

DIRECTORATE-GENERAL FOR EXTERNAL POLICIES
POLICY DEPARTMENT



EU DEVELOPMENT COOPERATION IN FRAGILE STATES: CHALLENGES AND OPPORTUNITIES

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DIRECTORATE-GENERAL FOR EXTERNAL POLICIES OF THE UNION

DIRECTORATE B

POLICY DEPARTMENT

STUDY

EU DEVELOPMENT COOPERATION IN FRAGILE STATES: CHALLENGES AND OPPORTUNITIES

Abstract

The study analyses the strengths and weaknesses of current EU engagement in fragile states, and in particular its support to conflict prevention and periods of transition, within the broader international context. It examines the limitations of the instruments and methods implemented by the EU to address the problems of fragile states and identifies what could be done to improve them.

Key weaknesses of the EU's programmes in fragile and conflict-affected states include insufficient analysis of the root causes of fragility, ineffective early warning systems, and insufficient coordination with other international actors engaged in fragile and conflict-affected states.

These challenges are not dissimilar to those experienced by other international actors. However, the EU's performance is exacerbated by a number of factors that are specific to its organisational and resourcing arrangements. These include the internal fragmentation of policy responsibility at headquarter level, inadequate translation of policy into programming at country level and insufficient instrumental coherence. Investing in expertise in fragility and conflict-prevention has not, to date, been a priority, particularly at the operational level.

The study's main recommendation is the finalisation of the Action Plan on security, fragility and development, to mutually reinforce the EU's objectives in development cooperation, humanitarian assistance, peacebuilding, conflict prevention and international security and to clarify the roles and responsibilities of the various institutions responsible for fragility and conflict at a policy and operational level. The study also recommends convening a high-level coordination group on fragility at headquarter level to agree policies and monitor progress and devolving decision-making on integrated programming and flexible resource utilisation in fragile and conflict-affected states to Heads of Delegation.

This study was requested by the European Parliament's Committee on Development.

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LINGUISTIC VERSIONS

Original: EN

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Editorial closing date: 26/04/2013.

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Printed in Belgium

ISBN: 978-92-823-4409-5

Doi: 10.2861/2196

The Information Note is available on the Internet at

<http://www.europarl.europa.eu/activities/committees/studies.do?language=EN>

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LIST OF ABBREVIATIONS

ADE	Aide a la Decision Economique
AGIR	Global Alliance for Sahel Initiative
APF	Africa Peace Facility
ASEAN	Association of Southeast Asian Nations
AU	African Union
BSF	South Sudan Basic Services Fund
CAR	Central African Republic
CFSP	Common Foreign and Security Policy
CPG	Conflict Prevention Group
CPPB	Conflict prevention and peacebuilding
CSDP	Common Security and Defence Policy
CSO	Civil society organisation
DAC	Development Assistance Committee of the OECD
DCI	Development Cooperation Instrument
DFID	UK Department for International Development
DG	European Commission Directorate-General
DG DEVCO	European Commission Directorate-General for Development and Cooperation
DG ECHO	European Commission Directorate-General for Humanitarian Aid and Civil Protection
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EEAS	European External Action Service
EIDHR	European Instrument for Democracy and Human Rights
ENI	European Neighbourhood Instrument
ESDP	European Security and Defence Policy
EU	European Union
EUSR	European Union Special Representative
FAC	Foreign Affairs Council
FPI	Foreign Policy Instruments Service
FSP	The Principles for Good International Engagement in Fragile States and Situations; or Fragile States Principle
GoSS	Government of South Sudan

HAI	Humanitarian Aid Instrument
HR/VP	High Representative on Foreign Affairs and Security Policy / Vice President of the European Commission
IfS	Instrument for Stability
IPA	Instrument for Pre-Accession Assistance
LIC	Low-income Country
LRRD	Linking relief, rehabilitation and development
MDG	Millennium Development Goals
MDTF	Multi-donor trust fund
MFF	Multi-Annual Financial Framework
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisations
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PSC	Peace and Security Committee
SHARE	Supporting the Horn of Africa's Resilience Initiative
UN	United Nations
UNDP	United Nations Development Programme

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EXECUTIVE SUMMARY

The study aims to analyse the strengths and weaknesses of current European Union (EU) engagement in fragile states, and in particular its support to conflict prevention and periods of transition, within the broader international context. In order to do this, it situates EU performance within overall international implementation of the Organisation for Economic Cooperation and Development's (OECD) Principles for Good International Engagement in Fragile States and Situations (FSPs). The report looks at the extent to which the EU's instruments, policies and approaches are suited to the objectives of prioritising prevention and supporting transition. It also illustrates the operational challenges faced in supporting these objectives at country-level using examples from South Sudan and Afghanistan.

The study finds that the EU has not been able to implement effective, systematic and long-term conflict prevention programmes in fragile and conflict-affected states. Key weaknesses include insufficient analysis of the root causes of fragility, ineffective early warning systems, and inadequate integration of conflict-prevention and peacebuilding approaches into programming at country level.

In spite of the EU's recognition in various communications of the importance of linking relief, rehabilitation and development (LRRD), the study finds that the EU lacks a coherent approach to mainstreaming LRRD into its programming in fragile and conflict-affected states, and has not ensured that its various financial instruments are able to support the post-emergency transition from humanitarian to development assistance in a systematic way.

The study finds that, in general, the EU has not coordinated sufficiently with other international actors engaged in fragile and conflict-affected states. EU cooperation with the United Nations (UN) remains largely ad hoc: although there have been efforts to strengthen cooperation at the operational level, cooperation at the policy level is somewhat lacking. Meanwhile cooperation between EU Delegations and EU Member States engaged in fragile and conflict-affected states has in many cases remained at the level of information sharing, with very few examples of joint objective-setting, joint programming or clear division of roles to enhance synergies and avoid gaps and duplications.

The EU has at its disposal a range of tools and resources across the security, diplomatic, development, humanitarian, legal, trade and investment and migration spheres. The EU is already a critical and important actor in fragile states and states in transition. However, this report argues that with its long-term and continued presence, the critical mass of financial support, sophisticated approaches, instruments and political and economic power, the EU could significantly improve its effectiveness. In general, the challenges faced by the EU in engaging in fragile states are not dissimilar to those experienced by other international actors. However, the EU faces specific challenges related to its organisational and resourcing arrangements:

- Responsibility for policy approaches to fragility and conflict is fragmented across a number of institutions. In the absence of an integrated, 'whole-of-EU' policy on security, fragility and development, it is not clear how these various units relate to each other and the EU Delegations. This lack of organisational coherence has, in turn, limited the effective development, dissemination and uptake of various tools designed to enhance engagement at the operational level.
- There is insufficient coherence between the various financing instruments at the Commission's disposal, leading to gaps in the provision of financing for long-term preventive actions and post-emergency situations.

- Commission funding for post-emergency situations that involve a transition from humanitarian and development assistance is not sufficiently systematic.
- In spite of its policy commitments, the Commission has not made investing in expertise in fragility and conflict-prevention a priority, particularly at the operational level. EU Delegations in fragile or conflict-affected states often face staff shortages, or lack dedicated expertise in conflict prevention and peacebuilding.

The study urges the EU to:

1. **Finalise the Action Plan on security, fragility and development requested by the Council in 2007.** The Action Plan should be based on a whole-of-EU approach that aims to ensure that the EU's objectives are mutually reinforcing across the fields of development cooperation, humanitarian assistance, peacebuilding, conflict-prevention and international security.
2. **Clarify the roles and responsibilities of the various institutions responsible for fragility and conflict at a policy and operational level.**
3. **Convene a high-level coordination group on fragility.** This would comprise of the Commissioners of relevant Directorates-General (DGs) and the High Representative on Foreign Affairs and Security Policy/Vice President of the European Commission (HR/VP), tasked with agreeing policies and monitoring progress for specific countries of EU focus. The HR/VP would head the group and ensure that the European Parliament is consulted regularly so that the Parliament's views are taken into consideration.
4. **Devolve decision-making powers on integrated programming and flexible resource utilisation to the Heads of Delegation in fragile and conflict-affected states.** This could help to avoid implementation gaps in support of long-term prevention and post-emergency transition, and to maximise the speed and flexibility with which emerging gaps and needs can be addressed. This approach would need to be backed up by a serious investment in human resources at country level, ensuring that EU Delegations are fully staffed and have access to the necessary expertise in conflict prevention and peacebuilding.
5. **Determine the breadth and depth of its engagement in fragile and conflict-affected states.** In terms of breadth, the EU should consider in which countries it wishes to focus its efforts to reduce state fragility. In terms of depth, the EU should consider whether it wishes to develop a deeper expertise in certain thematic areas in which it has comparative advantage and which there are gaps in the international architecture, such as justice and public security, and develop specific instruments to support them.
6. **Communicate clearly in one document what financing options exist for addressing fragility, which EU organisations are responsible for them, which recipients are eligible and the terms and conditions of each instrument.** It should also seek to address existing obstacles to coherence across instruments, for example, by enhancing the adaptation of non-humanitarian instruments to flexible or fast delivery in contexts of fragility.
7. **Establish EU pooled funding arrangements that could mobilise funding from Member States outside the EU budget.** These could be constituted like a MDTF or a pooled funding arrangement jointly managed with the recipient country.

For all the current challenges faced by the EU, it remains an indispensable part of the multilateral architecture, strongly rooted in shared values, and with the thematic reach and range of instruments required to contribute to the future agenda of international development. Despite this, the EU's potential for more effective conflict prevention is clearly unfulfilled.

INTRODUCTION

In its *Resolution on Situations of Fragility* adopted on 15 November 2007¹, the European Parliament considered fragility to be a complex development challenge. It stressed the need for a well-defined and coherent fragility agenda, adapted to the situation, taking long-term considerations into account and coordinating the multiple aims and approaches of the different stakeholders in light of the overarching objective of reducing poverty and achieving the Millennium Development Goals (MDGs).

In 2009, the European Commission launched a comprehensive evaluation of its approach to conflict prevention and peacebuilding (CPPB) from 2001 to 2010 (*Aide à la Décision Économique (ADE)*, 2011). The evaluation found that, 'since 2001 the Commission has implemented a substantial shift in support towards CPPB by developing its funding, policy framework and instruments. For example, it increased its financial support for CPPB from EUR 120 million in 2001 to around EUR 1 billion per year from 2004, making this support not only a substantial (EUR 7.7 billion) share of the EuropeAid-managed budget over the period (EUR 73.5 billion), but also transforming the Commission into one of the main donors with respect to CPPB'. It noted that the EU had considerably strengthened its policy framework and that it had at its disposal a wide range of financial and non-financial instruments which allowed it to intervene in fragile and conflict-affected countries, ranging from 'classic' long-term geographical assistance to specific short-term instruments and a wide range of non-financial instruments such as political dialogue, high-level mediation and the deployment of EU observers (*ADE*, 2011).

This study analyses the particular instruments and methods implemented by the EU to address the problems of fragile states. It examines the limitations of these instruments and methods and identifies what could be done to improve them, focusing on how they could become more anticipatory. The study pays special attention to the ten Principles for Good International Engagement in Fragile States and Situations (FSPs) endorsed by the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) (OECD, 2007), and in particular to four of the Principles:

- prioritising prevention;
- recognising the link between political, security and development objectives;
- promoting non-discrimination as a basis for inclusive and stable societies; and
- avoiding the creation of pockets of exclusion or so-called 'aid orphans'.

The study is divided into four parts. Part 1 addresses the challenge of fragility. It briefly reviews current definitions of the causes and characteristics of fragility, provides an overview of the challenges facing international engagement in fragile states, and looks at new agendas for engagement. Part 2 looks in detail at the EU and fragile states. It gives an overview of the EU policy framework, institutional set-up and instruments for addressing fragility. It then provides an assessment of the strengths and weaknesses of EU engagement in fragile states, with a particular focus on the four FSPs listed above.

¹ European Parliament Resolution on the EU Response to Situations of Fragility in developing countries, P6-TA(2007)0540, 15 November 2007. See <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2007-0540+0+DOC+XML+V0//EN>.

Part 3 discusses ways in which the EU can strengthen the coherence of its engagement in fragile states and adopt a more anticipatory approach. Part 4 concludes with recommendations.

The study aims to analyse the strengths and weaknesses of current EU engagement in fragile states, and in particular its support to conflict prevention and periods of transition, within the broader international context. In order to do this, it situates EU performance within overall international implementation of the FSPs and looks at the extent to which its instruments, policies and approaches are suited to the objectives of prioritising prevention and supporting transition. It also illustrates the operational challenges faced in supporting these objectives at country-level using examples from South Sudan and Afghanistan. In general, the challenges faced by the EU in engaging in international states are not dissimilar to those experienced by other international actors. However, the EU faces specific challenges related to the internal fragmentation of responsibility at a policy level, inadequate translation of policy into programming approaches at a country level, and insufficient coherence among the various aid instruments.

For all the current challenges faced by the EU, it remains an indispensable part of the multilateral architecture, strongly rooted in shared values, and with the thematic reach and range of instruments required to contribute to the future agenda of international development. Despite this, the EU's potential for more effective conflict prevention is clearly unfulfilled. The EU's performance is hindered by a number of factors that are specific to its institutional and resourcing arrangements. Although the basic building blocks are now in place, or shortly will be, with an agreement on the Multi-Annual Financial Framework (MFF) from 2014 to 2020, there are a number of opportunities on the horizon:

- The review of the European External Action Service (EEAS), expected to take place in the middle of 2013, provides an important first opportunity to assess its strengths and weaknesses, to address some of its shortcomings, and to give a new impetus to its further development.
- The new programming period, due to start in 2014, presents a key opportunity to ensure that policy translates into practice.
- The on-going negotiations between the Council and the European Parliament on the Regulations for the Financial Instruments from 2014-2020, present an opportunity for addressing existing obstacles to coherence across instruments.

1. THE CHALLENGE OF FRAGILITY

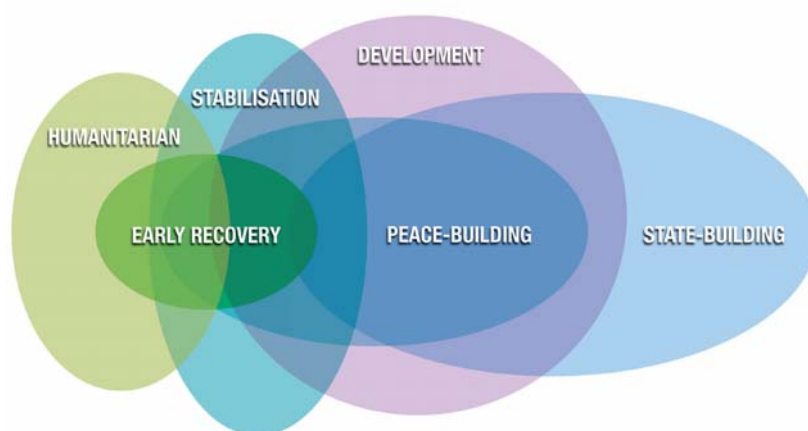
1.1 The conceptual framework

The World Bank defines fragility and fragile situations as periods when states or institutions lack the capacity, accountability or legitimacy to mediate relations between citizen groups and between citizens and the state, making them vulnerable to violence (World Bank, 2011a). The OECD similarly considers fragile states or provinces to lack the ability to develop mutually constructive relations with society and notes that they often have a weak capacity to carry out basic governance functions (OECD, 2013). Situations of fragility have common elements, including poverty, inequality and vulnerability. But they are also characterised by significant diversity, in terms of national income, endowment in natural resources and exposure to internal and external stresses.

Fragile situations matter because they are home to an increasingly concentrated proportion of the world's poor (OECD, 2013). It is estimated that by 2015, half of the world's people surviving on less than USD 1.25 a day will be found in fragile states. This is because conflict and fragility actively undermine development and the fight against poverty is slower in fragile states than elsewhere. Beyond the humanitarian imperative to address global poverty where it is concentrated, fragility matters because of the risk it poses to regional and global stability (OECD, 2013).

Thus, the rationale for international engagement in fragile states is driven both by a security and a development agenda. The growing importance of international support in tackling poverty and promoting stability is reflected in the level of aid flows to fragile states, with it being estimated that one third of all aid to developing countries goes to fragile states (OECD, 2011a). However, the long trend of growth in Official Development Assistance (ODA) to fragile states is at serious risk given the current fiscal crunch in OECD countries (OECD, 2011a). This places an imperative to use resources better in order to maximise their impact, tailoring them to the complexity of a post-conflict environment in which multiple forms of support may be required at any given point in time, and where the coherence between these forms of support can have a critical impact on the effectiveness of any one of them.

Figure 1: Spectrum of Peace Interventions



Source: Bailey, S. and Pavanello, S., 'Untangling early Recovery', Humanitarian Policy Group Policy Brief 28, ODI, London, 2009

1.2 Challenges and dilemmas of engagement in fragile states

Although diverse, fragile situations offer a specific environment with challenges that are different from those found in more stable contexts. The fact that international assistance in fragile situations cannot be 'business as usual' is largely consensual (OECD, 2013). The call to do things differently and focus on different things was set out in the DAC Principles for Good International Engagement in Fragile States and Situations (OECD, 2007). The FSPs recognised that international actors can affect outcomes in fragile states in both positive and negative ways. The aim of the Principles is to help international actors foster constructive engagement between national and international stakeholders in countries with problems of weak governance and conflict, and during episodes of temporary fragility in the stronger performing countries. The Principles recognise that international engagement will not by itself put an end to state fragility, but suggest that the adoption of shared principles can help maximise the positive impact of engagement and minimise unintentional harm (OECD, 2007). The Principles were validated by both development partners and partner countries at the Third High Level Forum on Aid Effectiveness in Accra in 2008.

However, in 2011, following a monitoring survey conducted in 13 fragile states², the OECD found that the Principles have stimulated relatively little change in international engagement at the country level (OECD, 2011a). As a result, international performance against the Principles is seriously off-track. The OECD's main finding was that most aid actors are neither set up to meet the specific challenges posed by fragile environments, nor systematically able to translate commitments made by their headquarters into country-level impacts.

Out of the ten Principles, only two were found to be being applied in a manner that can be considered broadly or partly on-track: non-discrimination (FSP 6), and alignment of development partner interventions (FSP 7). Four FSPs were found to be partly off-track: take context as the starting point (FSP 1); focus on statebuilding as the central objective (FSP 3); prioritise prevention (FSP 4); and recognise the links between security, political and development objectives (FSP 5). Key challenges in the effective implementation of these principles included: insufficient understanding of national context to enable effective programming in support of national priorities, limited development partner support for processes aimed at fostering national dialogue and building a national vision, insufficient development partner efforts at prevention, and a continuing need for integrated approaches to peacebuilding and statebuilding on the ground.

Application of four of the Principles was found to be entirely off-track: do no harm (FSP 2), agree on practical coordination mechanisms between international actors (FSP 8), act fast but stay engaged long enough to give peace a chance (FSP 9), and avoid pockets of exclusion (FSP 10). Key challenges in implementing these principles included: a serious risk of development partners doing harm through their interventions because they lack systematic operating procedures to assess and address risks and unintended consequences, a lack of development partner coordination, the lack of predictability of development partner engagement, and the uneven geographic distribution of aid (OECD, 2011a).

These findings led the OECD to conclude that development partners need to make a more focused effort to ensure that the adoption of policies at headquarters translates into behavioural change on the ground. In order to do this, they need to improve their capacity to work in fragile states, and make

² Burundi, Central African Republic (CAR), Chad, Comoros, Democratic Republic of the Congo (DRC), Guinea-Bissau, Haiti, Liberia, Sierra Leone, Somalia, South Sudan, Timor-Leste and Togo

greater political efforts to adapt and reform field policies and practices, reinforced with incentives for change, to ensure that they can respond faster and with greater flexibility (OECD, 2011a).

The survey findings also highlighted the extent to which traditional development frameworks, such as the MDGs or poverty reduction strategies, fall short of providing an adequate basis for effective action to address the challenges of conflict-affected and fragile states, and the need for the political realities and political economies of fragile states to be taken much better into account in the way development outcomes, priorities and results are defined (OECD, 2011a).

1.3 New agendas for engagement

The recognition that current methods of working in fragile states need serious improvement prompted the G7+ group of nineteen fragile and conflict-affected countries and other members of the International Dialogue on Peacebuilding and Statebuilding to develop a *New Deal for Engagement in Fragile States* (International Dialogue on Peacebuilding and Statebuilding, 2011). The *New Deal* was endorsed at the Fourth High Level Forum on Aid Effectiveness in Busan in 2011. It commits fragile states and international partners to:

- support inclusive country-led and country-owned transitions out of fragility,
- coordinate donor support around peacebuilding and statebuilding priorities agreed through broad in-country consultation that recognise the principle of country ownership and leadership, and to
- provide aid and manage resources more effectively, adapting approaches to the realities and special needs of fragile contexts in order to achieve better results.

Central to the *New Deal* is a commitment to use peacebuilding and statebuilding goals as an important foundation to enable progress towards sustainable development in fragile and conflict-affected states. The five goals are:

- Legitimate Politics (foster inclusive political settlements and conflict resolution),
- Security (establish and strengthen people's security),
- Justice (address injustices and increase people's access to justice),
- Economic Foundations (generate employment and improve livelihoods), and
- Revenues & Services (manage revenue and build capacity for accountable and fair service delivery).

The *New Deal* reflects a shift towards a 'thick' conceptualisation of state fragility that looks beyond the quality of government policies and institutions to consider the multiple dimensions of state-society relations (OECD, 2013). A number of key tools outlined in the *New Deal* are currently being developed and piloted, such as country-led fragility assessments and the development of indicators for each peacebuilding and statebuilding goal.

Increased knowledge of the transition from fragility, agreement on a new approach for partners to assist fragile states (OECD, 2011b) and the *New Deal* itself, all challenge international partners to make fundamental changes in the way they approach state fragility. Facilitating and assisting country driven processes of institutional change, which take decades to complete and which do not proceed linearly, cannot be led from Brussels. This requires a redefinition of the way the European Parliament, the Commission and EU Delegations work with each other in fragile situations to ensure that support is timely and flexible, that it enables rather than disempowers local actors, that it is responsive to windows of opportunity, and to ensure that the EU is ultimately accountable for results to taxpayers.

2. THE EU AND FRAGILE STATES

2.1 Overview of the EU policy framework, the institutional set-up and instruments for addressing fragile states

The EU has at its disposal a range of tools and resources across the security, diplomatic, development, humanitarian, legal, trade and investment and migration spheres. With its long-term and continued presence, the critical mass of financial support, the vast range of tools, instruments and political and economic power, the EU could be a critical and important actor in fragile states. However, there is no consensus yet on either the means of setting precise objectives, or on the design of policies and implementation mechanisms to reach those objectives that ensure coherence across the different domains. Nevertheless, despite its internal problems and institutional challenges, the EU is becoming increasingly involved in conflict management and peace processes around the world.

2.1.1 The policy framework

A key challenge of dealing with conflict and fragility is that it requires a multifaceted approach that integrates all areas of EU external action. This means that responsibility for conflict and fragility should cut across all policies and institutions. While the EU has developed a comprehensive set of policies, which includes a general framework providing guidelines and objectives for EU foreign and development policy, as well as specific policies towards fragility, it has been unable to develop an overall comprehensive strategy driven by a coherent ‘whole-of-EU’ approach.

The EU has endorsed the *New Deal for Engagement in Fragile States*, along with other key documents such as the OECD’s ‘Principles for Good International Engagement in Fragile States and Situations’ (OECD, 2007). However, the EU has also sought to address these challenges by formulating its own policies.

In the last decade, the EU has adopted a variety of policy statements stressing the need to address state fragility and improve its response (see Figure 2). The EU’s first step towards introducing ‘an integrated approach’ linking conflict prevention, development and security and requiring close cooperation between the Commission and the Council, as well as with international players, was articulated in the *2001 Communication on Conflict Prevention*³ and the *EU Programme for the Prevention of Violent Conflicts*⁴, adopted by the European Council in Gothenburg (see Figure 3). The Gothenburg Programme firmly anchored conflict prevention as one of the core goals of EU external relations. The Council stressed that it ‘should be integrated in all its relevant aspects, including the European Security and Defence Policy, development cooperation and trade’ (European Council, 2001). In the aftermath of the terrorist attacks of 11 September 2001, the prevention of ‘state failure’ became an important objective of the EU’s external relations and foreign policy, with serious implications for development and security policy. References to failed states became increasingly prominent in official EU documents (Banim, 2008). The *2003 European Security Strategy*⁵ addressed state failure as ‘an alarming phenomenon that undermines global governance, and adds to regional instability’ (European Council, 2003).

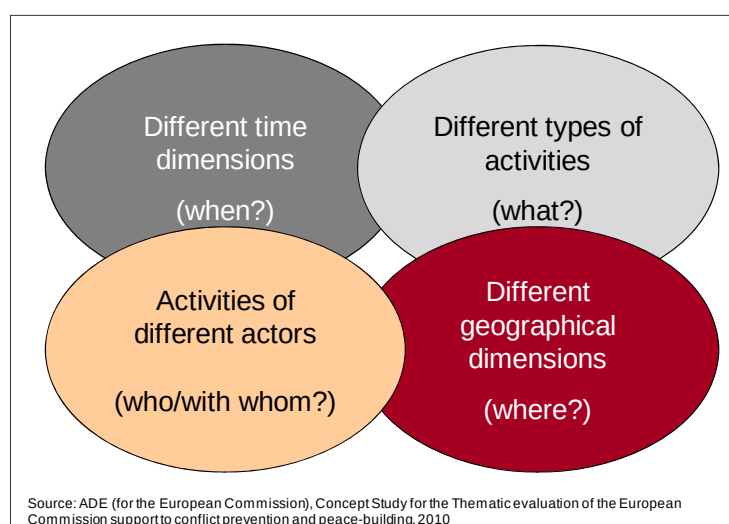
³ See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0211:FIN:EN:PDF>

⁴ See http://www.eplo.org/assets/files/3.%20Resources/EU%20Documents/-EU_EU_Programme_for_the_Prevention_of_Violent_Conflicts.pdf

⁵ See <http://www.consilium.europa.eu/uedocs/cmsUpload/78367.pdf>

Figure 2: Overview of key EU policy statements on addressing fragility

Year	Milestone
2000	The EU-ACP Cotonou Agreement
2001	EC Communication 'Conflict Prevention'
2001	EU Gothenburg Programme on the Prevention of Violent Conflict
2003	European Security Strategy
2003	EC Communication 'Governance and Development'
2004	Action Plan for the Civilian Aspects of ESDP
2005	The European Consensus on Development
2005	The EU Strategy for Africa
2007	EC Communication 'Towards an EU response to situations of fragility – engaging in difficult environments for sustainable development, stability and peace'
2007	Council Conclusions on 'An EU response to situations of fragility'
2007	European Parliament Resolution: 'Situations of fragility'
2007	Council Conclusions on 'Security and Development'
2007	Africa-EU Strategic Partnership
2011	EC Communication 'Increasing the impact of EU Development Policy: an Agenda for Change'
2011	Council Conclusions on 'Conflict Prevention'
2012	Council Conclusions on 'Increasing the impact of EU Development Policy: an Agenda for Change'
2012	Council Conclusions on 'Common Security and Defence Policy'

Figure 3: The four dimensions of the Integrated Approach to conflict prevention and peace-building

The *European Consensus on Development*⁶, approved by the European institutions and the Member States in 2006, focused on poverty eradication within the context of building a 'more stable, peaceful, prosperous, and equitable world'. It committed the Commission to develop a 'comprehensive approach to state fragility, conflict, natural disasters and other types of crises' (European Union, 2006). In 2007, the EU defined the analytical and conceptual ground for tackling its cooperation with countries and regions in situations of fragility. In parallel, in the same year, the Council adopted its *Conclusions on Security and Development*⁷, where it stated that 'the nexus between security and development should inform EU strategies and policies in order to contribute to the coherence of EU external action' (Council of the European Union, 2007). Based on these policy commitments, the Council mandated the EU institutions to develop an EU Action Plan on Fragility and Conflict by 2009, outlining concrete measures on how to enhance EU response to fragile situations in four key areas: 'whole-of-EU' approach, statebuilding, making EU assistance more responsive and effective, and international strategic partnerships. However, the setting up of the EEAS delayed the work on the Action Plan, as changes were made to the EU institutional set-up and roles redefined. The subsequent *Agenda for Change*⁸ called for greater efforts to tackle insecurity, fragility and the challenges of transition, giving greater attention to the links between insecurity and poverty and committed the EU to finalising and implementing the Action Plan (European Commission, 2011a). Yet, the EEAS has shelved the Action Plan. Furthermore, the review of the Gothenburg Programme on conflict prevention, which should have resulted in implementation guidelines, was discontinued during the spring of 2011. The June 2011 Foreign Affairs Council's (FAC) commitment to revisit the issue of conflict prevention before the end of 2011, has not been fulfilled. Instead, in 2011, the Council adopted another general statement of commitment to address conflict (Council of the European Union, 2011a).

Nevertheless, in 2011 the Council adopted two strategic frameworks. The EEAS released the EU's Strategy for Security and Development in the Sahel in September 2011, some three years after it was requested by the 2008 French EU Presidency. The Strategy had four key points:

1. security and development in the Sahel cannot be separated;
2. progress is only possible through closer regional cooperation, which the EU pledged to support;
3. all states in the region would benefit from capacity building in areas of core government activity; and
4. the EU has an important role to play both in encouraging economic development and in helping achieve a more secure environment in which the interests of EU citizens and companies were also protected (EEAS, 2011).

In November 2011, the Council adopted the EU's *Strategic Framework for the Horn of Africa*⁹. The strategy aimed at establishing a comprehensive framework for a range of policy proposals to address security and development challenges. It also openly stated Europe's interests in the region, largely stemming from its geo-strategic importance. The strategy focused on five priority areas for EU action:

1. building robust and accountable political structures;
2. contributing to conflict resolution and prevention;
3. mitigating security threats emanating from the region;
4. promoting economic growth; and
5. supporting regional economic cooperation.

⁶ See http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf

⁷ See http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/gena/97157.pdf

⁸ See http://ec.europa.eu/europeaid/what/development-policies/documents/agenda_for_change_en.pdf

⁹ See <http://www.europarl.europa.eu/committees/en/studiesdownload.html?languageDocument=EN&file=76651>

Specific goals included tackling piracy and supporting stabilisation in Somalia and peaceful transition in Sudan (Council of the European Union, 2011b). EU Member States generally agreed that the Horn of Africa strategy presented a long-term perspective for European policy in the region and the next step would be to coordinate on its implementation.

In 2012, the Council adopted further *Conclusions on a Common Security and Defence Policy* calling for a joint Communication from the Commission and the HR/VP on 'the comprehensive approach' (Council of the European Union, 2012). However, a common understanding of the 'comprehensive' (previously referred to as the 'integrated approach') has proved elusive. The *Thematic Evaluation of Commission Support to CPPB*¹⁰ demonstrated that even a basic common understanding of what the concepts of CPPB mean, and how it might be achieved, 'were not always univocal and shared at strategic level' (ADE, 2011). This has clouded prioritisation and implementation of actions at the global, regional and national levels. Conflict prevention was, for example, not always a priority for the EU in terms of strategic action, nor was there clear operational guidance.

2.1.2 Organisational structures

There are several organisational and operational constraints to greater policy coherence at the 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 between the EU institutions and between the EU and the Member States.

As many have noted, the Lisbon Treaty offers the potential, through the new senior positions in EU external action and the EEAS providing a common support structure, to overcome some of the results of the pre-Lisbon 'pillarization' that have stymied engagement in fragile states. The role of the EEAS is critical but there is the danger that its inevitably slow development and the on-going institutional tensions may squander this potential (Duke, 2011).

The establishment of the EEAS brought with it the opportunity to bring together disparate bodies dealing with conflict prevention issues in the Commission and the Council Secretariat. The country desks of the former Commission DG for Development were subsumed into the EEAS and the remaining Commission policy units were merged with the EuropeAid agency to form the new DG for Development and Cooperation (DEVCO), responsible to the Development Commissioner.

The EEAS was designed to play a role in shaping strategy and in programming development cooperation for all regions of the world, coordinating all external action and bringing together all geographical desks. The objective was to allow EEAS to focus on the overall political coordination of external action, whilst leaving the management of programmes to EuropeAid. The stated intention was to improve the links between development and foreign policy, combine the Commission's technical expertise with the Council's political weight, and thus increase the EU's global role.

Nevertheless, the institutional arrangements have not been straightforward. Within the EEAS, a specific division for Security Policy and Conflict Prevention has been set up. The main tasks of this Division, in addition to providing mediation support, are to set up an early warning and early action

¹⁰ See http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2010/1277_docs_en.htm

conflict prevention system and to provide operational support to geographical services, both at headquarters and in Delegations, on conflict-related issues. A separate division on Global and Multilateral Issues addresses issues of importance to conflict prevention, such as counter-terrorism, development, multilateral relations, human rights and democracy. At the same time, a Unit for Fragility and Crisis Management has also been created within DEVCO. Beyond DEVCO and the EEAS, the third institutional player for conflict and fragility is the Foreign Policy Instruments Service (FPI) and the Unit for Stability Instrument Operations, also a new creation. These units are part of the Commission but report directly to the HR/VP. How these various units relate to each other and to the EU Delegations, however, is not entirely obvious.

Furthermore, an inter-organisational Conflict Prevention Group (CPG) is chaired by the Conflict Prevention and Security Policy division and composed of representatives from the EEAS geographic divisions, including the EU Special Representatives (EUSRs), the Common Security and Defence Policy (CSDP) departments and directorates, Crisis Response Department, Coordination Division of the Peace and Security Committee (PSC) and the FAC and the Chairs of CIVCOM and the Politico-military Group, FPI, and the Commission's DGs DEVCO and Humanitarian Aid and Civil Protection (ECHO). Ad hoc members may include EEAS thematic divisions, other Commission directorates such as DG Enlargement, civil society organisations and Members of the European Parliament. The main tasks of the group will be gathering and reviewing early warning information, identifying early response options, developing conflict risk analysis methodologies and broadly mainstreaming conflict prevention into EU external action.

Concerns about coordination between the EEAS and the Commission were raised on several occasions, including in the letter to the HR/VP prepared by 12 Member States on the anniversary of the creation of the EEAS¹¹.

Mainstreaming conflict and fragility across all areas of EU external action has proved and continues to be a particular challenge. The *Thematic Evaluation of Commission Support to CPPB* concluded that 'the Commission's approach to conflict analysis, conflict sensitivity and mainstreaming was not systematised or structured. Efforts produced by the Commission in this respect were mostly undertaken on an ad hoc basis' (ADE, 2011).

Furthermore, the evaluation identified serious shortcomings regarding the capacity within the EU institutions, including the Delegations. The number of staff that has a background in CPPB was found insufficient to handle the tasks at hand and even more so to mainstream its objectives to the policy level (ADE, 2011).

Aside from capacity, mainstreaming and coherence depend upon the necessary linkages being strengthened within the EEAS, as well as those between the EEAS and the Commission, in particular DG DEVCO, DG Trade, DG Environment, DG Enlargement and European Neighbourhood Policy and DG ECHO. An inter-service agreement signed by the Commission and the EEAS on 13 January 2012¹² sheds light on the balance of power between the two institutions. According to the agreement, the Commission and the EEAS jointly plan overall spending strategies on the EU's external relations budget.

¹¹ The foreign ministers of Belgium, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland and Sweden on 8 December 2011 signed a letter on the first year of the EEAS addressed to the HR/VP highlighting some areas in need of improvement including the preparation of the Foreign Affairs Council, coordination between EEAS and Commission, the role of EU Delegations and the involvement of Member States in CFSP. See <http://www.eurotradeunion.eu/documents/20111208Lettredes12.pdf>

¹² See article: 'Commission still pulls the strings on EU foreign policy', EU Observer, 6 February 2012

The financial instruments are jointly programmed (with leading roles for either the Commission or the EEAS depending on the instrument) but implemented solely by the Commission.

Although there are formal links at the highest level, through the Group of External Relations Commissioners, the existence of the necessary linkages at lower levels is far less obvious. Indeed, in some cases like DG Trade, they are particularly unclear. As noted by the OECD DAC in its peer review of EU aid, 'the value of the EEAS to the development agenda will depend on its ability to bring together the EU's many tools of influence – economic and political, plus civil and military crisis management. To do this well, the role of each EU actor must be made clear' (OECD, 2012).

To date, progress on coordination between the EU and the Member States has been slow. Although the Commission has attempted to increase the role it has played with respect to CPPB, it has been hampered by differences in priorities among the Member States. As a result, EU coordination has been limited to information sharing, with each institution setting its own objectives and subsequently informing the others of these. As noted in the *Thematic Evaluation of Commission Support to CPPB*, 'the Commission took initiatives to enhance coordination at different levels, but this generally resulted more in exchange of information than in enhancement of complementarities. Coordination within the Commission, with other EU actors and with the wider international community consisted mainly of exchange of information as a minimum requirement. It rarely gave rise to a clear division of roles between partners so as to avoid gaps and duplication and enhance synergies at strategy, programming and implementation levels' (ADE, 2011).

Nevertheless, the greater involvement of national diplomats in the EEAS and the EU Delegations offers the potential for positive synergies between EU and Member States' conflict prevention efforts. EUSRs, 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), are responsible to the HR/VP. Consequently, Member States' positions and efforts in a situation or country should be consistent and supportive of efforts undertaken by the EUSRs.

Beyond coordination within the EU institutions and between the EU and its Member States, a further significant challenge has been the division of labour between multilateral organisations. The UN is a fundamental partner for the EU in peacebuilding activities. The two organisations have consistently cooperated in crisis management since 2003 and the EU is also one of the major contributors to UN peacekeeping operations, both financially and with personnel on the ground. However, a recent report of the EU Court of Auditors analysing the efficiency and effectiveness of EU contributions channelled through the UN in conflict-affected countries highlighted several weaknesses in relation to project design, monitoring and reporting (European Court of Auditors, 2011). In general terms, the two organisations have not adopted the same definitions and policies on peacebuilding, and cooperation remains largely ad hoc. In particular, although there have been efforts to strengthen cooperation at the operational level, cooperation at the policy level is somewhat lacking.

The OECD DAC has called on the EU to finalise the Action Plan on Security, Fragility and Development requested by the Council in 2007: 'If backed by strong, high-level political drive, implementation of the plan would ensure that the European objectives in the fields of development cooperation, humanitarian assistance, peacebuilding, conflict prevention and international security are mutually reinforcing. Such a whole-of-EU approach requires strong coordination among the relevant bodies and structures (the EEAS, DG DEVCO, the FPI, DG ECHO, and CSDP structures) and with the Member States engaged in emergency, crisis and transition situations' (OECD, 2012).

2.1.3 The instruments

The range of instruments that the EU institutions and the EU as a whole can bring to any conflict situation is fairly unrivalled. Figure 4 gives an overview of the EU's instruments relevant to CPPB under Heading 4 (Global Europe) of the EU budget.

Figure 4: Overview of the EU's instruments for CPPB

Instrument	Objective	Geographical coverage	EU institution responsible	Budget 2007-2013 (billions)	EC proposed budget 2014-2020 (billions)
Geographic					
European Development Fund (EDF)	Economic development, social and human development, regional cooperation and integration	African, Caribbean and Pacific (ACP) countries and the Overseas Countries and Territories	Commission	€26.3	€34.3
	Africa Peace Facility (APF) - African Union-led peace-building missions	Africa	EEAS/ Commission	€0.5	
Development Cooperation Instrument (DCI)	Poverty eradication and the achievement of the MDGs	Asia, Latin America, Central Asia, the Gulf region and South Africa	Commission	€16.9	€23.3
	Thematic Programmes: - Investing in people - Environment and sustainable management of resources - Non-State Actors and Local Authorities - Food security - Asylum and immigration	All developing countries	Commission	€5.6 of the total	€9.3
European Neighbourhood Instrument (ENI)	Democratic transition, human rights, transition towards a market economy, sustainable development	European neighbourhood and Russian Federation	Commission	€11.2	€18.2
Instrument for Pre-Accession (IPA)	Transition, cross-border co-operation, regional development, human resources, rural development	EU candidate countries and potential candidate countries	Commission	€11.5	€14.1

Thematic					
Humanitarian Aid Instrument	Emergency and humanitarian aid relief and food aid.		Commission	€5.6	€7.2
Instrument for Stability (IfS)	Conflict prevention, crisis management, peace-building	Global	EEAS/Commission	€2.1	€2.8
Common Foreign and Security Policy (CFSP)	Operational costs of CFSP except military costs	Global	Council	€2	
European Instrument for Democracy and Human Rights (EIDHR)	Human rights and democracy,	Global	EEAS/Commission	€1.1	€1.6

Three of the EU's long-term external assistance instruments refer to CPPB. These are:

- The Development Cooperation Instrument (DCI) (preamble (10), Article 10, Article 12, Annex IV I(B)), which includes geographic programme support to post-crisis systems and fragile states, and thematic programmes addressing underlying vulnerability in areas such as food security, health and education;
- The European Neighbourhood Instrument (ENI) (Article 2,2(e)); and
- The European Instrument for Democracy and Human Rights (EIDHR) (preamble (15), Article 2 (1a), Article 2 (4)).

In addition to the long-term instruments, specific arrangements to engage in fragile states include three financial instruments – the Africa Peace Facility (APF), the Instrument for Stability (IfS) and the Common Foreign and Security Policy (CFSP) – combined with the Humanitarian Aid Instrument (HAI) and the possibility of mobilising 25% of the European Development Fund's (EDF) B envelope, which includes post-emergency action to facilitate the phasing out of humanitarian aid.

The APF is the main EU funding instrument for promoting peace and security in Africa, financed through the EDF. In 2011, more than EUR 1 billion was allocated to it (European Commission, 2011c). It funds African-led peace support operations managed directly or indirectly by the African Union (AU) and validated by the UN; capacity building activities; and supports the Joint EU-Africa Strategy's Peace and Security Partnership. According to the Commission's 2011 Annual Report¹³ on the APF, 'efforts are being made to further strengthen coherence and complementarity between EU activities funded by the APF, EDF regional indicative programmes, the IfS, CSDP and others' (European Commission, 2011c). However, no information about the extent of formal and ad hoc coordination with the IfS and CSDP missions (one of the key instruments of CFSP) is available in either of the annual APF reports that have been published to date.

The CFSP budget, which includes civilian CSDP missions, is charged to the EU's budget with the exception of expenditures arising from operations having military or defence implications (which are

¹³ See http://ec.europa.eu/europeaid/where/acp/regional-cooperation/peace/documents/2011_annual_report_on_the_african_peace_facility_en.pdf

funded by the Member States via the Athena Mechanism). The Lisbon Treaty introduced the possibility for the Council to establish a start-up fund made up of contributions from the Member States, which would allow for rapid access to financing of urgent initiatives which cannot be charged to the EU's budget and which would support civil or military operations and missions. The start-up fund is a partial response to the cumbersome procedure of mobilising funds under the Athena Mechanism. Additional funds to complement actions under CSDP (including the so-called flanking measures) may come from the IfS.

The EU's main instrument for short-term interventions aimed at CPPB is the IfS. The IfS is a horizontal instrument that has a global coverage with a clear focus on (re-) establishing 'the conditions essential to the proper implementation of the Union's development and cooperation policies' (European Commission, 2011b). The IfS is different to the other instruments as 'assistance [...] shall be provided only to the extent that an adequate and effective response cannot be provided under those [other] instruments [of Heading 4]' (European Commission, 2011b; European Union, 2006). It includes a short-term component for crisis preparedness and response covering conflict prevention, crisis management and peacebuilding – including support to state institutions and independent media, governance and rule of law, and landmine programmes. Most of the IfS support is short-term non-programmable funding, managed by the Commission's FPI service. The EEAS programmes the long-term component. It is meant to swiftly react to unforeseen crisis and works 'complementary to humanitarian aid' (European Union, 2006) and in coherence with the EU's other external assistance.

The evaluation of CPPB (ADE, 2011) found that in some cases the IfS catalysed EU Delegations into reflecting on programming priorities with a view to how conflicts could be prevented. The IfS also contributed to an improved exchange of information on CPPB between EU headquarters and Delegations as well as among different DGs in the Commission (ADE, 2011). Other strengths noted by stakeholders included: its swiftness in comparison to other EU instruments; and the fact that it laid the basis for long-term EU action which could then be handed over to long-term instruments like the ENI, the EIDHR or the DCI (ADE, 2011).

While from conception to implementation the IfS is swifter than any of the other EU external instruments, it is still not quick enough for a stabilisation instrument intended to respond to windows of opportunity (Görtz and Sherriff, 2012). Once a need is identified, a minimum time lapse of two months occurs before the start of an intervention. In some cases, the time span was found to be much longer – between nine and eleven months. Furthermore, the limited duration of the instrument (24 months) meant that some projects with longer-term conflict prevention objectives could not be completed (ADE, 2011), especially as engagement in fragile situations needs to be long-term to be effective (OECD, 2011b, World Bank, 2011).

2.2 An assessment of the strengths and weaknesses of EU engagement in Fragile States

The EU has endorsed the OECD's Principles for Good International Engagement in Fragile States and Situations. Since the ten Principles were issued in 2007, the OECD has issued two reports on international performance against the Principles in a number of Fragile States, based on the findings of country surveys conducted in multiple fragile states. This section analyses at global and Commission performance against four of the FSPs which have a particular focus on preventive interventions.

2.2.1 FSP 4: Prioritising Prevention

Principle Four of the Principles for Good International Engagement in Fragile States and Situations presents a multi-dimensional approach to conflict prevention. This includes upstream or long-term action focused on addressing the root causes of state fragility, improved coordination amongst international actors in terms of shared risk analysis and joint missions, rapid action where the risk of conflict and instability is highest, and strengthening indigenous and regional capacities to prevent and resolve conflicts.

FSP 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 (OECD, 2007).

This approach is also reflected in the European Commission's 2001 *Communication on Conflict Prevention*¹⁴ (European Commission, 2001), which highlights the importance of taking a long-term and integrated approach to conflict prevention in order to address all aspects of structural stability in countries at risk. The *Communication* notes that when people resort to arms, it is generally the result of a process of gradual deterioration whose causes are deep rooted and often well-known. The *Communication* distinguishes between long-term ('Projecting stability') and short-term prevention ('Reacting quickly to nascent conflicts'), and states that the Commission will ensure that its development policy and other cooperation programmes are more clearly focused on addressing root causes of conflict in an integrated way.

Although the key elements of effective prevention are well articulated in both the Fragile States Principles and the Commission's *Communication on Conflict Prevention*, actual implementation has fallen short across a range of conflict-prone and conflict-affected situations. The 2011 OECD Report on International Engagement in Fragile States assesses implementation of FSP 4 as being 'partly-off track' (OECD, 2011a). Whereas international actors have undertaken initiatives to strengthen crisis prevention, their effectiveness has been mixed. Based on its country surveys, the report finds that there has been insufficient analysis of the root causes of fragility in a number of cases. Countries that highlighted this weaknesses included Burundi, the Central African Republic (CAR), Chad, Somalia and the Democratic Republic of the Congo (DRC), all of which also reported that the EU is one of their major sources of development financing, and/or is a major funder of an international peacekeeping mission. The report's findings are echoed by the Commission's own *Thematic Evaluation of Support to CPPB*, which identifies failure to focus on the root causes of conflict as a major weakness in the Commission's approach to conflict prevention and peacebuilding (ADE, 2011).

Failure to focus on the root causes of conflict is closely linked to weaknesses in conflict analysis. The OECD 2011 report finds that the strength and depth of international partners' contextual analysis

¹⁴ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2001:0211:FIN:EN:PDF>

(assessed under Fragile States Principle 1: Take Context as the Starting Point) is often limited by insufficient use of local knowledge, their own limitations in capacity, and frequent turnover of staff in-country. For example, in Chad, survey respondents commented that humanitarian aid is reactive, and overlooks the structural causes of a number of humanitarian crises, whilst in the DRC it was felt that insufficient use of local knowledge meant that important dimensions were lacking from the donors' contextual analysis, such as the global demand for natural resources. Further, development partners do not always translate their efforts to understand context into programming, meaning that initiatives to address the root causes of conflict are often too isolated to be able to have a significant impact, as they are not planned within an overall strategy of crisis prevention, and do not feed into broader development partner engagement. A case in point is the international community's response to the earthquake in Haiti, where the complexity of the Haitian context was not taken into account in immediate post-earthquake planning.

These weaknesses are also evident in the Commission's own approach to CPPB. The 2011 CPPB evaluation finds that the Commission makes insufficient use of formal conflict analysis, and that the quality of its conflict assessments, as reflected in Country and Regional Strategy Papers, is not consistent. Further, the assessments are not systematically taken into account in its programming, and there is no obligation to mainstream conflict prevention into sectors not specifically focused on conflict prevention and peacebuilding, as is the case with gender and environment (ADE, 2011). This results in support that is too frequently focused on mitigating the consequences of the root causes of conflict, rather than addressing the causes themselves.

Weaknesses in Commission capacity to analyse the root causes of conflict and to ensure appropriate integration of conflict prevention and peacebuilding approaches at a programming level, appear to derive from several inter-linked factors. Firstly, the fragmentation of responsibility for CPPB across a number of institutions (Commission DGs and the EEAS) does not facilitate an integrated response at country-level. Secondly, although a number of tools exist for assessing conflict and mainstreaming conflict prevention and approaches (e.g. 2001 Checklist for Root Causes of Conflict, 2008 Programming Guide for Strategy Papers on Conflict Prevention and Fragile States, country conflict assessments and conflict indicators), the 2011 CPPB evaluation finds that they have not been widely adopted and used. In part, this appears to be because they are not well known by those responsible for programming at country level, and also because there has been no systematic review mechanism at Commission level to ensure that CPPB issues are appropriately integrated in Regional and Country Strategy Papers. Thirdly, EU Delegations in fragile or conflict-affected states often face staff shortages, or lack dedicated expertise in CPPB.

A further factor that has been raised relates to the EU's commitment to national alignment, as per the Paris Declaration on Aid Effectiveness. The argument advanced here is that, to the extent that national strategies do not pay adequate attention to the root causes of conflict, either due to lack of capacity amongst the national authorities, or because politically it is not desirable for them to do so, these weaknesses can have knock-on effects for the EU's capacity to focus its country programmes on conflict-drivers. However, Fragile States Principle 7 underscores the importance of aligning with local priorities in different ways in different contexts. In particular, where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors are expected to consult with a range of national stakeholders in the partner country and seek opportunities for partial alignment at the sector or regional level. The EU has substantial diplomatic, security and financial resources, reinforced by the capacity and country knowledge of Member States. It is less encumbered by the much broader membership of the UN, and ought to be able to take a prominent

lead in conflict prevention, even when country governments are reluctant to address the grievances that lead to armed conflict.

The 2011 *New Deal for engagement in Fragile States* takes this a step further by committing to periodic, country-led fragility assessments which take into account the views of key national stakeholders and non-state actors. The fragility assessments, which are currently being piloted, are expected to provide a basis for a country-owned and led plan for transition out of fragility, supported by a compact that coordinates the international community's response in support of the plan. To the extent that the International Dialogue on Peacebuilding and Statebuilding is able to effectively support the g7+ group of fragile countries to implement the objectives of the *New Deal*, such assessments may prove a key tool in ensuring a common understanding of conflict drivers amongst stakeholders, and mainstreaming conflict prevention into country programming.

Understanding the root causes of fragility is the first step in prioritising prevention, falling into the long-term category defined by the *Commission Communication on Conflict Prevention* as 'projecting stability' (European Commission, 2001). The next step in the continuum is the provision of early warning systems to identify increasing risk and to act effectively in the short-term ('Reacting quickly to nascent conflicts'). FSP 4 requires the international community's early warning systems to be developed within a shared framework for risk analysis. However, the 2011 OECD report reveals that international performance has fallen short in this area. A number of countries, including several with peacekeeping missions (CAR, Haiti, Liberia, Somalia and South Sudan) reported that development partners do not generally seem to operate within a shared framework for conflict prevention, and raised concerns about the multiplicity of early warning systems and lack of coordination between them. Some countries reported that the presence of early warning systems had not led to effective early responses (Burundi, Chad, Comoros and Somalia).

These findings are echoed by the Commission's 2011 CPPB evaluation, which finds that early warning systems have not enhanced the Commission's capacity to react to conflicts, as in more than half the cases surveyed, it did not anticipate a deteriorating situation. It appears that where early warning systems exist, they have not been widely used, or have not been sufficiently comprehensive. The absence of robust, coordinated and widely-used early warning systems significantly impedes the capacity of the international community, the EU included, to take action to mitigate conflict risks before they escalate. The cost of this weakness is potentially considerable, as it means that interventions are more likely to take place in a context where time-horizons are shorter and resource requirements are more significant. It also places an undue burden on instruments designed to facilitate rapid response, to the extent that their deployment is partially as a result of the failure of preventive mechanisms such as early warning systems.

The Commission has arguably performed better on the other major component of FSP 4, namely strengthening indigenous capacities to prevent and resolve conflicts and supporting the peacebuilding capabilities of regional organisations. In Africa in particular, the Commission has taken a lead in supporting regional initiatives aimed at strengthening regional peacebuilding capacities and improving resilience, notably in partnership with the AU and other regional bodies such as the Intergovernmental Authority on Development (IGAD) and the Economic Community of West African States (ECOWAS). Recent regional resilience initiatives include the Global Alliance for Sahel Initiative (AGIR) and the Supporting the Horn of Africa's Resilience Initiative (SHARE), which focus on supporting sub-regions affected by food insecurity to improve their drought prevention and preparedness capacity, and climate change adaptation. Foremost amongst the EU's regional initiatives to support peacebuilding is

the African Peace Facility, which has been used particularly to finance AU peacekeeping in Sudan and Somalia, as well as other less visible interventions (Sherriff et. al., 2012). However, the 2011 CPPB evaluation raises concerns as to whether there are sufficient linkages between the different levels of the Commission's geographic support, and notes that local populations have not been systematically involved in the Commission's work on CPPB (ADE, 2011).

2.2.2 FSP 5: Recognise the links between Political, Security and Development Objectives

Integration lies at the heart of Principle 5 of the Principles for Good International Engagement in Fragile States and Situations. It requires international actors to join up their interventions across the various dimensions of humanitarian and development assistance, and political, economic and security affairs in order to deliver a single, coherent, 'whole-of-government' response to situations of fragility. It also highlights the importance of addressing the trade-offs that may exist between peacebuilding and development agendas, particularly in the short-term, and the need for international actors to set clear measures of progress in fragile states.

FSP 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 inter-dependent. 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 (OECD, 2007).

The whole-of-government (or in the EU's case, whole-of-institution) approach can be conceived of as two levels: static and dynamic. The static level relates to integrated strategy development across various dimensions of support, whereas the dynamic level relates to management of trade-offs between dimensions, particularly as situations evolve. At both levels, the 2011 OECD report finds that international engagement is 'partly off-track' (OECD, 2011a).

In the weakest cases, there is limited evidence of development partner efforts to implement whole-of-government approaches in any form. This situation seems particularly acute in countries with peacekeeping missions. CAR (MICOPAX), Haiti (MINUSTAH) and Chad (EUFOR/MINURCAT) all reported that security, prevention and/or humanitarian issues handled by their peacekeeping missions were delinked from the broader policy dialogue in-country, with knock-on effects for the efficiency of the

international community's integrated response. By contrast, those countries which have started to transition out of their immediate post-crisis phase (Sierra Leone and Liberia), have had the greatest success in integrating development partner support behind a national framework that explicitly links political, security and development objectives. This implies that where national governments are able to articulate what they consider key connections between the various domains, development partners are in turn able to optimise their 'whole-of-government' approaches. This recognition is one of the key intuitions behind the *New Deal*, which seeks to support inclusive country-led and country-owned transitions out of fragility, based on agreed peacebuilding and statebuilding goals (International Dialogue on Peacebuilding and Statebuilding, 2011). At the dynamic level, the 2011 OECD report found that to the extent that attempts to manage trade-offs between political, security and development objectives are made, the process for managing them often lacks transparency. All too frequently, however, the links between the objectives were considered to exist only on paper.

A number of countries credited the EU, under the auspices of the EU Delegation, of developing an integrated approach to its interventions, with specific reference made to its use of a LRRD approach in CAR and Chad. They also reported that the EU made attempts to coordinate its approach with other stakeholders. In most countries, it was reported that the EU's proposed strategy was discussed at least informally amongst EU Member States and the EU Delegation, and in some cases, there was a formal consultation process. Two countries (Timor Leste and South Sudan) reported that the EU was working on a single strategy for the Delegation and all Member States active in the country. Several instances were also cited of existing joint approaches between the EU and other development partners (e.g. the EU and the UK in Sierra Leone). However, the key question for the EU is the extent to which the instruments and approaches available to it facilitate the delivery of an integrated approach in practice, particularly relating to the prioritisation of prevention across all domains of intervention and the link between relief, rehabilitation and development.

The Commission's *Communication on Conflict Prevention* states that among the EU's wide range of instruments at its disposal for short- and long-term action, development policy and other cooperation programmes provide, without doubt, the most powerful instruments for treating the root causes of conflict. The *Communication* recognises that in order to ensure the optimal use of these instruments, '[they] must take a genuinely long-term approach, identifying and targeting needs as far "upstream" as possible' (European Commission, 2001). The *Communication* commits the Commission to ensuring that its development policy and other cooperation programmes are more clearly focused on addressing root causes of conflict in an integrated manner, and sets out three main ways in which this will be achieved¹⁵:

1. 'On a practical level, the instrument for ensuring such an integrated approach of conflict prevention will be the strategic documents drawn up for each country receiving assistance by the Community (Country Strategy Papers) [...]. An assessment of potential conflict situations will be made in all Country Strategy Papers with the support of appropriate potential conflict indicators.'
2. 'For those countries where the above analysis has highlighted conflict risk factors ("countries with conflict potential"), conflict prevention measures will be made an integral part of the overall programmes of the Community. Conflict indicators will make it easier to incorporate measures targeting conflict prevention in various sectoral programmes (in fields such as transport, rural development, energy, environment, health, research or education).'

¹⁵ Author's own notation

3. 'Finally, in order to improve the overall coherence and effectiveness of EU conflict prevention efforts, coordination between Commission and Member States must be strengthened. As a small first step, Country Strategy Papers and corresponding documents from Member States should be systematically exchanged.'

However, the 2011 CPPB evaluation found that mainstreaming of CPPB into the Commission's support was not a widespread practice over the period considered (2001 to 2010). The factors that prevented widespread mainstreaming have already been identified under FSP 4: insufficient use of formal conflict analysis, inconsistent quality of conflict assessments used in Country and Regional Strategy Papers, lack of systematic use of conflict assessments in programming, and lack of any requirement to mainstream conflict prevention into sectors not specifically focused on CPPB. Effectively, the undertakings set out in points i) and ii) above were not implemented in a systematic way. As identified under FSP 4, the reasons for this include: the fragmentation of responsibility for CPPB across a number of institutions (Commission DGs and the EEAS); lack of widespread dissemination and uptake of tools for assessing conflict and mainstreaming conflict prevention and approaches; and staffing constraints in EU Delegations in fragile or conflict-affected states, including staff shortages and lack of dedicated expertise in CPPB.

The failure of 'the most powerful instruments at the Community's disposal' (European Commission, 2001) in treating the root causes of conflict in a systematic and consistent way, has significantly undermined the achievement of the Commission's integrated approach to CPPB. It has also placed undue pressure on instruments established to respond to the specific needs of conflict and crisis situations. Chief amongst these is the IfS. The IfS is viewed as having added a dimension to EU external action since its inception in 2007 (Görtz and Sherriff, 2012), filling an important strategic, funding and capacity gap that enabled the EU to support a broad range of critical crisis response initiatives, as well as capacity building for crisis preparedness, that might not have been possible otherwise. The 2011 CPPB evaluation judged that the IfS has the capacity to respond quickly (though not necessarily quickly enough) in situations of short-term need, and has also in some cases been used for longer-term preventive action, because it can be mobilised faster than geographic assistance. However, its limited duration (maximum 18-24 months) was considered to have an impact on its effectiveness, as some projects with longer-term conflict prevention objectives could not be completed and in other cases long-term stabilisation could not be ensured. The key question here is whether the IfS should be adapted to fill the gaps left by the failure to integrate CPPB effectively into long-term geographic instruments, or whether the IfS should instead be supported by complementary interventions under longer-term instruments, as was the original intention of the 2001 *Communication on Conflict Prevention*.

The Commission's objective of integrating the link between relief, rehabilitation and development into its programming in fragile states is faced with similar coherence and instrumentation gaps. The 2011 CPPB evaluation found that in a number of cases, efforts have been made to link short- and long-term support via an LRRD approach, notably by linking programmes financed by ECHO support or EU Budget Lines into Country Strategy Papers and using mechanisms such as specialised sectoral assistance instruments, the IfS or flexible allocations under the EDF-B envelope to support the transition. However, concerns remain over the potential existence of a handover gap, particularly in cases where transition timelines prove too ambitious, and in light of the difficulties in adapting Country Strategy Papers to respond to changing needs (for example, changing focal areas during implementation or reallocating funds between focal areas).

Innovative approaches to transition financing: Lessons from South Sudan

In 2005, the Government of Sudan and the Sudan People's Liberation Movement signed a Comprehensive Peace Agreement, ending 22 years of civil war. The negative impact of the war on service delivery in the South had been enormous. It was estimated that 70% of the population had no access to safe water or sanitation, 75% had no access to health care, and 80% of children of school-going age were not attending school. Service provision was fragmented, with education services being administered by communities, and health and water services being delivered through local and international non-governmental organisations (NGOs). The newly established Government of South Sudan (GoSS) had weak to non-existent government capacity to plan and manage service delivery.

The UK Government launched the South Sudan Basic Services Fund (BSF) in October 2005, the same month in which the GoSS was established. The BSF was intended as a transition financing mechanism to bridge a gap between the run-down of relief and humanitarian aid programmes financed by the UN Common Humanitarian Fund and ECHO, amongst others, and the subsequent mobilisation of major development programmes, in particular the MDTF, to which the Commission was a contributor, using EDF resources. The BSF aimed to facilitate the transition from relief to development by delivering a measurable improvement in basic services as a contribution to the peace dividend, at the same time developing government's capacity to direct and manage those services. It was envisaged that once BSF funding came to an end, this integrated approach would be handed over to GoSS with the option of future support being channelled through government-led development funds, such as the MDTF.

The BSF model involved contracting a private sector fund manager to manage multi-year service delivery grants to NGOs. The fund manager was contracted to the UK Department for International Development (DFID), but its performance was overseen by a Fund Steering Committee, chaired by GoSS. The Steering Committee was responsible for approving grant allocations in line with the priorities established by the Fund.

It was originally intended that the BSF would run until 2008, by which point development financing mechanisms such as the MDTF were expected to be in a position to assume responsibility for service delivery. However, this assumption proved far too optimistic, and the BSF was eventually extended for a further four years to 2012. In the process, it attracted funding from four other bilateral donors.

BSF was successful in meeting its primary objective of contributing to improved coverage of and access to water and sanitation, education and health services in South Sudan. By the end of 2011, the BSF was estimated to be supporting between 20 and 30% of health facilities that opened regularly, without which they would be functioning much less, if at all. It was widely seen as an effective fund, which enabled donor funding to be channelled to service providers more rapidly than was the case for development funds, and more transparently than was the case with humanitarian aid, given Government involvement in the Steering Committee.

The actual duration of the BSF (seven years) illustrates the extended period for which financing can be required during a transition. The BSF's transitional model, involving multi-year financing to NGO service providers overseen by Government, provided a greater degree of financial predictability for service providers and enabled greater Government awareness of service provision. However, it had a limited impact on Government capacity for planning and delivering services, and questions were raised as to the longer-term sustainability of its interventions.

Following a crisis, the challenges related to LRRD planning are considered to be twofold (European Parliament, 2012): first, understanding the factors that provoked the crisis and enabling the proper reallocation of development resources to address them adequately, and second, managing the 'grey area' between the end-of-relief programmes and the launch of reconstruction and development programmes. In this context, the availability of Commission funding for the post-emergency phase is not sufficiently systematic. Given the lack of adaptation of most non-humanitarian instruments (thematic and geographic) to flexible or fast delivery, and the considerable challenges faced in reallocating development resources, post-emergency funding has tended to rely on attempts to stretch out the limits of the humanitarian phase funded by ECHO, as happened in Haiti, ad hoc allocations from the EDF B-envelope in ACP countries, for example Chad, and use of the IfS (European Parliament, 2012). Unless the Commission improves the tools at its disposal, particularly the flexibility and speed with which development funding can be accessed in post-emergency situations, it will continue to face challenges in systematically integrating an LRRD approach and facilitating the transition between humanitarian and development support in fragile states.

2.2.3 FSPs 6 & 10: Promoting non-discrimination and avoiding pockets of exclusion

In order to avoid potential linkages between discrimination, fragility and conflict, Principle 6 of the Principles for Good International Engagement in Fragile States and Situations requires international interventions in fragile states to promote gender equity, social inclusion and human rights. Principle 10 approaches discrimination from a more geographic perspective, requiring international actors to address the problem of 'aid orphans' (entire countries that are under-aided relative to need), as well as neglected geographical regions within a country and neglected sectors and groups within societies. In order to avoid unintentional exclusionary effects, the Principle also requires international actors to coordinate amongst themselves when making decisions on resource allocations.

The 2011 OECD report found that implementation of FSP 6 is 'broadly on-track', as development partners express a clear commitment to prioritising non-discrimination in all cases, have mechanisms in place to take into account the views of vulnerable groups in their programming, and implement projects that promote social and economic inclusion (OECD, 2011a). However, in order to improve implementation further, they should pay greater attention to supporting and influencing partner governments' policies on non-discrimination, and should mainstream approaches that promote the inclusion of vulnerable groups throughout their programmes. A number of countries, such as Sierra Leone, Chad and Haiti highlighted the need for greater attention to be paid to marginalised groups such as the disabled, whilst others, such as South Sudan and Timor Leste, voiced concerns over the potential risk that youth unemployment poses to continuing peace.

FSP 6: Promoting 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 statebuilding and service delivery strategies from the outset.

FSP 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, is therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans (OECD, 2007).

By contrast, implementation of FSP 10 was judged to be entirely 'off-track'. International actors were considered insufficiently attuned to the risk of aid worsening pockets of exclusion and had not developed strategies to address the problem. Uneven distribution of aid within a country was seen as contributing to marginalisation by almost all countries participating in the survey, and possibly risking return to conflict. For example, in CAR it was reported that humanitarian aid tended to be focused on post-conflict regions rather than those currently experiencing instability, while development aid was concentrated in Bangui and three other prefectures.

The absence of clear decentralisation strategies, or their effective implementation, presented another risk for geographic exclusion in a number of countries, and insufficient development partner support in this area was highlighted as a concern. For example, in Sierra Leone, it was noted that budget support donors have limited influence over the geographic distribution of budget transfers, yet the marginalisation of certain regions in terms of access to resources was a significant concern.

In addition, many countries reported that development partners were unable to provide information on the geographic distribution of aid in-country, which inhibited coordination and limited the scope for government and development partners to rectify imbalances in allocations. For example, in the DRC and South Sudan, donors said that the majority of their assistance benefited rural areas, but in the absence of data, there was a continuing perception that it was concentrated in urban centres.

The 2011 CPPB evaluation found that the Commission targeted its assistance on conflict-affected, isolated or vulnerable areas or communities prone to conflict factors, often intervening in zones that

were not, or were less, targeted by others. A number of countries participating in the 2011 OECD survey also reported that the Commission was providing support on decentralisation. However, it is evident that the EU acting in isolation cannot offset the effects of geographic marginalisation in fragile states. It is essential that its interventions are coordinated with those of other international actors, and where appropriate, national authorities. But as the 2011 OECD report shows, this is an area of considerable weakness, as in many countries, development partners are either unable to provide a sectoral or a geographic breakdown of their interventions, or do not consider it a priority to do so.

2.2.4 Efficacy of focusing on four out of the ten FSPs

The analysis presented here has focused on four out of the ten Principles for Engagement in Fragile States: prioritise prevention (FSP 4); recognise the links between political, security and development objectives (FSP 5); promoting non-discrimination (FSP 6); and avoiding pockets of exclusion (FSP 10). These principles were selected with a view to analysing how the EU can make its approach to fragile states, through the specific instruments and methods at its disposal, more anticipatory. In particular, the focus is on how to effect a shift from reaction to anticipation, prediction and prevention.

However, the analysis shows that performance against these four principles should not be considered in isolation from the ten principles as a whole. Under FSP 4 (prioritising prevention), weaknesses in analysing the root causes of fragility point to a failure to implement FSP 1 (take context as the starting point) effectively. Likewise, the weaknesses identified in the international community's early warning systems, specifically the lack of a shared framework for conflict prevention and the multiplicity of ineffective systems, points to shortcomings in implementation of FSP 8 (agree on practical coordination mechanisms).

One of the central challenges in implementing FSP 5 (recognise the links between political, security and development objectives) relates to the linkages between humanitarian and development interventions, and the need to adopt an integrated LRRD approach, particularly during and in the immediate aftermath of a crisis. FSP 9 (act fast... but stay engaged long enough to give success a chance) looks in greater detail at this specific issue, and in general finds that the lack of linkages between humanitarian and development assistance is a significant concern in many fragile states. As a result, in countries such as Somalia, long-term donor engagement is implemented through repeated cycles of short-term funding that do not focus on structural issues such as food insecurity and environmental degradation. Resources need to be able to be reallocated more rapidly between humanitarian and development programmes and activities, to avoid the sustained use of humanitarian funding in situations of transition.

Under FSP 10, the linkage between geographic marginalisation and insufficient support to decentralisation points to challenges experienced in the implementation of FSP 3 (focus on statebuilding as the central objective), where development partners' statebuilding efforts have tended to focus primarily on the central executive, with decentralised or sub-national administrations receiving less attention. Likewise, the inability of development partners to provide a geographic breakdown of their country assistance points once again to weaknesses in the implementation of FSP 8 (agree on practical coordination mechanisms).

It is of significant concern that the 2011 OECD report judged implementation of FSP 8 (agree on practical coordination mechanisms) to be entirely 'off-track' (OECD, 2011a). It found that a fully inclusive coordination structure, involving humanitarian, statebuilding and development actors and the state remains elusive. No country covered in the survey had a coordination mechanism that demonstrated it

can bring the various actors together. Effective coordination between development partners and government was also considered to be either partial or non-existent in the majority of countries, while development partners were also found to have made limited efforts to establish effective coordination mechanisms between themselves. In some cases, this lack of coordination leads to unwelcome levels of project proliferation, for example, in Timor Leste, where there are over 40 donors, and more than 170 projects with expenditures of less than USD 100,000. Evidently, such failures in coordination undermine the potential impact and effectiveness of any individual actor's interventions in fragile states. This poses a particular challenge to the EU, which needs to improve its coordination across three dimensions: internally, with EU Member States, and with other non-EU actors.

3. PROPOSALS FOR A MORE PROACTIVE, COHERENT AND COORDINATED APPROACH

The EU is not alone in recognising the limitations of conventional approaches to responding to the threat of armed violence in low income countries (LICs). Both multilateral organisations and individual countries have had to modify both organisational arrangements and instruments to adapt to the challenges of the early 21st century.

The EU can benefit from the enormous amount of work that has been carried out within the international community to understand the nature of fragility and to design strategies for reducing the risk of armed violence. Examples of such work from outside the institutions of the EU include the OECD DAC policy guidance on statebuilding (OECD, 2011b), the World Development Report 2011 (World Bank, 2011a) and the UN Secretary General's report on peacebuilding (United Nations, 2012). More recently, the *New Deal for Engagement in Fragile States* sets out a shared strategy for fragile states and international partners to support transitions from fragility to resilience. Broad lessons from this work include the following:

- Fragility is essentially of a political nature arising from deterioration of the relations between state and society.
- Countries reduce fragility by developing their own institutions that are seen as legitimate by their people and which can deliver basic services.
- Delivery of development services may influence public confidence in the state, but more often citizens seek personal security, dignity, justice and order, rather than chaos.
- Institutions tend to evolve in relation to a country's fundamental beliefs, history and culture and national institutions are likely to differ from country to country, as within the EU itself.
- Outsiders can influence the process of institutional change that underlies the transition from fragility to resilience, but attempts to drive it have usually failed. External influences can be positive, e.g. to provide space from conflict through peacebuilding that allows the national political settlement to develop, to increase respect for human rights, to promote the voice of excluded groups in political dialogue. However, outsiders can also have negative effects through creating economic rents from natural resource exploitation, through corruption that consolidates extractive elites, or by providing arms to favoured factions.
- Institutional change that leads to good enough governance in the eyes of the countries' citizens takes decades and many electoral cycles in partner governments eager to see short-term results. This requires balancing interventions that generate immediate, visible benefits for the country, and support for longer-term institution building that enables the country to stand on its own feet.

Getting this balance wrong can actually destroy existing institutions and create long-term aid dependency.

- While there may be consensus on definitions of fragility and how to address it, there is as yet no shared understanding on how to measure fragility in order to determine the effectiveness of efforts at country and global levels. This is related to the more general difficulties of measuring governance while recognising institutional diversity (Fukuyama, 2013). The g7+ is supporting efforts to develop new indicators using a 'bottom-up' series of consultations in a range of fragile countries, and early results indicate that people in fragile states can favour different types of measure than the international community, while other more standard measures are seen as politically problematic.

An issue for the EU is how to select which countries it wishes to focus its efforts to reduce state fragility on. Most recent work on fragility has focused on LICs, yet the recent revolutions in the Middle East and North Africa and in countries which have acceded to the EU show that fragility is not just a LIC issue. Furthermore, there are otherwise functioning states that have regional insurgencies or which are affected by criminal armed violence. The EU needs to decide whether its programmes to counter fragility should be directed to LICs alone, or whether a theme of supporting resilience should cut across all its programmes, perhaps also including those which support its Member States. The EU has interests that include the broader Mediterranean region and knowledge from working with states that have experienced fragility and conflict, which might suggest a comparative advantage beyond LICs.

While the EU in principle has the mandate to carry out an integrated political, security and development engagement in a fragile situation, more often it will operate in partnership with other international or regional actors that include:

- Multilateral organisations such as the UN, World Bank and the North Atlantic Treaty Organisation (NATO). A UN Security Council mandate is required for peacekeeping operations that affect the sovereignty of the country. The World Bank can bring expertise and funding that is politically neutral. NATO has expeditionary capacity and resources beyond the EU and its own Member States, as demonstrated in Afghanistan and anti-piracy operations. Yet these organisations have weaknesses as well as strengths: the UN has its own issues of internal coherence, efficiency and lack of resources; the World Bank charter prohibits it from engaging in political and security activities; and NATO is challenged to take collective decisions and integrate national forces in its operations.
- Regional organisations such as the Association of Southeast Asian Nations (ASEAN), AU, ECOWAS and the Pacific Forum, can help legitimise foreign engagement in fragile situations and bring local knowledge and resources. However, other regional organisations can lack capacity or ability to take decisions.
- Significant OECD countries, which are not EU members, and which have experience and resources in operating in fragile settings, e.g. Australia, Canada, Japan, Norway and the US.
- Emerging regional or global powers that may be engaged in particular fragile situations, e.g. Brazil (in Haiti), India (in Afghanistan), China (in anti-piracy near Somalia) and Turkey (in Afghanistan and the Middle East).
- Countries in the region around a fragile state which can play positive roles (e.g. related to trade and cross-border violence), or be spoilers.

Challenges in effective partnerships for the EU range from the political (for example, relations with NATO and the UN), to operational (for example, how to ensure that the impact of EU and partner interventions are greater than the sum of their parts). There are also organisational implications for the

EU with these partnerships, since relations with these partners are the responsibility of different EU institutions (Commission DGs and the EEAS), a point we return to later.

A strategic issue for the EU is the balance in establishing a coherent, coordinated EU engagement at each level of the Union. An approach that establishes a clear EU policy for working with fragile states at the level of the Council and the HR/VP – which is translated into policies and strategies at lower levels in EU institutions – has an intellectual appeal, but is it politically feasible? At the other extreme, it would be possible to develop coherence and coordinate at the level of particular fragile states, and build broader policies on this experience. In between, there are possibilities for like-minded Member States to support the EU institutions to implement joined-up approaches, with the ‘no-objection’ of other Member States. Where to concentrate efforts on these approaches, which are not mutually exclusive, is a political issue for the Member States and the European Parliament to consider.

Within EU organisations there are broadly two sets of issues related to an enhanced engagement in fragile states: alignment of EU organisations to fulfil the EU's fragile states objectives; and deployment of appropriate instruments to fulfil these aims.

3.1 Re-aligning EU institutions for success

As highlighted in Part II of this study, responsibility for fragile states’ issues is spread across the EU institutions, of which the EEAS and DG DEVCO are two with substantial engagements in fragile states. Organisational change to assign a single unit responsible for the EU's fragile states work might seem attractive, but organisational change is difficult in any organisation, imposes short-term costs, and may be difficult to negotiate through EU constituencies. Furthermore, no single unit may have the breadth of expertise and the human and financial resources to tackle a multidimensional issue such as state fragility. Industrialised countries have tended to solve this problem by appointing a high-level coordination group, usually located in the office of the head of government, or in the foreign ministry. In addition to the inter-institutional CPG, at Commissioner level, the EU might consider such an arrangement that would convene the Commissioners of relevant DGs and the HR/VP to agree policies, make plans for specific countries of EU focus and to allocate resources. The head of the coordination unit would be the HR/VP. The European Parliament would be consulted regularly and the HR/VP would ensure that the Parliament's views are taken into consideration. It is, after all, the Parliament that retains the last word with regard to funding for these policy areas.

The locus of the *New Deal* is clearly at the country level. The *New Deal* calls for country leadership, and ‘one vision, one plan’ based on country-led fragility assessments, and compacts between the country and its partners. This, and the recent analysis on how to engage in fragile settings, call for international partners to be facilitators and enablers, rather than seek to impose ‘best practice’. Iraq and Afghanistan show how a ‘capitals’ driven approach that disempowers legitimate authority does not deliver the intended results. There is a clear role for empowering the country offices of partners to engage substantively with the country on *New Deal* implementation. Headquarters driven approaches are likely to be too slow, make coordination with other partners cumbersome and lack the information needed for effective decisions on strategies, plans and management of risk. Empowerment of country offices and decentralising decision-making comes with greater accountability for EU representatives and greater tolerance by Brussels for outcomes arising from calculated risks that do not demonstrate negligence, taken by field staff. It follows that EU representatives in country need the skills, experience and judgment to fulfil this role. If the EU wants to see key principles for engagement in fragile states implemented, for example, prioritising conflict prevention, non-discrimination, and avoiding exclusion, these will need to be incorporated into the country plans and compacts envisaged under the *New Deal*.

Brussels may want to monitor, but the influence of the EU will be primarily through the Heads of Delegations, backed up as needed by the HR/VP. Establishing a culture of information- and risk-sharing and the delegation of authority is difficult in public bureaucracies, but generates potentially large benefits in improved relations with countries and partners, greater agility to respond as the situation on the ground changes and presents opportunities to be seized, and more effective interventions.

Decentralisation to Heads of Delegations has other implications, such as giving them the power to decide on how EU resources available to the country will be spent, including the flexibility to re-programme when circumstances on the ground change. Heads of Delegation need the authority to decide on all EU activities in the country and to avoid supply driven interventions that lack country ownership. They also need to be the prime interlocutor between the EU and the government and to manage this relationship under strategic guidance of the HR/VP, who in turn is accountable to the European Parliament. An enhanced role for the Head of Delegation is not a prescription to be a proconsul, but to facilitate and enable positive change within the country, strengthening rather than weakening the country's legitimate authorities. This may also require a change in the culture of the Commission from instructing and controlling Delegations to providing timely resources and support to do their work.

Greater decentralisation implies that EU missions need to be adequately staffed in terms of human skills and numbers and that internal incentives and human resource management can make this happen. Requirements for Head of Delegation need to be set high to ensure that those appointed have the professional excellence the position requires. Most organisations have difficulty in moving staff to field positions in fragile states. The EU's use of financial incentives, leave arrangements, family considerations and enhanced promotion prospects for successful performers must reflect best practice. Also, the number of staff in field positions must be commensurate with more responsibility devolved to Delegations, even though the costs of placing staff in fragile settings can be high - every person moving to the field will displace more than one position in Brussels. Better risk management from field-based staff and lighter internal processes should generate savings in Brussels, as well as greater programme effectiveness. In addition, action may be required to deal with the loss of institutional memory and country relationships due to shorter rotations of staff than in less fragile situations. Options to consider include, selecting staff able to stay in non-family postings and maintaining continuity in the team working on the country between Brussels and the Delegation so that more than one field posting is possible.

There are also issues of how the EU relates to coordination arrangements at the country level. While the international community often assigns responsibility for coordination of international support to the UN, it would also be possible for the EU to take such a mandate as its own mandate covers the key policy areas of political reform, security, development and humanitarian assistance. Even if the EU is not in the lead – and we would argue that it is best for the host government to take this leadership role if it is able to – the Head of the EU Delegation could have a seat at the table during key discussions between the host government and its key partners. This becomes more effective when the EU representative can speak on behalf of Member States. An example of this would be the Board of Principles in Bosnia-Herzegovina where the Head of the EU Delegation joined the heads of the main multilateral agencies to take collectively binding decisions (Ashdown, 2007).

How poor coordination weakens action on long-term prevention: lessons from Afghanistan

With more than 60 international partners, many of which were engaged in diplomatic, security, development and humanitarian activities, strategic coherence and coordination in Afghanistan has been a formidable problem. The fall of the Taliban government was the consequence of a short war in late 2001 fought mainly by anti-Taliban Afghan militias, particularly the Tajik dominated Northern Alliance, with US special forces and air support. Initially there were few international forces deployed to Afghanistan and the NATO mission was essentially peacekeeping in Kabul. Three military commands operated in Afghanistan: a US led anti-terrorism mission, a more conventional US command, and the NATO force. These operated with UN Security Council authorisation and were not unified for at least five years. NATO's mandate was eventually extended to cover most of the country. NATO forces were essentially an assembly of national units from many countries, many of which operated under 'national caveats' which defined their missions. Consequently, military activities in Afghanistan were a mixture of counter terrorism, counter insurgency and peacekeeping missions carried out by different national units under strategies that were, at best, only loosely coordinated.

A major gap arising from this approach was the lack of attention to rebuilding the police and justice sectors, somewhat surprising since order and justice based on Pashtun traditions was essentially the core of what the Taliban and tribal insurgents could offer to Afghans. While leadership of police and justice was given to two European partners, these sectors were under-resourced, apart from a United Nations Development Programme (UNDP) managed trust fund to pay police salaries, and opportunities to press for deep reforms similar to the army were missed. This was partly a consequence of the inherent difficulty of police reform, slowness by the Afghan government to see the impact of police predation on the legitimacy of the state, and the lack of a well-resourced multilateral agency to tailor an approach that would have ownership in Afghanistan. In addition, neither UNDP nor the donors which supported the fund for police salaries were willing, or able, to link the fund to reforms to create a police force with wide Afghan support. Similarly, in the justice sector there was a lack of realism of what could be achieved -- there were only a few hundred lawyers in the country with knowledge of formal law -- and about how a modern legal system would relate to tribal and shari'a justice and be seen as legitimate by Afghans.

Ten years after the international engagement with Afghanistan, the mixed effectiveness of the police and their predatory behaviour has undermined attempts to build an effective and legitimate Afghan state and weakened support for modern institutions. Taliban justice, with all its brutality and insensitivity to women, is often seen by inhabitants of rural areas as being more effective, predictable, impartial and just than the poorly functioning modern system. With the transition to full Afghan responsibility for security in 2014, there have been recent attempts to train the police to be more professional and to strengthen the higher judiciary.

What are the lessons from the Afghanistan experience?

In conflict prone situations an integrated approach involving security, justice, political reform, economic development and humanitarian relief is required. This poses huge challenges for partner governments (which may themselves struggle to achieve strategic coherence), the host government and multilateral agencies which may have limited mandates or relative strengths

and weaknesses among the strategic themes. Few international organisations have mandates in all these areas – the UN, EU and some regional organisations are among the few – and those that do have uneven capacity or lack resources.

Afghanistan demonstrates how long it takes to build local institutions that can provide governance the population considers tolerably good. Such timeframes encompass many electoral cycles in partner countries and it may at times be difficult to demonstrate results to partner taxpayers, particularly if there are temporary setbacks in governance. Maintaining long-term engagement becomes difficult for bilateral partners, who may want visible short-term results at the expense of developing national institutions. Multilateral agencies may be better adapted to withstand these pressures and to maintain a portfolio of countries that at any time includes a mix of high and low performing countries that ensure overall results

3.2 Harmonisation and alignment of EU assistance instruments

This study has also identified the multiplicity of financing instruments available to the EU for fragile states. While some rationalisation and simplification might be helpful in enabling countries and EU staff to understand what is available and to avoid duplication, a broad arsenal might be useful if the EU decides to engage in state fragility beyond LICs. At a minimum, the EU should be able to communicate clearly in one document what financing options exist for addressing fragility, which EU organisations are responsible for them, which recipients are eligible and the terms and conditions of each instrument.

Successful support for country transitions from fragility to resilience will require the EU to deploy instruments that support the underlying transformation of institutions within the country. There is some evidence that poorly chosen instruments not only slow down the development of institutions, but can actually destroy the nascent institutions that exist (Ghani & Lockhart, 2008; OECD, 2010b; Glennie et al., 2013). It seems clear that project aid, implemented in parallel to the legitimate state, can undermine it. Furthermore, there are trade-offs between short-term results often intended to reinforce stability, but which are often not sustainable, with instruments that do more to strengthen institutions and reduce aid dependence. Donor projects designed to create visibility for the donor, for example through donor flags painted on what they finance, may actually undermine the credibility of country authorities responsible for delivering the service (and the credibility of the donor too, if facilities fail to deliver services through lack of maintenance or recurrent cost financing, which citizens may blame on waste and corruption).

There is some evidence that broad development interventions are not critical to securing citizen support for the state during an insurgency or at the conclusion of hostilities. The World Bank's 2011 World Development Report postulates that a new government needs to do a few things well after a conflict in order to create citizen confidence in the state. Personal security is likely to be high on the list of public expectations after civil conflict. Yet the international community has had difficulty in supporting the justice sector, including police and corrections.

The gap in the international architecture for justice and public security creates an opportunity for the EU, which includes two important systems of justice, multiple national experiences on policing and personal security, and strong linguistic capacity. This raises the more general issue of whether the EU wishes to develop deep expertise in a number of thematic areas and the instruments needed to support them. While European Parliamentarians may wish to see certain themes and sectors supported in a

fragile state, it does not necessarily follow that these should be supported through EU institutions. Other multilateral organisations, Member States and bilateral partners might have more expertise and adequate finance. The police example indicates how the EU might decide on focus: the issue may be more amenable to multilateral rather than bilateral intervention, the EU can bring expertise from its Member States and operations outside the EU, there may be a gap in the international architecture, and the EU has the resources to make a significant difference.

The *New Deal* also calls for the use and strengthening of country systems. In a forthcoming ODI report, localised aid is defined as aid that flows to national institutions – the state, private sector and civil society organisations (ODI, 2013). While this includes direct budget support¹⁶, it also includes aid on budget with additional fiduciary controls¹⁷, and aid to organisations that in principle should not flow through the budget, for example civil society organisations (CSOs) which hold state and government accountable. Localised aid is associated with strengthening local institutions, stimulates the local economy, avoids distorting the labour market and provides value for money. However, it can appear more risky than project aid, as local institutions are responsible for managing the money and delivering outcomes. Fiduciary risks can be managed in fragile states, even in countries which rank low on international corruption perception scales, through support to reforming public financial management and in allowing external agents to provide temporary financial controls.¹⁸ The issue should not be *whether* to channel through country systems, but *how* to work with government and other partners to ensure *what* additional financial controls are put in place to lower fiduciary risks to acceptable levels, and to assure constituents that adequate processes will deal with the risk outcomes that are likely to occur.

The MDTF is another instrument that has worked well in post-crisis fragile states, particularly in Asia and the Middle East. Donors pool their funds and pool risks and delegate responsibility and accountability for fiduciary management and results to an administrator, usually a multilateral organisation such as the World Bank or UNDP. MDTFs usually flow through the budget of the beneficiary country, although the administrator may apply special financial controls and carry out *ex ante* reviews of procurement decisions. As well as implementing the Paris Declaration principles of donor harmonisation and alignment of aid with the country budget, MDTFs also substantially lower the transaction cost to the recipient government of having to respond to the reporting and other requirements of multiple donors. The EU has contributed to MDTFs in fragile states, such as the Afghanistan Reconstruction Trust Fund, which finances salaries and other recurrent costs of government as well as priority investments. EU rules on financial accountability have been an impediment to its initial participation in MDTFs, although these issues can be resolved if there is political will.¹⁹ EU financial and operating processes are more generally a constraint to its effectiveness in fragile situations. If reforms to its rules and procedures applicable to fragile states are too difficult, then EU financial resources might be more effective channelled through MDTFs, with EU representation in the governance arrangements of the fund.

As reforms to internal processes applicable in fragile situations might be difficult and take time to reach consensus among Member States, the EU might wish to consider whether to establish EU pooled

¹⁶ An African Development Bank and World Bank (2011) study on budget aid in fragile situations looked at their financing operations (including EU budget support) in four case studies in Burundi, Central African Republic, Guinea Bissau and Sierra Leone and concluded that it is possible to manage risks adequately in these settings.

¹⁷ See for example the case of the Liberia health pooled fund (Hughes, et al, 2012)

¹⁸ Examples of such countries include Afghanistan, where money flowing through Treasury systems has generally been well accounted for, and the health sector in Liberia.

¹⁹ According to those involved, the EU contribution to the Afghanistan trust fund was the longest to negotiate and needed the direct intervention of the Commissioner and president of the World Bank to resolve.

funding arrangements that could mobilise funding from Member States outside the EU budget. These could be constituted like an EU MDTF or a pooled funding arrangement jointly managed with the recipient country. It might be easier to start with a single country fund that involved like-minded donors with a shared appetite for risk in the particular country context. An EU pooled fund would lower the transaction costs (of dealing with multiple European donors) to government, and the donors would have an instrument that could back European diplomacy and dialogue on reforms in the recipient country. Critical conditions for the success of a pooled fund would be creating an enclave of streamlined processes and financial instruments that cut across EU organs and instruments to be able to fund all relevant areas in the country. An EU MDTF might allow some innovation that could be ring fenced from wider EU systems. The World Bank, for example, has been able to interpret its rules liberally and created special risk management frameworks for MDTFs when the downside risks of programme failure in a post-conflict state were greater than the additional fiduciary risks.

4. CONCLUSIONS AND RECOMMENDATIONS

This study makes the case that the effectiveness of the EU's engagement in fragile states, in particular its support to conflict prevention and periods of transition, is constrained by a number of key challenges. First and foremost, and in spite of the commitments set out in the 2001 *Communication on Conflict Prevention* (European Commission, 2001), the study finds that the EU has not been able to implement a systematic and long-term approach to prioritising prevention in fragile and conflict-affected states. Key weaknesses include insufficient analysis of the root causes of fragility, ineffective early warning systems, and inadequate integration of conflict prevention and peacebuilding approaches into programming at country level.

Second, in spite of the EU's recognition in various communications of the importance of LRRD, the study finds that the EU lacks a coherent approach to mainstreaming LRRD into its programming in fragile and conflict-affected states, and has not ensured that its various financial instruments are able to support the post-emergency transition from humanitarian to development assistance in a systematic way.

Third, the study finds that in general the EU has not coordinated sufficiently with other international actors engaged in fragile and conflict-affected states. Its cooperation with the UN remains largely ad hoc; although there have been efforts to strengthen cooperation at the operational level, cooperation at the policy level is somewhat lacking. Its cooperation with EU Member States engaged in fragile and conflict-affected states has, in many cases, remained at the level of information sharing, with very few examples of joint objective setting, joint programming or clear division of roles to enhance synergies and avoid gaps and duplications.

The weaknesses demonstrated by the EU in these areas are not necessarily quantitatively different to those demonstrated by other international actors engaged in fragile and conflict-affected states. The 2011 OECD survey of the implementation of the FSPs found that implementation of the principles is seriously off-track, and that most aid actors are neither set up to meet the specific challenges posed by fragile environments, nor systematically able to translate commitments made by their headquarters into country-level changes (OECD, 2011a). However, the EU's performance is exacerbated by a number of factors that are specific to its organisational and resourcing arrangements:

- **Responsibility for fragility and conflict at a policy level is fragmented across a number of institutions (EEAS, DG DEVCO, FPI).** In the absence of an integrated, whole-of-EU policy on security, fragility and development, it is not clear how these various units relate to each other and

the EU Delegations. This lack of organisational coherence has, in turn, limited the effective development, dissemination and uptake of various tools designed to enhance engagement at the operational level. Notably, where early warning systems exist, they have not been widely used or sufficiently comprehensive (ADE, 2011). Formal conflict assessments are neither systematically undertaken at country level, nor systematically integrated into programming (ADE, 2011). The Commission has no review mechanism to ensure that conflict prevention, peacebuilding and LRRD approaches are appropriately integrated into Regional and Country Strategy papers, and there is no obligation to mainstream conflict prevention into sectors that are not directly linked to conflict prevention and peacebuilding (ADE, 2011), for example service delivery sectors such as water, health and education.

- **There is insufficient coherence between the various financing instruments at the Commission's disposal, leading to gaps in the provision of financing for long-term preventive actions and post-emergency situations.** The IfS is only expected to provide assistance for conflict prevention to the extent that an adequate and effective response cannot be provided under other instruments of Heading 4 (European Commission 2011b, EU 2006). Its limited duration (interventions of a maximum of 18-24 months) reflects the fact that longer-term preventive actions are expected to be integrated into interventions financed by the DCI at regional and country-level. However, failure to mainstream conflict-prevention and peacebuilding into Country and Regional Strategy Papers, as noted above, has in turn meant that long-term preventive actions have not been appropriately programmed for under the DCI, leading to pressure on the IfS in some cases to finance projects with longer-term prevention objectives that cannot always be completed (ADE, 2011).
- **Commission funding for post-emergency situations that involve a transition from humanitarian and development assistance is not sufficiently systematic.** Most non-humanitarian instruments (thematic and geographic) are not adapted to flexible or fast delivery, and often face considerable challenges in reallocating development resources, in part because of the difficulty in adapting Country Strategy Papers to respond to changing needs, for example changing focal areas during implementation or reallocating funding between focal areas. As a result, post-emergency funding has tended to rely on attempts to stretch out the limits of the humanitarian phase funded by ECHO, ad hoc allocations from the EDF B-envelope in ACP countries and use of the IfS (European Parliament, 2012).
- **In spite of its policy commitments, the Commission has not made investing in expertise in fragility and conflict-prevention a priority, particularly at the operational level.** EU Delegations in fragile or conflict-affected states often face staff shortages, or lack dedicated expertise in conflict prevention and peacebuilding (ADE, 2011).

4.1 Recommendations

The study urges the EU to:

1. **Finalise the Action Plan on security, fragility and development requested by the Council in 2007.** The Action Plan should be based on a whole-of-EU approach that aims to ensure that the EU's objectives in the field of development cooperation, humanitarian assistance, peacebuilding, conflict prevention and international security are mutually reinforcing.
2. **Clarify the roles and responsibilities of the various institutions responsible for fragility and conflict at a policy and operational level.** Attempts to enhance institutional coordination through the establishment of an inter-institutional CPG are noted. The EEAS, through its Conflict and Security Policy Division, which chairs the CPG, should be tasked with

ensuring that the group is operational and delivers effectively against its mandate, which includes gathering and reviewing early warning information, identifying early response options, developing conflict risk analysis methodologies and broadly mainstreaming conflict-prevention into EU external action. With regard to the latter, the CPG should ensure that the necessary tools are in place to ensure that conflict prevention is mainstreamed into programming at regional level across all areas of cooperation.

3. **Convene a high-level coordination group on fragility, comprising the Commissioners of relevant DGs and the HR/VP, tasked with agreeing policies and monitoring progress for specific countries of EU focus.** The HR/VP would head the group and ensure that the European Parliament is consulted regularly so that the Parliament's views are taken into consideration.
4. **Devolve decision-making powers on integrated programming and flexible resource utilisation in fragile and conflict-affected states to Heads of Delegation,** in line with the country-level locus of the New Deal. This would avoid implementation gaps in support of long-term prevention and post-emergency transition, and maximise the speed and flexibility with which emerging gaps and needs can be addressed in line with the country plans and compacts established under the New Deal. This approach would need to be backed up by a serious investment in human resources at country level, ensuring that EU Delegations are fully staffed and have access to the necessary expertise in conflict-prevention and peacebuilding.
5. **Determine the breadth and depth of EU engagement in fragile and conflict-affected states.** In terms of breadth, the EU should consider in which countries it wishes to focus its efforts to reduce state fragility. In terms of depth, the EU should consider whether it wishes to develop a deeper expertise in certain thematic areas in which it has comparative advantage and which there are gaps in the international architecture, such as justice and public security, and develop specific instruments to support them.
6. **Communicate clearly in one document what financing options exist for addressing fragility, which EU organisations are responsible for them, which recipients are eligible and the terms and conditions of each instrument.** It should also seek to address existing obstacles to coherence across instruments, for example, by enhancing the adaptation of non-humanitarian instruments to flexible or fast delivery in contexts of fragility. Particular areas that could be considered include: streamlining the processes for adapting country-level programming established in Country Strategy Papers to respond to evolving needs, and making systematic provision for unallocated contingency allocations analogous to the use of EDF B-envelope allocations in ACP countries.
7. **Establish EU pooled funding arrangements that could mobilise funding from Member States outside the EU budget.** These could be constituted like a MDTF or a pooled funding arrangement jointly managed with the recipient country. It might be easier to start with a single country fund that involved like-minded donors with a shared appetite for risk in the particular country context. A European pooled fund would lower the transaction costs (of dealing with multiple European donors) to government, and the donors would have an instrument that could back European diplomacy and dialogue on reforms in the recipient country.

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ISBN 978-92-823-4409-5



ISBN 978-92-823-4409-5
doi: 10.2861/2196