EU-ISS, Paris, May 2007.

disrupted in cases of disagreement amongst members of the intergovernmental EDF Committee[134].

There are nevertheless a growing number of activities and strategic thinking where the EC and the Council are working closely together. It is particularly the case with SSR missions. In many situations, restoring law and order is undoubtedly the main priority, but how to go about it in a sustainable way is the major challenge even when regional partners are leading the efforts (e.g. the lessons learned from the Regional Assistance Mission to the Solomon Islands[135]). The EU has endorsed the DAC guidelines on SSR, but implementing is going to be a major task. Security, development and governance are hardly can be separable, but not separated in their main goals.

Seizing the opportunity provided by EU "joint" Strategies and Concepts

The EU takes account of the security-development-governance nexus through various policy statements (see Annex E), strategies and concepts[136], action plans, codes of conduct (e.g. on arms exports), which in general are the result of joint Council and Commission work.

The 'EU Strategy for Africa' (December 2005) for instance is an integrated European political framework aiming at improving co-ordination and coherence of EU and Member State policies, instruments and activities in Africa, encompassing different areas including development, governance and peace and security. In October 2006, the EC adopted an EU Partnership for Peace, Security and Development in the Horn of Africa that sets out a comprehensive approach to this sub-region, thus recognising the need for differentiation and for tacking into account the specificities of a region and particular context. It introduces a regional programme for action to enhance cooperation and regional integration. However, the Horn of Africa 'strategy' has not as yet been adopted by the Council.

Some concrete examples of joined-up EC-Council Secretariat work and integrated approaches include the paper on EU support to SSR in DRC, as an outcome of the EU policy framework for support to SSR adopted by the European Council, bringing together the Concept of ESDP support to SSR (2005) and the EC Communication (2006). The Aceh Monitoring Mission, which was the first ESDP Mission to be involved in DDR in line with the adopted joint EU concept on DDR that calls for an integrated approach and cooperation between pillars and with other stakeholders, provides also a good and positive example.

Other efforts are also being developed to reinforce links between civilian and military instruments (e.g. EU Exercise Study 2006 that provided for an exchange of views), although much remains to be done towards a comprehensive and coherent approach, that integrates these two elements in a more effective way. There are also efforts to set up frameworks for joint EU action, namely to prevent children's rights' abuse in armed conflicts and post-conflict situations, following previous initiatives (the 2003 EU Guidelines on Children and armed conflict and the 2006 EU Checklist for the Integration of the Protection of Children Affected by Armed Conflict into ESDP Operations). Also in the area of capacity-building to deal with conflict situations, the EU has adopted in May 2007 an action plan for the implementation of proposals relative to the EU concept for strengthening African capabilities for conflict prevention, management and resolution. This action is to be developed with the AU and African SROs and under African ownership, namely by supporting AU/SROs conflict prevention structures and the implementation of the AU policy framework for post-conflict reconstruction and development[137].

Joint Strategies and Concepts are a good step in the right direction to promote integrated approaches and greater policy coherence and coordination within the EU institutions and with

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[134] Higazi, Adam (2003): *Dilemmas and definitons in post-conflict rehabilitation.* ECDPM
[135] Baser, Heather (2007): *Technical Assistance Personnel in the Solomon Islands: What can we learn from the RAMSI experience?* Draft, ECDPM, June
[136] The EU SALW strategy and the Strategy for Africa in 2005, the strategies for Latin America, the Pacific, the Caribbean and for neighbourhood countries. In 2006 the EU adopted the concept for support to DDR, a joint policy framework for SSR, and the concept for strengthening African capabilities for the prevention, management and resolution of conflicts, which has led to the adoption of an Action Plan and recommendations for its implementation in May 2007.
[137] (2007) Recommendations from the PSC to the Council and Action Plan on the implementation of proposals relative to the *EU concept for Strengthening Africa Capabilities.* 8551/2/07, EU Council, 7 May 2007.

MS. It is also a good dialogue tool to coordinate with other donors. However, as the EU often underlines and knows well by experience, ownership of any strategy or programme is fundamental to sustainable positive achievements. Consequently, it would be desirable that EU strategies take into account the needs and perspectives of the countries/regions concerned, be informed by their own strategies or policy frameworks on issues of concern, and ideally design them jointly, coordinate activities and support 'home-grown' initiatives that have the potential to effectively address the problems at stake. Some of this is already happening and can be further developed as a joint process. In that perspective, much is to be hoped from the future Joint EU-Africa Strategy.

2.7. HOW TO MOBILISE? WHAT DRIVES EARLY ACTION?

There are no ready-made receipts to trigger timely preventive action, but some patterns seem to be more frequently observed as more likely to trigger action, although not necessarily (and rather rarely) early action, despite evidence that acting preventively is far less costly than reacting to full crisis. Major human rights abuses or natural disasters, countries coming out of conflict or quickly degenerating into situations of fully–fledged conflict are the most likely scenarios for ESDP missions and integrated approaches (still an exception within the EU). The potential for EU timely, preventive action, particularly in situations of fragility that have a lower risk of degenerating in the immediate future into crisis situations, is very high and can potentially be improved with a reform of the decision-making procedures and already with the planned creation of the European External Action Service.

When it comes to foreign policy, the EU does not necessarily differ from other international actors with the aggravating difference that triggering early external action by all EU-27 governments, in absence of an immediate threat or perceived threat, is a daunting task.

Political will and leadership

Despite the complex and lengthy decision-making processes in the EU, it has proved it can act swiftly. Generally, behind it is the determination of a MS supported by/or a group of nations with a strong political will and diplomatic skills to swiftly activate political and diplomatic negotiations. Having the backup of an important and qualified group of MS is important to accelerate the process and overcome likely procedural obstacles to quick decision-making and quantitative and qualitative action. Having the CE on board is an important asset too. So far, Council decisions leading to ESDP missions have always been taken under the lead and interest of a MS or group of MS, who have the capabilities to implement it and are also prepared to take large part of the financial and logistic burden[138]. This implies that the decision to take action is always subordinate to a specific interest of a member or group of MS and will never be coherently applied to all situations in need. It is also likely to happen in areas of interest of those countries that have the capability to implement such actions, which can have a negative impact in EU cohesion and solidarity. The more equitable funding of such operations could lead to more engagement of the EU most capable nations, but it would not weight decisively on the decision to act.

Agreement among EU MS to engage in more robust CFSP actions (that may include ESDP military missions or civilian crisis management) is likely to be on a minimum common denominator which can be sufficiently high to produce substantial efforts by the EU as a whole and by some MS in particular (e.g. when it comes to contributing to ESDP military operations), but sustainable for how long? Engagement in DRC is illustrative of the difficulty is keeping up with a 'well-glued' international effort beyond the short-term target of the presidential elections, although the current and future challenges are no less important than previously. The EU is continuing its engagement in DRC, and is still the subject of significant political attention, but eroding, as pockets of conflict prove to be difficult to eradicate and there is no agreement with key stakeholders on key reforms processes like SSR.

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[138] ESDP missions have so far been organized under the framework of a leading nation (e.g. Artemis in 2003 and EUFOR in 2006 in DRC) and most of the costs are distributed according to the rule of 'costs lie where they fall', meaning those who are more involved are those who borne most of the costs, with only part of the operation costs being eligible as 'common costs' and therefore borne by all MS.

Engagement by a particular MS is not a pre-condition, nor a guarantee that it will push for or lead to a more committed engagement by the EU (e.g. the UK in Sierra Leone, France in Côte d'Ivoire and, in a different context, in Chad). It is not necessarily in the interest of that MS to involve the EU, or of interest to the EU to be seen as supporting particular interests of a member country, particularly if that MS has the means and capacity to engage alone and its engagement perceived differently by other MS.

Development is generally there and to continue and represents an important asset for sustained engagement. Agreeing on governance principles like respect for human rights is less of a problem, but economic and political governance is likely to erode MS and EC cohesion as well as diminishing the chances that the donor community could remain united under an agreed common stance.

How much CFSP, development and governance related efforts can be integrated in long-term joint approaches is a major challenge. It may be more likely on a EC-one/few MS which are particularly active in a given country (e.g. UK in Sierra Leone, Belgium and France in DRC), but sustainable support by ESDP activities is likely to remain limited to 'picks' of engagement. It is however important to underline that its support can and should continue on the basis of joint work in analysis, assessment, planning and monitoring. That should not require a 'champion of the cause' to continue with that type of support.

Having the means and capacity to deal quickly and effectively with the situation.

Mobilising 27 governments with different interests and priority areas when it comes to foreign policy is quite unlikely if there are no 'guarantees' or conviction that the EU can actually do it in a swift mode and with well calculated risk, a valid requirement for most foreign policy activities by any government. However, in the EU such conviction translates often into strict time-frames for external action, particularly when it implies the mobilisation of military forces and of crisis management activities in general, namely for budgetary reasons (cost lying where they fall, those MS who participate in the mission bare with the costs in equal proportion). This may be a needed compromise to be able to take such action, but its implications must be properly weighted both in terms of effectiveness and credibility.

A drive by the international Community

EU external action is largely informed by the universal principles upheld by the United Nations. The UN and its agencies are a major EU partner in developing countries, and the EU a major contributor to the UN system. Under the principle of effective multilateralism, the EU will seek to frame its external interventions within a UN framework, legitimised by a UN mandate, in support of UN activities and at its request. Without it, agreement among the EU MS is quite unlikely; with it, it is not guaranteed if not supported and sustained by other triggers, political will above all.

The EU is also likely to support efforts by other international organizations like NATO or OSCE as it has been the case in the Balkans, but again under a UN mandate. The same is valid for other international organizations, like the AU, that the EU is actively supporting, both institutionally and in support to peace operations conducted by the AU (e.g. AMIS, AMISOM).

An invitation by developing partners?

Another trigger to early action and more robust engagement can be a specific request by partner countries or regional/continental organizations like the AU or African sub-regional organizations, again subject to UN approval or within a UN framework. The EU is very engaged with the AU and African sub-regional organizations, namely in supporting efforts to strengthen their capacity to address many of the challenges it faces, from governance to economic and social development, and peace and security. Such commitment is likely to be reinforced with the future Joint EU-Africa Strategy to be adopted at the II EU-Africa Summit in Lisbon in December 2007. However, not all EU MS are so committed to engage in Africa, nor do they all share the same views of what Africa needs and how best to engage. A drive by African organisations and actors could make a difference.

PART III: Conclusions and Recommendations

The EU has at its disposal a wide range of instruments for addressing the problems and needs of fragile situations, from political instruments to crisis management instruments, from Justice and Home Affairs instruments to military capabilities, from trade cooperation to humanitarian aid and development. The objective of the study **is not to formulate a new policy on fragile situations and difficult environments,** but rather **to draw conclusions on how to bring these instruments and the existing policy commitments together into an integrated and comprehensive framework to address fragility and promote structural stability**. It provides for some key recommendations and suggestions to make better use and adapt existing policies and instruments and improve the process of assessment and policy analysis, priorisation and strategy design, programming, implementation and dialogue. The objective is to contribute to an adequate EU response strategy that can also be shared and supported by partner countries/organisations/actors, regarding in particular the security/development/governance nexus of EU external policy and action.

The study is deliberately focused on political and strategic issues, although some references are more technical aspects of financial and aid instruments. The conclusions and recommendations propose a quite ambitious EU strategy, particularly in light of the challenges of implementation, particularly as far as well-informed and participative analysis of each context, combined use of assessment tools, coordination, policy coherence and WoG approaches are concerned. Capacity issues and operational and political constrains are, therefore, a nearly constant reference and some proposals to address them are made.

The recommendations are divided in ***three parts***:

3.1. General Recommendations, regarding the approaches to fragility, including:

- The use of the "fragility" concept to promote stronger and better engagement

- The need to stay engaged, but differently, by addressing structural causes and conflict risks

- The Promotion of Democracy, Governance and State-building

- Adopting international principles and working more with others

3.2. Policy and Operational Recommendations, which focus on how the EU should improve the process of:

- Policy Analysis and Assessments

- Priorisation and Strategy Design

- Programming and Implementation

3.3. Specific recommendations on enhancing the Security-Governance-Development nexus

3.1. General Conclusions and Recommendations: Approaches to fragility

The EU strategy should be based in the following *general conclusions*:

⇒ The **concept** of "fragile states" is not consensual neither in the terminology nor in contents. There is a need to intensify the dialogue with partner countries on the issues of fragility and of adequate co-operative responses. Political sensitivities require the careful utilisation of terminology; however, this should not lead to a situation, where facts and trends as well as established interrelations would be kept out of the debate.

⇒ In contrast with the strategic importance and political relevance that is being given to state fragility and failure in world politics, **statistical facts** point to a decrease of aid, complete withdrawal of donors, unpredictable aid allocations and either a concentration of aid on a few of these states while the large majority are 'aid orphans'. Furthermore, about half of the aid received is targeted to debt relief and humanitarian assistance.

⇒ The context of fragile situations and difficult environments is **substantially and qualitatively different** from other developing countries in their characteristics and problems, with unique features that require new policy responses and approaches.

⇒ The concept is broad and entails very different situations within the "fragility spectrum" (weak/fragile, failed and collapsed states), requiring for **differentiated and incremental approaches**. The difference between state's capacity/ability and willing/legitimacy issues is also important in order to distinguish between fragile states with weak capacity and difficult partnerships/unwilling states, thus requiring differentiated approaches.

⇒ Each fragile state is **complex** and its particular problems **unique**, which represents difficult policy challenges for donors' approaches. Therefore, every donor strategy must entail a profound political and social analysis of each specific context.

⇒ Common to most concepts and approaches to address state fragility is the mutually reinforcing nature of **poverty and state failure**, entailing **a higher risk of instability and violent conflict**, and the issue of a State being incapable or unwilling to deliver core functions to the majority of the population. Yet, the **profound causes of state failure are still overlooked in donor policies and early action hardly ever the donor's way** of tackling it.

⇒ The "**conflict-cycle" terminology is misleading** and does not reflect the reality of situations on the ground, where multiple stages may be present at once.

⇒ Democratic governance, when prioritising above all elections holding or the existence of "acceptable governance" may not be the best entry point to prevent situations of fragility; other elements, like government's commitment to good economic governance and accountability for the well-being of its people, are often disregarded as a valid yardstick for donor assistance. Elections, although helpful in reducing conflict; if rigged, conducted at the very early stages of post-conflict transition, or attract a low turnout, can be ineffective or even harmful to stability and should, therefore, be regarded as part of a much broader "**democracy-building**" approach.

⇒ Most lessons learned point to the crucial importance of **state-building** in fragile situations under **local ownership**. Technical assistance and other capacity-building efforts are more successful when in support of activities within a nationally defined and nationally owned programme. Institutional support needs long-term engagement and include a shift from purely technical solutions supported by individual champions of reform, to a donors' approach that address the state-society relationships, and the political incentives and the institutions that really affect prospects for reform. Moreover, not all governance concerns need or can be addressed at the same time: support for

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targeted reform that does not overwhelm governments with unrealistic demands has proven to be more effective.

General Strategic Recommendations:

1. Use the "fragility" concept to promote stronger and better engagement

- The EU shall stress that the utility of the "fragility" concept is to identify the most difficult situations in order **to increase EU attention and engagement, as well as to be able to respond to their specific problems** in a timely and more effective manner. The concept is used because disengagement and lack of attention is a problem in these situations, and therefore the EU added value is to engage more and do better in these situations.

- The EU should make a strong statement on the **need to engage in fragile situations**, based on moral, legal, development and security arguments.

- In the context of international commitments towards the increase of ODA, it would be desirable that the EU strategy includes a strong commitment to raise funds **targeted to development and long-term actions** in countries that face situations of fragility or are conflict-prone/conflict-affected.

- A **sustained and consistent** commitment of financial resources has to be ensured, with adaptations being determined by the evolving capacity of the partner government: no "stop-and-go" financial decisions based on governments' short-term performance; no imposition of conditionalities linked to past performance on governance; but integrate "fragility" in the aid allocation criteria.

- The EU should also aim to discuss **development aid allocation criteria** to fragile situations, similar to what was already agreed on humanitarian aid (in the framework of the Good Humanitarian Donorship Process).

- Acknowledge the existence of a fragility spectrum that requires for differentiated responses, and **distinguish between situations** where lack of political commitment (difficult environments) or weak capacity (situations of fragility), or both, with the necessary policy implications.

- A careful utilisation of terminology should be pursued. A **working definition** can be "Situations of fragility and difficult environments are those where the state is unable and/or unwilling to deliver core functions to the majority of its people, including security and basic public services, and where the mechanisms within the political system to manage change without resort to violence are insufficient or inadequate, therefore entailing a higher risk of instability".

- In order to promote participation and ownership, the EU must also **start a dialogue with partner countries** on the concept of fragility of states and agree on steps that could be taken, moving from a donor-driven perspective to a more **joint agenda and process**.

2. Stay engaged, but differently: address structural causes and conflict risks

- Prioritise addressing the **structural causes of fragility**, having into account the variety of situations that this definition entails.

- Combine responses to short and long-term needs in a **simultaneous** timeframe, with particular attention to timings and flexibility. Disregard the conflict cycle and promote 'joined-up' responses that combine all policy tools in a coherent package, rather than sequential approaches.

- Move from an approach based on precise expected results to a **framework or process approach**, based on a general goal to be achieved and focused in the dynamics of the process itself. This means that isolated actions or programmes such as elections

holding, DDR or SSR have to be a part of a broader, comprehensive strategy towards state-building, stability and development.

▪ Develop a **sound political analysis** of the sources of fragility and of the impact of external actors (regional and international) policies and politics, in order to have clear understanding of the root causes and dynamics of the problem. MS, EC Delegation, State and NSAs in the country and region concerned, local and international experts, academics, think thanks, policy makers with expertise on the country/region should be associated to the political analysis.

▪ **Align** with the partner country's plans and procedures and work through its systems, institutions and staff as soon and as much as possible, to avoid creating parallel structures and further undermining the state capacity; where alignment is not possible, "shadow alignment" should be considered as an option.

▪ Move beyond the "no harm" approach, by investing in **pro-active, early and preventive** engagement

▪ Link **conflict prevention** with fragile situations at strategic, policy and operational levels. An effective strategy to address situations of fragility, must start with an effective EU strategy and capacity to implement conflict prevention. Much, although not all, of what can be said to improve EU action in situations of fragility is valid to improve EU conflict prevention policy. One way of operationalising this is to implement preventive strategies for key fragile states, in which there is clear guidance on how the different policy instruments will work together to address instability (these strategies were already suggested in the 2001 Programme for the Prevention of Violent Conflict adopted in Göteborg)

▪ Implement development cooperation actions that are **conflict-sensitive** and include **conflict analysis** in all policies towards these countries.

3. Promoting Democracy, Governance and State-building

▪ Building a state that can maintain security and provide for the needs of its people should be the **central focus** of EU engagement in fragile situations and difficult environments, in order to achieve structural stability. The EU shall recognise that all its activities have implications for long-term statebuilding.

▪ The EU approach to "**democracy-building**" efforts requires a variety of approaches. On the one hand, any electoral funding should be embedded in a wider governance or state-building programme. On the other hand, EU engagement shall not be exclusively dependent of the establishment of an electoral democracy, but rather focus on the promotion of a culture of democratic politics over a wide range of actors.

▪ EU state-building actions must have **realistic goals**. This implies:

- Basing capacity-building and governance initiatives on a stronger and profound understanding of the context (including power, state-society interactions, role of different forces, etc);

- Using political dialogue mechanisms to create an opening for reform;

- Paying careful attention to prioritising and sequencing of interventions – including governance reforms – with clear benchmarks or timelines for completion of the tasks that are needed in a state-building process, while maintaining a realistic sense of what is achievable in fragile contexts;

- Promoting an approach that goes beyond technical solutions and political incentives and the institutions that really affect prospects for reform.

▪ The objective of state-building should be to **strengthen national capacities**. Technical assistance personnel need to be combined with other ways of building capacities such as on-the-job training, exchanges and structural and attitudinal changes. State-building activities need to take into account the partner country's own mechanisms,

organisational and institutional culture, rather than focusing solely on western institutional models. It is preferable to begin such programmes with no preconceptions about the "right type of institutions". Also, in democracy-building, the compliance with a vast range of universal human rights can be combined with respect for local ownership and traditions. Therefore, EU approach should promote **linkages** between high-level political process and grass roots democracy-building measures.

▪ Regarding governance, the EU must ensure that the principles established in the 2006 EC Communication on Governance have a practical implementation at field level by being mainstreamed into cooperation programmes. **Multi-levels of political dialogue** can also provide for effective means of engaging in fragile situations: the EU engagement at a national, regional and continental level in Africa is a case in point.

4. Adopt international principles and work more with others

▪ Development programmes in fragile situations should conform to the same principles governing development programming anywhere – ownership, partnership, mutual accountability, sustainability, etc

▪ EU support and approach towards situations of fragility and difficult environments must be informed by **international rules of engagement and agreed principles**, promoting coordination of strategies and consensus between donors on the principles of engagement in these countries. The EU should, therefore:

  - To take the adopted DAC principles as a basis for its engagement, with special attention to need of: (i) establish clear objectives for the agreed Principles, namely that they should only be viewed as useful if they have value to efforts for poverty reduction; (ii) debating the principles with partner countries in order to jointly select the most relevant and adapt them to specific realities; (iii) actively implementing the most relevant principles in EU programming; (iv) expanding the principles to relate to broader sectors, such as trade and environment; (v) including an additional regional dimension, by integrating regional approaches and supporting existing regional and continental structures to address fragile situations.

  - To implement the Paris Declaration in fragile situations, focusing on the central aim of state-building.

▪ The EU approach shall seek strategically to **work with others**, by:

  - Strengthening the multilateral response through a reinforced collaboration with the UN;

  - Cooperating closely with the private sector, including through helping to create conditions in which partner countries can attract greater flows of beneficial inward investment;

  - Strengthening support for progressive elements within civil society;

  - Reinforcing continental and regional organisations that can have a huge reflection on the partner countries stability and development.

  - To conceptualise, organise and prioritise policy responses accordingly with the existing partner countries/organisations frameworks (e.g. AU PCRD, APRM, etc)

  - Increasingly work with regional neighbours to engage together with a fragile country, namely by promoting joint regional approaches.

  - Include cooperation in tackling fragile contexts as an item in its dialogues with middle-income partners and 'emerging' donors, such ad Chine, India and South Africa

3.2. Policy and Operational Recommendations

On conflict prevention, the recent DAC peer review of the Development Co-Operation Policies and Programmes of the European Community highlights, among other weaknesses, that there are no means to feed lessons into the programming process (corresponding to the need of improving knowledge-sharing processes), no systematic application of conflict sensitivity and prevention in CSPs (that is, the need for a more systematic use of conflict analysis in the programming process), and an overlap of units - in Relex, Dev, Aidco - dealing with this issues and no horizontal regular involvement of these units (leading to the need of rationalising this multiplication in order to better provide inputs to delegations). The same can be applied to an EU approach to address fragile situations and difficult environments.

Across the whole policy process, there is a need to **develop human resources quality and capacity at all levels** - on the field, in Brussels, as well as in MS capitals - and in the various areas of the strategic, planning and implementation process: in assessment and analysis, strategic planning, policy design including in peace-building related areas (e.g. DDR and SSR processes, human rights monitoring, dialogue and mediation, transitional justice, conflict analysis), communication, management and implementation, policy and political dialogue, monitoring, evaluation and mainstreaming lessons learned back into the strategic thinking and programming.

The EU should focus on improving the process of:

3.2.1. Policy Analysis and Assessments

> EU strategy and policy to address fragile situations must be grounded in an **ongoing systematic process** of risk assessment and monitoring capable of identifying countries at risk of impending crisis

> The assessment should provide not only adequate quantitative information, but also **qualitative** information for an adequate assessment of causes and impact of fragility, and for the **progresses/trends** in the country's situation (set a baseline and indicators to measure changes in fragility).

> EU should identify within its various assessment tools those that could be merged into a single **whole-of-CE exercise**, and **fed into a whole-of-EU exercise**, for assessing proximate and structural causes of fragility with a strong conflict prevention focus. Such a whole-of-EU exercise would have the advantage of contributing to forge a common understanding of the situation, of shared needs and priorities and thus promote joined up EC and MS efforts and integrated approaches.

> That assessment should draw on the **widest range of possible sources of instability** (including political, economic, social and external factors, including vulnerability to natural disasters/climate change).

> The EU assessments should provide information, analysis and guidance on **key changes and reforms** that would be needed, identifying the most suitable types of intervention, laying down measures for evaluating progress, and guarantee action is taken as a follow-up to the analysis, as well as provide a mapping of the main stakeholders, their interests and influence.

> It should be a **joint EC, Council and MS effort**, thus requiring a more systematic, increased and better sharing of information within the EC, with the Council and with MS.

> It also implies to **strengthen EU capacity** in Brussels and in Delegations to be able to provide quality assessment based on participatory processes, engaging different stakeholders on the ground with experience of work in the country/region (MS, international donors and organisations, state actors, private sector, media, NGOs, academics and other NSAs).

> Any EU assessment of fragile situations should be elaborated with **strong collaboration of**

the partner country, namely through dialogue with the government, civil society and other sources of information (e.g. Parliaments, local authorities, local experts, independent researchers, etc). Where "self-assessments" exist, these should be one of the main bases for EU analysis (e.g. African Peer Review Mechanism reports and plans of action).

The **CSPs/RSPs**, if adapted to some of those requirements, could be an effective assessment and programming tool, namely through the inclusion of additional indicators, monitoring for longer-term proximate and structural causes of instability, monitoring for the qualitative evolution of context relevant political and economic trends. **Ownership** of CSPs/RSPs is an important feature already of these tools, but it ought to seek ownership beyond the government and official stakeholders.

As a follow-up of and based upon joint and participatory assessment of the CSPs/RSPs, the **Council preventive strategies** could become a more effective tool for early action

EU **early-warning mechanisms** should improve the link up with other international organizations early-warning mechanisms and with local and regional mechanisms of partner countries/organizations, and support the latter in building up their capacity and developing their assessment and monitoring tools.

3.2.2. Priorisation and strategy design

- **Use Differentiated Approaches.** It would be desirable to disaggregate EU approach to fragile situations through targeted strategies for different phases of the 'fragility spectrum' (weak, failed, collapsed; conflict situations) and for different kinds of weaknesses (economic, military and political).

- **Think regionally.** This means not only to elaborate regional strategies, but to work with regions to jointly address the problems of countries that are fragile or conflict-affected. It also implies to invest in long-term support strategies (e.g. the APF has been crucial to plugging a short-term gap, but it is not enough for long-term) that can reinforce the capacities of regional and sub-regional organisations.

- Give EC delegations a **political mandate** and clear guidelines on how to move forward on key issues and on a case-by-case basis, and establish effective communication and dialogue mechanism also between the Delegations/EC geographic desks and the relevant Council WGs. A possible solution could be **'double hatting'** the Delegation Heads with a joint EC and Council mandate. The effectiveness of a 'double hatted' role goes beyond the legal aspects of the status quo of Delegations; it requires and effective **backing** by the whole of the EU, Institutions and MS.

- **Select, prioritise and sequence capacity-building actions and reforms**: All governance concerns need or can be addressed at the same time and EU should not overwhelm governments with a wide range of demands, while being realistic on what is possible to achieve in a fragile context. Having to face a wide range of capacity problems, EU has to be clear on selectivity (which agencies or institutions to target), priority (which capacity issues and reforms are the most urgent) and sequencing questions (what is the most suitable process of reforms).

- **Rely, as much as possible, in home-grown processes.** EU approaches should be elaborated in a way that takes into account the existing structures at the partner country's level, the local dynamics and organisational/institutional framework, the existing mechanisms of conflict management (formal and informal), local priorities and other features that can promote ownership. This could be a starting point for every strategy design.

- **Make better use of political dialogue.** Although increasingly important in the EU approach, there is still scope for better using the several actors involved in political dialogue and preventive diplomacy, namely by empowering those EU/EC institutional

actors best placed to engage effectively in dialogue on the ground (e.g. Special Representatives, double-hatted Delegation Heads)

3.2.3. Programming and Implementation

- **Adopt special programming rules for situations of fragility**. This should allow for greater flexibility and adaptability to changing circumstances, to the evolving capacity and willingness of the government to address certain issues or areas of engagement where donors and NSAs are filling the gap, and in relation to other donors' engagement in order to avoid 'aid darlings' or 'aid orphans' or an excessive concentration in one specific sector or area of support.

- **Reinforce Policy Coherence** within the EU approach, by:

  - Selecting the most relevant policy coherence areas in fragile situations and difficult environments (e.g. security, trade or migration, are clearly more relevant than "transport" or "information society") and pursue stronger linkages between these selected areas.

  - Give special attention to diplomacy, security, private investment and trade in fragile situations, by addressing the development and stability impacts of these actions. Simultaneously, provide sufficient aid to make these other instruments effective.

  - Within the EU, draw on each institution/department skills, perspective and expertise.

- **Engage in joint programming.** Whenever possible, this would be most desirable to already align and avoid duplication at the EU level. EDF may prove to be an advantage in that sense, as MS already participate in the decision-making of aid allocation.

- Promote the implementation of The EU Code of Conduct on Complementarity and **Division of Labour** in Development Policy, in order to avoid duplications and increase complementarity and coherence within the EU actors (EU institutions and bilateral donors). Create **incentives** for those who engage in greater coherence is one way of actively promoting the division of labour.

- **Prefer aid instruments that promote local ownership and accountability.** Social Funds, Joint programmes using multi-donor trust funds, and Budget Support should be regarded as useful tools, and their utility assessed in a case-by-case basis. Support should be on a step-by-step approach, gradually laying down more stringent indicators for budget support e.g. commitment and progress on financial management reforms, justice system and SSR, good governance and peace consolidation measures, or government investment in service delivery.

- Promote **consistency** in strategy design and programming, by:

  - Combining short-term rehabilitation, security sector reform and other priority actions together with long-term development assistance within a single package.

  - Drawing on the experience of several types of actors: on the one hand, promoting dialogue and assessments with active collaboration of partner' countries governments and civil society actors; on the other hand, assessing the role of other donors on what is happening on the ground, in order to promote better coordination and coherence. In difficult partnerships, it is important to identify moderate and reform-oriented interlocutors and interact with them during the formulation of the country strategies and programmes.

- Include **conflict-sensitivity criteria** in all areas of engagement, including poverty reduction papers and programmes, macroeconomic policy advise, fiscal policy, public expenditure reforms, and others. Furthermore, mainstream **cross-cutting issues, lessons learned and monitoring/impact assessments** into programming.

- **Articulate and link financial instruments and funding regulations**. There should be provisions in the financial regulations to articulate and link funding, and the timing of funding decisions, across the pillar structure, for instance in situations where the IfS can not fund all the aspects of a programme (e.g. DDR or SSR military aspects can not be funded by the IfS). This could possibly contribute and further support efforts to bridge the institutional divide, allow for timely sequenced activities and promote integrated approaches.

3.3. Enhancing the Security-Governance-Development nexus

Conclusions:

The security-development nexus is **particularly important in fragile contexts**, where security actions are usually not limited to short-term interventions; in fact, they entail several aspects – e.g. the formation of a capable army, the reform of the security sector or the reinforcement of law and order (e.g. justice, police) – which are likely to take several months or even years. These actions are part of an incremental process of promoting structural stability and are, therefore, linked to political, economic and societal factors, and thus to development work too (being in itself a condition to the success of development actions in fragile situations). The main objective would be to inform a more constructive approach towards development and security communities working together more often and in a more integrated manner, both at strategic, policy and operational level.

The EU is increasingly taking account of the security-development-governance nexus through various policy statements, strategies (e.g. EU Strategy for Africa) and concepts (SRR and DDR), action plans and codes of conduct (e.g. on arms exports), which in general are the result of joint Council and Commission work. There are, in fact, a growing number of activities and strategic thinking where the EC and the Council are working closely together, as is the case of SSR missions, or the several efforts being developed to reinforce links between civilian and military instruments. Joint Strategies and Concepts are a good step in the right direction to promote integrated approaches and greater policy coherence and coordination within the EU institutions and with MS. It is also a good dialogue tool to coordinate with other donors. However, as the EU often underlines and knows well by experience, **ownership** of any strategy or programme is fundamental to sustainable positive achievements.

This is particularly important regarding governance issues. While many causes can trigger state failure and fragility, "bad" governance is often at the heart of those, both as a direct cause or for its role in amplifying negative effects of other state fragility causes. However, If there is **no shared understanding and agreement** on governance principles and objectives among the various EU actors, and a constructive and gradual approach towards upholding governance in a partner country – an approach that takes into account the specificities of the local/regional context and feeds into locally owned initiatives or structures - the governance agenda is likely to be perceived as another form of conditionality alien to those who are meant to be its primary beneficiaries and in the process alienate also complementary development, political and security efforts. Likewise, donors and domestic actors need agree on how to prioritise and sequence interventions (including governance reforms) while maintaining a realistic sense of what is achievable in fragile situations and difficult environments

Linking the security and development is particularly difficult due to a set of **constrains**: institutional constrains (the pillar structure), discrepancy of mandates, variance in time horizons and missions' frameworks and to the suspicion with which some parts of the development and security community regard each other. Therefore, little progress has been made towards proper integration and complementarity of military and development objectives and methods within EU strategies and actions. Among the key **conditions** for a positive and cooperative relationship is clarity of mandates and rules of engagement, openness and collaborative efforts to tackle problems/situations of common interest, quality of human resources and good communication

skills on both sides that can strengthen dialogue, sharing of knowledge and understanding of the each other roles and constraints, which can forge good cooperative efforts.

Recommendations:

a) *At strategic level*

- Ground EU response in a **multidimensional approach** that combines instruments from different policy areas. The EU strategy can be distinctive by being based in a **Human Security** Approach and Principles, focusing on protecting the safety and live-hoods of individuals. This has greater potential to address the new challenges posed by fragility, combining security, conflict prevention and development in holistic principles.

- Promote a **more integrated and common understanding** of how security and development work together and translate this into practical implementation, by agreeing on a set of **guidelines** at EU level to bring together security and development perspectives and actions.

- Informed development policy by foreign policy and diplomatic/political know-how, linking the Paris declaration to **other international agendas**.

- Ensure that EU strategies and 'joint' concepts they take into account the **needs and perspectives of the countries/regions concerned,** be informed by their own strategies or policy frameworks on issues of concern, and ideally design them jointly, coordinate activities and support 'home-grown' initiatives that have the potential to effectively address the problems at stake.

b) *At operational level*

- **Starting at early phases:** promote good collaborative efforts in early phases, starting with assessment and planning, with involvement of qualified humanitarian representatives (e.g. to ensure that the EC has a stronger presence and role in the Council relevant WGs or committees from the very early stages of the debate in the Council, on a possible CFSP/ESDP action in a country where the EC as a long-term presence and an important role).

- **Tacking into account other on-going actions, means and policies**: the planning of ESDP missions or development programmes should take into account and be planned accordingly with the timing and scope of other EU actions; it must also take into consideration other donors/actors engagement and its own capacity to best plan and deliver on engagements made. There is also a need to strike a balance between civilian and military instruments.

- **Improve short-term and long-term policy linkages**, by:

  - Promoting joint assessments and analysis of situations of fragility and not just limited to situations where conflict is imminent, has already erupted or in post-conflict situations (with participation of EC, Council and MS experts with knowledge and understanding of local dynamics, and from different relevant policy areas).

  - Investing in more and better information exchange among MS and with the EU institutions, thus contributing also to foster a common sense of priority and understanding of a situation or issue.

  - Envisaging joint programming between the EC and MS: it would put less strain on already weak state capacity, avoid creating multiple systems for donors' assistance, and would be a greater guarantee of common understanding of the country/region situation and of joined-up action, thus avoiding different diplomatic discourses and policies. It would also be particularly important that the EU programming links up with policies in support of good governance and mutual accountability (EU arms exports, corruption, organized crime, etc).

- Complementarity and sequencing of financial support, in order to ensure effective and timely linkages between short-term and long-term activities, particularly in cross-cutting issues as DDR, SSR and LRRD, but also within EC funded programmes and activities.

- Linking up early-warning mechanisms with other existing mechanisms at local, regional and international level. When local and regional mechanisms of partner countries organisations exist, support them in building up their capacity and developing their assessment and monitoring tools.

▪ ***Promote cross-institutional participation.*** At Brussels level, greater coherence and complementarity could be achieved by increasing the frequency and regularise the participation of development ministers in the GAERC; encourage Trade, Development and External Relations (e.g. Africa) working groups to meet more regularly with a broader agenda; transform COARM in a forum where development objectives are also part of the discussion; ensure that ECHO representatives knowledge and understanding of specific crisis situations is taken into account in the planning of crisis management operations by attending planning meetings at the Civil-Military Cell.

▪ ***Improve communication/information and expertise***, by (i) setting up a mechanism for pooling and disseminating information, involving staff from a wide range of different backgrounds; and (ii) Deploying and training of a new generation of staff who has an holistic understanding of the new range of developmental and security challenges confronting these countries and the international community's responses (through training programmes and reinforcing EC delegations' skills)

▪ ***Increase intervention in multilateral level*** on this issue, by:

- Starting a dialogue a push for the elaboration of "Governance/Security Goals" that can complement MDGs, since these are lacking a strong governance/security dimension, without which development in fragile situations will be impossible to attain.

- Pushing in international fora (e.g. OECD-DAC) for a reconsideration of the basic premises of the aid allocation protocols – which tend to neglect the benefits of conflict prevention that aid can facilitate – and create a non-ODA fund to facilitate funding of non-ODA activities that may nevertheless be instrumental to an effective combination of security and development activities, with the final aim of promoting structural stability (e.g. training of a professional army,,,).

▪ ***Within Member States***, promote the inclusion of security within the global development agenda of all their major ministries, building on the experience of those who are already doing it (e.g. UK, Netherlands, Nordic countries). The creation of special funds/pools dedicated to conflict prevention, post-conflict or fragile contexts, which are jointly managed by different departments within the government, can be a useful tool to combine the two approaches.

Annexes

ANNEXES

Annex A: Examples of State Typologies

Table A.1 – Simplified Typology of Fragile States in Africa

Countries in impasse or under Sustained Deterioration in Performance	Failed States/States in Conflict
• No sound economic and financial management • Unabated corruption and bad governance • Prone to exogenous shocks and • Usually no common consensus between donors and government on development programs.	• Absence of legitimate government • Some countries experiencing civil disturbances and/or domestic political impasse. • Under sanctions by the IFIs owing to accumulated arrears and have poor relationship with development partners.
Post-Conflict Countries (countries in early post-conflict phase) • Countries emerging from protracted civil conflict after concluding a peace or national reconciliation process.	**States marginally transited from fragility** • Characterised by presence of some government reform in the form of PRSP, but have entrenched systems where change is often difficult, slow and liable to periodic setbacks. • Include some post-conflict countries.

Source: African Development Bank, 2007

Table A.2 – State Categories

Willingness

		Weak	Strong
	Weak	At risk or failed	Weak but willing
Capacity	Strong	Strong but unresponsive	Good performer

Source: DFID, 2005

<u>Annex B</u>: Assessment Tools on State Fragility

World Bank definition of fragile states is based on a measure of the Country Policy and Institutional Assessment (CPIA) rates and governance scores, which is used to allocate lending resources, shape policy directions and establish debt relief targets. Since 2003, it considers fragile states as the ones scoring 3.2 and below on the CPIA. It is an aggregate quantitative indicator to address the quality of macroeconomic management and of structural and poverty-reduction policies, focusing on the performance of the government and the public sector. This ranking has been criticised for its static nature and for its failure to take structural handicaps into account.

UNDP adopts a broader typology. It commissioned a review of country classification grounded on a needs-based assessment and this study proposes eleven indicators of state weakness: negative economic growth, natural resource dependency, excessive debt, low human development index, severe political disruption, HIV prevalence, armed conflict incidence, literacy level of less than 50%, low levels of democracy, corruption, and regional conflict. Out of 46 countries that fall below four or more of these thresholds, 27 are classified in the "special development need" category. The countries that meet six or more criteria are subject of particular mention. In order to fight chronic poverty in fragile states, UNDP as also recent established what it calls the Top Priority and High Priority Countries that are countries which experienced decline in the Human Development Index since 1990 and which, on present trends, are not likely to meet the MDGs.

USAID is focused on the intended result of the monitoring and assessment to be undertaken with primary attention being given to a state's political legitimacy and effectiveness in extracting and distributing resources. It refers to the intention of drawing on multiple and external sources of information but it doesn't specify on how these different sources and analysis are being integrated into a comprehensive assessment. USAID also has a specific conflict assessment framework (CAF), that groups the causes of conflict in five broad categories: (i) motives and incentives for violence (including ethnic divisions, demographic pressures, etc); (ii) means or access to conflict resources (political leadership); (iii) opportunity or institutional and social capacity for managing violence; (iv) regional and international dynamics; and (v) windows of opportunity and vulnerability (triggers). The main focus is how these different factors interact to generate conflict.

In **UK**, the Prime-Minister's Strategy Unit (SU) have published policy and strategy document to respond to countries at risk of instability, in which establishes an assessment model that intends to identify the causes and dynamics of instability in a country or region. The framework of analysis looks at the interaction of three sets of factors: (i) a country's internal capacity and resilience (e.g. state capacity and legitimacy, strong/weak civil society; (ii) underlying factors associated with instability (e.g. poverty, natural resources, regional neighbourhood); and (iii) external stabilisers (e.g. international security guarantees, membership of regional organisations, etc). It also includes the process for assessing UK interests in intervention and the potential impact of action (or inaction)[139]. DFID Fragile States team also uses this risks analysis framework to design new interventions and several other bilateral agencies – such as Sweden - have used it to analyse state effectiveness. DFID stresses the need for improved early warning and better political analysis and has recently development a "drivers of change" approach, in which reports are produced to assess a given country developments regarding political change, economic change and civil society issues[140].

The Netherlands Institute of Foreign Affairs (Clingendael) has prepared an assessment tool for the **Dutch** Ministry of Foreign Affairs. The methodology is based in a Stability Assessment Framework (SAF), which is done in several stages by various stakeholders but the central

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[139] Prime Minister's Strategy Unit. *Investing in Prevention: A Prime Minister's Strategy Unit Report to the Government. An International Strategy to Manage Risks of Instability and Improve Crisis Response.* www.cabinetoffice.gov.uk/strategy/
[140] DFID, *Why we need to work more effectively in fragile states*.

component is undertaken by researchers that develop "trend lines" in twelve indicators[141]. Political actors are subject to particular attention, analysing their agendas, strategies and support bases for the impact they might have on the country's trends. This methodology also includes a workshop component to bring together policy-makers, staff members, and local partners, in order to improve information sharing and consensus-building.[142]

The **Canadian** International Development Agency (CIDA) relies mainly on the Country Indicators for Foreign Policy (CIFP) to monitor, forecast and evaluate failed and fragile states, as well as the assessment of supporting policies intended to address the challenges they represent. CIFP is drawn at Carleton University from a variety of open sources, including the WB, UNDP, UNHCR, the Stockholm International Peace Research Institute, among others. The assessment is based on the assumption that authority, legitimacy and capacity are fundamental properties of state functioning, being inextricably interlinked. The dataset includes dozens of indicators that are grouped in six broad indicators' cluster: Governance, Economics, Security and Crime, Human Development, Demography, and Environment[143].

Similar to the indicators used by Clingendael and CIFP is the **Failed States Index** that is compiled using the Fund for Peace's internationally recognized methodology, the Conflict Assessment System Tool (CAST). It assesses violent internal conflicts and measures the impact of mitigating strategies. In addition to rating indicators of state failure that drive conflict, it offers techniques for assessing the capacities of core state institutions and analyzing trends in state instability. Countries receive their classifications on twelve main indicators (with sub-indicators) that include:

Social Indicators	- mounting democratic pressures
	- massive movement of refugees or internally displaced persons creating complex humanitarian emergencies
	- legacy of vengeance-seeking group grievance or group paranoia
	- chronic and sustained human flight
Economic Indicators	- uneven economic development along group lines
	- sharp and/or severe economic decline
Political Indicators	- criminalization and/or delegitimisation of the state
	- progressive deterioration of public services
	- suspension or arbitrary application of the rule of law and widespread violation of human rights
	- security apparatus operates as a "state within a state"
	- rise of factionalized elites
	- intervention of other states or external political actors

In the final ranking, the countries are divided in Alert, Warning, Moderate and Sustainable situations[144]. Analysing the most clear early warning signs of a failing state, this assessment tool concludes that two of the indicators consistently rank near the top: Uneven development and Criminalization or delegitimisation of the state.

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[141] The indicators are: legitimacy of the state; public service delivery, rule of law and human rights, leadership, security apparatus (control by civilians), regional setting, demographic pressures, forced migration and flight, group hostility, group economic opportunities, and state of the economy.
[142] Clingendael, *The Stability Assessment Framework: Designing Integrated Responses for Security, Governance and Development*, 2005.
[143] For further information see CIFP: http://www.carleton.ca/cifp/
[144] For further information see www.fundforpeace.org. It is interesting to note that the ranking resulting from the analysis of the 12 indicators seems to produce very sustainable results that correspond to real trends in the ground. For instance, from 2006 to 2007 Index, RDC is considered less fragile (from the 2nd to the 7th position) while Timor-Leste ,which did not appear in the first 60 states, is in 2007 rated as the 20th more fragile country.

<u>Annex C</u>: Donors' institutional innovations

Many key multilateral institutions as well as certain bilateral donors have developed theoretical thinking and practical approaches to engage in fragile states. These are some of the main most recent developments in selected donors:

UN

United Nations agencies, funds and programmes are present in virtually all fragile states. Since Boutros Ghali introduced the concept of "post-conflict peacebuilding" in the 1992 Agenda for Peace, a long path has been taken. A Peacebuilding Commission was recently established in order to implement a holistic, coherent and coordinated approach for peacebuilding initiatives. The UNDP Bureau for Crisis Prevention and Recovery (BCPR) is engaged in preventing armed conflict, reducing the risk of disasters and facilitating early recovery in conflict-affected countries: This Office is working on its new strategy for supporting fragile states.

OECD-DAC

In 2005 the Fragile States Group drafted the Principles for Good International Engagement in Fragile States, which were tested in ten pilot case-studies and then approved by donors. The DAC is further involved in developing a well-sequenced and coherent framework that cuts across political, security, economic and administration domains, having developed recent work on Policy Coherence for Development (PCD) and Whole-of-Government/Organisation Approaches, in order to produce guidance on good practice for engagement in fragile situations. OECD is also preparing a common analytical framework for examining service delivery in fragile states and involved in monitoring resource flows to these countries.

Multilateral Development Banks (MDBs)

In March 2007, the heads of MDBs agreed to set up a working group on fragile states to identify common operating principles for engagement in fragile situations, enhance partnerships and coordinate the division of labour within the MDBs and other partner agencies.

- The **African Development Bank** identifies 25 countries in its region as fragile, of which 16 were designated as "core fragile states". The AfDB is in the process of improving its assistance to these countries, either in operational response or in resource mobilisation capacity. The AfDB's envisaged strategy focuses on the following categories of engagement: (1) catalytic role; (2) strategic partnership; and (3) areas of minimal engagement. Where the AfDB undertakes a catalytic role, it proposes to engage in rebuilding state capacity and accountability and in rehabilitating and reconstructing basic infrastructure. Where it builds strategic partnerships, the AfDB intends to support economic and structural reforms and economic integration and regional projects The AfDB will also step up its efforts in generating knowledge with respect to fragile states; to streamline and simplify the AfDB's procedures in these states; and strengthening its field presence by opening field offices in countries like Chad, DRC, Sierra Leone and Sudan. It has established a Post-Conflict Country Facility (PCCF) to help countries emerging from conflict to clear arrears on their debt.

- The **Islamic Development Bank** (IsDB) has developed policy notes on assistance to regional member countries experiencing fragility, with a strong focus on humanitarian assistance. It also utilizes simple and flexible procurement and disbursement procedures for its work in fragile states, in line with procedures proposed for emergency response (e.g. Haiti)

- In 2005, the **World Bank** changed the objectives and scope of the Low-Income Countries under Stress (LICUS) Initiative, from general aid effectiveness to peace building and state-building goals. The LICUS Unit was renamed "Fragile States Group". The WB has developed specific guidance on assistance strategies and transitional results frameworks in fragile states and has established the LICUS Trust Fund from a series of grants from the IBRD surplus. In February 2007, approved a "New Framework for Rapid Bank Response to Crises and Emergencies," which provides quicker and more effective responses to emergencies and crises through accelerated and streamlined review and implementation procedures; and clarifies the objective of its engagement to include adequate focus on the social aspects of recovery and peace-building. The WB has proposed an increase of at least 50 percent in its field positions in fragile states over the next two years.

UK

DFID produced a policy paper in 2005 regarding fragile states that includes commitments to review aid allocations; provide more staff to work on fragile states; invest in understanding when states are at risk of instability; find better ways of delivering aid; aim to provide longer-term more predictable aid; ensure policy coherence across Whitehall; harmonise with other donors and align assistance to government strategies and systems where possible, and better link humanitarian and development aid[145]. It also published a policy on security and development, which commits to promoting the security of the poor as part of the DFID poverty reduction mission[146].

US

The US has published National Security Strategy in 2002. USAID has published in January 2005 a Fragile States Strategy and US development assistance was elevated to become the third pillar of US Foreign Policy, along with defence and diplomacy

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[145] DFID (2005); *Why We Need to Work More Effectively in Fragile States*.
[146] DFID (2005); *Fighting poverty to build a safer world - A strategy for security and development*,, March**.**

<u>Annex D</u>: DAC Principles for Engagement in fragile states and situations

The basics

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1. **Take context as the starting point.**

It is essential for international actors to understand the specific context in each country, and develop a shared view of the strategic response that is required. It is particularly important to recognise the different constraints of *capacity, political will and legitimacy,* and the differences between: (i) *post-conflict/crisis or political transition* countries; (ii) countries facing *deteriorating* governance environments, (iii) countries demonstrating *gradual improvement, and;* (iv) countries *in prolonged crisis or impasse.* Sound political analysis is needed to adapt international responses to country context, beyond quantitative indicators of conflict, governance or institutional strength. International actors should mix and sequence their aid instruments according to context, and avoid blueprint approaches.

2. **Do no harm.**

International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. In each case, international decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations. Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. Increased transparency concerning transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector is a priority.

The role of state-building and peacebuilding

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3. **Focus on state-building as the central objective.**

States are fragile when state1 structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. International engagement will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the *legitimacy and accountability* of states by addressing issues of democratic governance, human rights, civil society engagement and peacebuilding. Secondly, strengthening the *capability* of states to fulfil their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation. Support to these areas will in turn strengthen citizens confidence, trust and engagement with state institutions. Civil society has a key role in both these areas. Demand for good governance from civil society is a vital component of a healthy state, and reinforces its legitimacy and accountability. Civil society may also play a critical transitional role in providing basic services, particularly when the government lacks will and/or capacity.

4. **Prioritise prevention.**

Action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security. International actors must be prepared to take rapid action where the risk of conflict and instability is highest. A greater emphasis on prevention will also include sharing risk analyses; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening indigenous capacities, especially those of women, to prevent and resolve conflicts; supporting the peacebuilding capabilities of regional organisations, and undertaking joint missions to consider measures to help avert crises.

5. **Recognise the links between political, security and development objectives.**

The challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are interdependent. Importantly, there may be tensions and trade-offs between objectives, particularly in the short-term, which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short-term, to lay the foundations for progress against the MDGs in the longer-term. This underlines the need for international actors to set clear measures of progress in fragile states. Within donor governments, a .whole-of-government approach is needed, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. This should aim for policy coherence and joined-up strategies where possible, while preserving the independence, neutrality and impartiality of humanitarian aid. Partner governments also need to ensure coherence between ministries in the priorities they convey to the international community.

6. **Promote non-discrimination as a basis for inclusive and stable societies.**

Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equity, social inclusion and human rights. These are important elements that underpin the relationship between state and citizen, and form part of long-term strategies to prevent fragility. Measures to promote the voice and participation of women, youth, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.

The practicalities

7. **Align with local priorities in different ways in different contexts**.

Where governments demonstrate political will to foster development, but lack capacity, international actors should seek to align assistance behind government strategies. Where capacity is limited, the use of alternative aid instruments such as international compacts or multi-donor trust funds can facilitate shared priorities and responsibility for execution between national and international institutions. Where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors should consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Where possible, international actors should seek to avoid activities which undermine national institution-building, such as developing parallel systems without thought to transition mechanisms. It is important to identify functioning systems within existing local institutions, and work to strengthen these.

8. **Agree on practical coordination mechanisms between international actors.**

This can happen even in the absence of strong government leadership. Where possible, it is important to work together on: upstream analysis; joint assessments; shared strategies; and coordination of political engagement. Practical initiatives can take the form of joint donor offices, multi-donor trust funds and common reporting and financial requirements. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities. In the case of countries in transition from conflict or international disengagement, the use of simple integrated planning tools, such as the transitional results matrix, can help set and monitor realistic priorities.

9. **Act fast. but stay engaged long enough to give success a chance.**

Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same time, given low capacity and the extent of the challenges facing fragile states, international engagement may need to be of longer-duration than in other low-income countries. Capacity development in core institutions will normally require an engagement of at least ten years. Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors must improve aid predictability in these countries, and ensure mutual consultation and coordination prior to any significant changes to aid programming.

10. **Avoid pockets of exclusion.**

International actors need to address the problem of '**aid orphans**'. states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low. This also applies to neglected geographical regions within a country, as well as neglected sectors and groups within societies. When international actors make resource allocation decisions about the partner countries and focus areas for their aid programs, they should seek to avoid unintentional exclusionary effects. In this respect, coordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.

Annex E: Addressing situations of fragility - Main EU statements

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European Consensus on Development (2005)

Addressing state fragility (p.9-10)

"The EU will improve its response to difficult partnerships and fragile states, where a third of the world's poor live. The EU will strengthen its efforts in conflict prevention work**6** and will support the prevention of state fragility through governance reforms, rule of law, anti-corruption measures and the building of viable state institutions in order to help them fulfil a range of basic functions and meet the needs of their citizens. The EU will work through state systems and strategies, where possible, to increase capacity in fragile states. The EU advocates remaining engaged, even in the most difficult situations, to prevent the emergence of failed states.

In transition situations, the EU will promote linkages between emergency aid, rehabilitation and long-term development. In a post-crisis situation development will be guided by integrated transition strategies, aiming at rebuilding institutional capacities, essential infrastructure and social services, increasing food security and providing sustainable solutions for refugees, displaced persons and the general security of citizens. EU action will take place in the framework of multilateral efforts including the UN Peace Building Commission, and will aim to re-establish the principles of ownership and partnership.

Some developing countries are particularly vulnerable to natural disasters, climatic change, environmental degradation and external economic shocks. The Member States and the Community will support disaster prevention and preparedness in these countries, with a view to increasing their resilience in the face of these challenges".

Conflict prevention and fragile states (p.27)

"The Community, within the respective competences of its institutions, will develop a comprehensive prevention approach to state fragility, conflict, natural disasters and other types of crises. In this, the Community will assist partner countries' and regional organisations' efforts to strengthen early warning systems and democratic governance and institutional capacity building. The Community will also, in close cooperation and coordination with existing structures of the Council, improve its own ability to recognize early signs of state fragility through improved joint analysis, and joint monitoring and assessments of difficult, fragile and failing states with other donors. It will actively implement the OECD principles for good international engagement in fragile states in all programming.

In difficult partnerships, fragile or failing states the Community's immediate priorities will be to deliver basic services and address needs, through collaboration with civil society and UN organisations. The long-term vision for Community engagement is to increase ownership and continue to build legitimate, effective and resilient state institutions and an active and organised civil society, in partnership with the country concerned.

The Community will continue to develop comprehensive plans for countries where there is a significant danger of conflict, which should cover policies that may exacerbate or reduce the risk of conflict.

It will maintain its support to conflict prevention and resolution and to peace building by addressing the root-causes of violent conflict, including poverty, degradation, exploitation and unequal distribution and access to land and natural resources, weak governance, human rights abuses and gender inequality. It will also promote dialogue, participation and reconciliation with a view to promoting peace and preventing outbreaks of violence".

Governance in the European Consensus on Development: Towards a harmonised approach within the European Union (EC Communication, 2006)

"There is also a growing awareness on the part of all donors that they need to promote

innovative and more effective cooperation methods, even in fragile states, and to coordinate their approaches better". (p.6)

"All development partners must be able to assess the quality of governance in a country and gauge the ambition, relevance and credibility of a government's reform commitments on the basis of suitable indicators. The indicators must be adaptable to the specific circumstances of fragile and post-conflict states". (p.7)

A preventive approach to fragile states (p.9)

"New, complementary approaches must nevertheless be explored, especially in fragile states. In fragile states, especially difficult partners, a lack of political legitimacy is often compounded by very limited capacities. Addressing governance in these states demands a step-by-step approach aimed at gradually raising standards. Many countries must first achieve basic stability and a minimum of institutional development before they can start implementing a long-term development policy. If EU aid to fragile states is to be made more effective, lessons must be learned from past

mistakes: "stop and go" financing decisions based on a government's short-term performance leading to fluctuations in aid flows and uncertainty as to future financing; the imposition of conditions linked to past performance in matters of governance; inadequate harmonisation between donors; the marginalisation of certain fragile states; a lack of coherent external action in matters of governance, security and development. Post-crisis situations also call for integrated transition strategies to rebuild institutional and administrative capacities, infrastructure and basic social services, increase food security and deliver lasting solutions with regard to refugees and displaced persons and, more generally, the security of citizens. The need to prevent states becoming fragile and a concern not to marginalise the most vulnerable countries and peoples are an integral part of the EU approach; this is as much in the interests of solidarity as of international security and aid effectiveness".

A Secure Europe in a Better World: European Security Strategy (2003)

"State Failure: Bad governance – corruption, abuse of power, weak institutions and lack of accountability - and civil conflict corrode States from within. In some cases, this has brought about the collapse of State institutions. Somalia, Liberia and Afghanistan under the Taliban are the best known recent examples. Collapse of the State can be associated with obvious threats, such as organised crime or terrorism. State failure is an alarming phenomenon that undermines global governance, and adds to regional instability". (p.4)

"The European Union and Member States have intervened to help deal with regional conflicts and to put failed states back on their feet (...). Restoring good government to the Balkans, fostering democracy and enabling the authorities there to tackle organised crime is one of the most effective ways of dealing with organised crime within the EU". (p.6)

"In failed states, military instruments may be needed to restore order, humanitarian means to tackle the immediate crisis. Regional conflicts need political solutions but military assets and effective policing may be needed in the post conflict phase. Economic instruments serve reconstruction, and civilian crisis management helps restore civil government. The European Union is particularly well equipped to respond to such multi-faceted situations". (p.7)

EU Policy statements on the security-development nexus:

- *"Security is a precondition of development. Conflict not only destroys infrastructure, including social infrastructure; it also encourages criminality, deters investment and makes normal economic activity impossible. A number of countries and regions are caught in a cycle of conflict, insecurity and poverty. (…) Contributing to better governance through assistance programmes, conditionality and targeted trade measures remains an important feature in our policy that we should further reinforce. A world seen as offering justice and opportunity for everyone will be more secure for the European Union and its citizens"*. (European Security Strategy, 2003)

- *"To contribute to coherence between security and development, synergy between EU development assistance activities and civilian crisis management under ESDP should be elaborated and better developed, including in post-conflict stabilisation and reconstruction".* Action Plan for Civilian Aspects of ESDP, 2004

- *"Insecurity and violent conflict are amongst the biggest obstacles to achieving the MDGs. Security and development are important and complementary aspects of EU relations with third countries. Within their respective actions, they contribute to creating a secure environment and breaking the vicious cycle of poverty, war, environmental degradation and failing economic, social and political structures. (...) Without peace and security development and poverty eradication are not possible, and without development and poverty eradication no sustainable peace will occur.* (European Consensus on Development, 2005**)**

- *"Development, human rights, peace and security are indivisible and mutually reinforcing. In an increasingly globalised and interdependent world, peace and security hang to a great extent on the political will and ability of governments and institutions to pursue policies geared to the rule of law, the protection of human rights, democratic governance, eradicating poverty, promoting sustainable development and reducing the inequalities that lie at the root of the main challenges facing the world".* (EC Communication on Governance, 2006)

Annex F: Main EU Assessment and Programming Tools

The following is not an exhaustive list of EU instruments and programming tools. It lists some of the most relevant tools the EU has at its disposal for addressing the structural causes of fragility and instability, and provides some brief information and analysis on the effective use of these tools.

- **The Check-list for Root Causes of Conflict** provides a range of indicators against which Desk Officers and Delegation staff can undertake contextual analysis of the potential/actual conflict dynamics of a third country/region. It is an annual exercise undertaken by EC delegations and act as early warning indicators designed to help identify areas of risk and changes in the conflict dynamic and thus increase awareness within EU decision-making of potential conflict, but it does not identify possible solutions or ways of addressing these risks and negative dynamics. It is also very conflict-specific, not addressing some of the main features of state fragility (e.g. the capacity of delivering social services). Although considered useful as a 'training' tool for delegations to sensitise and help them identify possible dynamics of conflict when done for some years on a row, these check-lists seem to have had little practical use including in the elaboration of the CSPs/RSPs. It has not been used since 2003.

- **The Programming Fiches** for the Inter-Service Quality Group (IQSG), namely the one on **Conflict Prevention** goes further than the checklist in identifying opportunities to act in different areas from political legitimacy, to rule of law, human rights, civil society and media, dispute-resolution mechanisms and economic management, to include also a socio-economic regional and geopolitical dimension.

- **Specific EC services early warning and other assessment tools**, such as the open source information monitoring via the new EC Crisis Room, the ECHO's disaster monitoring system ICONS (Impending Crisis Online News System); also used by ECHO, the Global Needs Assessment - to rank countries according to their overall vulnerability (vulnerability index) and as to whether they are undergoing a humanitarian crisis (crisis index)- and the 'Annual Forgotten Crisis Assessment'; and by DG Environment, the Strategic Environment Assessments which inform country and regional policies and programming.

- **Country Conflict Assessments (CCAs)** provide a detailed and comprehensive analytical document. They look at actors, structural problems, political and socio-economic context. Elaborated by Desk Officers and Delegations, sometimes in collaboration with other donors, this type of analysis is done for many EU partner countries, but on a rather irregular basis. They are designed to encourage a culture of prevention and to inform the country strategy papers.

- **Governance Profiles** are part of the Governance Initiative launched in 2006 and provide for an overview of the ACP countries' situation regarding governance, on the basis of a series of questions. These profiles are not necessarily done jointly with the partner country, since it is foreseen that the assessment is made by the EC with participation of MS and afterwards shared with the partner country's government. There is no mention of other consulted stakeholders. Intended to be a means for the CE to integrate and address an often divisive issue as governance (and sometimes perceived as intrusive), both between donors and with national government, despite the general acknowledgement that it is a critical one[147]. Governance Profiles have received a somewhat lukewarm reception from various stakeholders. Although it can provide good and accurate information, and besides fostering a common understanding among EC and MS on the situation of the country

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[147] The EC is sometimes accused of blocking the process of harmonization between donors under Joint Assistance Strategies (JAS), by bringing up the governance issue, particularly when recipient governments are adamant in refusing to discuss it with donors and/or donors are too interested in the economic and investment side of the relationship. Since CSPs are often based on JAS that tend to have a stronger economic focus, they too tend to shy away from the political dimensions. That's when the Governance "Incitative Tranche" could in principle play a positive role.

(undoubtedly a positive note for that matter, but could not that be the case for the CSPs as well?), is it not clear how relevant the governance profiles are. They could be potentially more useful if the information provided would be more analytical and aimed at pinpointing key changes that would be needed to promote better governance in the specific country context, and if it would lay down indicators for measuring progress. Others also point out to the fact that it remains another donor exercise, with no concern of bringing in local views and understanding of local dynamics. Furthermore, it is not clear how useful is this tool for a comprehensive analysis of the country situation and trends: the security dimension in the governance profiles is seen as too weak and too development–oriented to make it a valuable tool for an inclusive analysis.

- **Conflict prevention teams** are Commission-led, multi-disciplinary teams deployed with the aim to assess potential conflict issues and propose medium-term conflict prevention strategies to be integrated into planned co-operation activities (in the framework of country/regional strategy papers).

- **Joint Council/CE fact-finding or pre-planning missions** are becoming a more common practice. These generally include civilian and military personnel, under the resources of the former Rapid Reaction Mechanism (RRM) and now the IfS, generally in preparation to a decision and/or launching of an ESDP mission (e.g. SSR). An illustration of countries where joint missions were organized are Afghanistan, Guinea-Bissau, Kosovo, DRC, Chad, CAR. The **Civilian Response Teams** (CRTs), operational since 2006, were created within the process of developing civilian crisis management capabilities and designed to strengthen the needs assessment capacity of the Council. Although a Council tool, it can include EC staff as it is acknowledged that both institutions "should seek to undertake joint assessment missions wherever possible and appropriate"[148]

- **Watchlists** are the primary early warning tool within the Council. These are Council-owned, confidential documents, reviewed every six months and only seen by Heads of State and Foreign Ministries. They are elaborated in close collaboration with the MoDs and MFAs of the MS, EC delegations in the field and the Situation Centre in Brussels. Watchlists provide a global security risk assessment for various countries from different parts of the globe. Their objective is to provide short, succinct information on countries either in or with the potential to fall into crisis and/or cause regional instability to encourage joined-up actions within the European Council of Ministers, and across Member State foreign policies. They provide the basis for joint strategies (EC and MS) for early action. They are however criticised for being very much a political exercise and for putting too much emphasis on feeding the working groups in the Council and not taking a more inclusive, 'whole-of-EU', EC included, view.

- **Preventive strategies** are designed by the Council Regional Working Groups with input from the Commission to assess how best to use the EU full range of policy instruments (diplomatic, development, trade) to prevent instability at a country level. The strategies include three levels of analysis: a holistic assessment of root causes of conflicts; a comprehensive evaluation o possible EU leverage to address those root causes; and a prioritisation of policy options. A few strategies have so far been proposed and none was actually adopted. By the same token, none of the ESDP missions undertaken so far by the Council were the result of preventive strategies, and are in general reactive and 'by invitation'.

- **Country and Regional Strategy papers (CSP/RSP)** are the EU primary programming documents for allocation and implementation of external aid at the country and regional level. Developed in collaboration with Delegations, the partner state and civil society, they have made major steps in developing a strategic, joined up approach that is built on joint ownership with the recipient country. Conflict prevention is integrated as a 'non-focal' co-operation area[149]. Linking relief, rehabilitation and development (LRRD approach) is also to be included in those countries involved in conflict, in a transition phase or likely to be

[148] Quoted in Gourlay, Catriona, "Civil-civil Coordination in EU crisis management" in Nowak, Agnieszka ed. (2006); *Civilian Crisis Management: The EU way,* Chaillot Paper 90, June 2006, p. 114. .
[149] Adapted and updated from International Alert / Saferworld; Developing *An EU Strategy to Address Fragile States: Priorities for the Uk Presidency of the EU in 2005*.

entering into a transition phase (as well as those emerging from a major natural disaster). Very often, in practice, CSPs are weak in political and security analysis[150] and do not always include a discussion on conflict elements or addressing structural causes of instability. Even when they do, it is not clear how this has influenced or informed the programming process, namely the definition of strategic priorities for EU assistance and programmes in key economic, social and political areas[151]. When there is an obligation to elaborate CSPs jointly with the partner government, as is the case the ACP countries (under the principle of partnership of the Cotonou agreement), the EU often shies away from addressing politically sensitive issues. RSPs not only duplicate, but seem to even multiply these weaknesses, tending to focus foremost on trade and regional integration and, although this dimension is in itself a key confidence-building measure, it is not always integrated into a wider perspective and comprehensive approach, particularly within the ACP regions with whom the EC is in the process of negotiating EPAs.

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[150] Often as a consequence of lack of qualified human resources with expertise and political sensitivity; of limited and restricted assessment processes that do not integrate local or experts views, particularly if they dissent from the official and/or generally accepted views.

[151] Saferworld, *Improving the impact of CSPs and programming on peace and stability. Lessons learned, best practice and recommendations from Saferworld's 3-year project in the Horn of Africa.*

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Acronyms

ACP	Africa, Caribbean and Pacific
AfDB	African Development Bank
AMIS	African Union Mission in Sudan
APF	African Peace Facility
AU	African Union
AUC	African Union Commission
CCA	Country Conflict Assessments
CFSP	Common Foreign and Security Policy
CIFP	Country Indicators for Foreign Policy
CIVCOM	Committee for Civilian Aspects of Crisis Management
COARM	Working group on conventional arms (Council of Ministers)
CODEV	Committee on Development
CPIA	Country Policy and Institutional Assessment
CRT	Civilian Response Team
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DDR	Disarmament, Demobilisation and Reintegration
DFID	UK Department for International Development
DG Dev	Development Directorate General
DG Relex	External Relation Directorate General
DRC	Democratic Republic of Congo
EC	European Commission
ECCAS	Economic Community of Central African States
ECHO	EC Humanitarian Aid department
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EIDHR	European Initiative for Democracy and Human Rights
EITI	Extractive Industries Transparency Initiative
EPA	Economic Partnership Agreement
ESDP	European Security and Defence Policy
ESS	European Security Strategy
EU	European Union
FLGT	Forest Law Enforcement, Governance and Trade
FPU	Formed Police Unit
GAERC	General Affairs and External Relations Council
IDP	Internally Displaced Person
IfS	Instrument for Stability
IPU	Integrated Policy Unit
KPCS	Kimberley Process Certification Scheme
LDC	least developed countries
LICUS	Low Income Countries Under Stress
LRRD	Linking Relief, Rehabilitation and Development
MCDA	Military and Civil Defence Assets (UN guidelines)
MDB	Multilateral Development Bank
MDG	Millennium Development Goals
MoD	Ministry of Defence
MONUC	Mission des Nations Unies en République Démocratique du Congo
MS	Member States
NGO	Non Governmental Organisation
NEPAD	New Economic Partnership for African Development
NIP	National Indicative Programme
NSA	Non State Actors
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OSCE	Organisation for Security and Cooperation in Europe

PCD	Policy Coherence for Development
PEFA	Public Expenditure and Financial Accountability
PRT	Provincial Reconstruction Teams
PSC	EU Political and Security Committee
PSO	African Peace Support Operations
RRM	Rapid Reaction Mechanism
RSP	Regional Strategy Paper
SADC	Southern Africa Development Community
SALW	Small Arms and Light Weapons
SR	Special Representatives
SRO	Sub-regional organisations
SSR	Security Sector Reform
TNC	Transnational Corporations
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees (UN Refugee Agency)
OCHA	UN Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
WB	World Bank
WoG	Whole-of-Government