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INTERNATIONAL ALERT

ENHANCING EU IMPACT ON CONFLICT PREVENTION

DEVELOPING AN EU STRATEGY TO ADDRESS FRAGILE STATES:

PRIORITIES FOR THE UK PRESIDENCY OF THE EU IN 2005

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JUNE 2005

CONTENTS

LIST OF FIGURES

ACRONYMS

ACP	Africa, Caribbean and Pacific
AU	African Union
CCA	Country Conflict Assessments
CSP	Country Strategy Paper
CFSP	Common Foreign and Security Policy
CIVCOM	Committee for Civilian Aspects of Crisis Management
CPU	Conflict Prevention Unit
DDR	Disarmament, Demobilisation and Reintegration
DEVCO	Committee for Development Cooperation
DG Development	Development Directorate General
DG Enlargement	Enlargement Directorate General
DG Relex	External Relations Directorate General
DG Trade	Trade Directorate General
DfID	Department for International Development
DRC	Democratic Republic of Congo
EC	European Community
ECHO	European Conflict and Humanitarian Office
ECOWAS	Economic Community of West African States
EDF	European Development Fund
EIDHR	European Initiative for Human Rights and Democracy
EITI	Extractive Industries Transparency Initiative
ENP	European Neighbourhood Policy
EPA	Economic Partnership Agreement
ESDP	European Security and Defence Policy
ESS	European Security Strategy
EU	European Union
EUPM	European Union Police Mission
EUSR	European Union Special Representative
FDI	Foreign Direct Investment
FLEGT	Forest Law and Environmental Governance Trade Initiative
GAERC	General Affairs and External Relations Council
HIPC	Heavily Indebted Poor Countries
IFI	International Financial Institution
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
JHA	Justice and Home Affairs
LICUS	Low Income Countries Under Stress
LRRD	Linking Relief, Rehabilitation and Development
MDG	Millennium Development Goal
MNC	Multinational Company
NEPAD	New Partnership for Africa's Development
NIP	National Indicative Programme
NGO	Non-governmental Organisation
NSA	Non-State Actor
OECD-DAC	Organisation for Economic Co-operation and Development – Development Assistance Committee
OHR	Office of the High Representative
OSCE	Organisation for Security and Co-operation in Europe
PPEWU	Policy Planning and Early Warning Unit
PSC	Political and Security Committee

PSOF	Peace Support Operations Facility
PTA	Preferential Trade Agreement
RRF	Rapid Reaction Force
RRM	Rapid Reaction Mechanism
RSP	Regional Strategy Papers
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SALW	Small Arms and Light Weapons
SECI	South East European Co-operation Initiative
SFOR	NATO's Stabilisation Force
SSR	Security Sector Reform
TACIS	Technical Assistance to the Commonwealth of Independent States
TNC	Transnational Companies
UK	United Kingdom
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees
UNPF	United Nations Population Fund
UN MONUC	United Nations Mission in the Democratic Republic of Congo
UN PoA	United Nations Programme of Action
WMD	Weapons of Mass Destruction
WTO	World Trade Organisation

EXECUTIVE SUMMARY

'We must move from reaction towards prevention, and develop integrated policy approaches on prevention of state fragility.'

STEFANO MANSERVISI, DIRECTOR GENERAL, DG DEVELOPMENT, EUROPEAN COMMISSION.

'International assistance must not shy away from the most challenging environments if it is to prevent humanitarian catastrophes like Darfur from occurring. No foreign policy can afford the implications to global security,'

SUMA CHAKRABARTI, PERMANENT SECRETARY TO THE UK'S DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID)

The European Security Strategy highlights 'state failure' as one of the five key threats facing Europe - along with the proliferation of weapons of mass destruction (WMD), terrorism, organised crime and regional conflicts. Yet while the EU has devoted considerable focus to addressing WMD and terrorism, it has paid less attention to state failure, which underpins all of these other threats.

Fragile states are those that are unable or unwilling to provide core functions - security, governance and public services - to the majority of their people. They directly undermine the EU's security, as exemplified by the increasing threat of organised crime from the Balkans. They also undermine many of the EU's other objectives – notably, peacebuilding, poverty reduction and the achievement of the Millennium Development Goals. Indeed, as the recent report of the UN's *High Level Panel on Threats, Challenges and Change* points out, increasing the number of capable states is 'the indispensable foundation of a new collective security'.

The EU has enormous potential to address the issue of fragile states because of the wide range of policy instruments it has at its disposal. It is the world's largest aid donor and a global trade giant. It has diplomatic muscle through its Common Foreign and Security Policy, and Delegations in over 120 countries, as well as an emerging European Security and Defence capability.

Yet, at present, the EU does not apply these instruments effectively in fragile states. Building truly capable states requires that the EU places greater emphasis on tackling the structural causes of state failure. This means going beyond addressing the symptoms (e.g. via crisis management operations) and developing comprehensive approaches to a much broader range of 'fragile' states.

This year provides a unique opportunity for action. The UK Government simultaneously holds the Presidencies of the G8 and EU and has made Africa, the region where the problems of fragile states are most acute, a key priority. The Commission for Africa, launched by the British Prime Minister Tony Blair in February 2004 has produced a comprehensive report putting forward a clear agenda for change. Much attention has rightly been focused on the G8's role in delivering this, as it is a key international forum for political leadership. However, in many ways it is the EU with its unique combination of policy and operational instruments that offers the greatest potential for progress. The challenge for the UK Presidency is to build on the work already underway, and to contribute to the development of a long-term, comprehensive EU strategy for engagement with fragile states.

This report assesses how the EU's range of policy instruments and structures can more effectively be used to address the causes and consequences of fragile states and provides practical recommendations targeted at the EU Presidencies, the European Council, Commission and Parliament.

THE CHALLENGES OF ENGAGING WITH FRAGILE STATES

Each context is different. Each fragile state is complex and its particular problems unique. This presents difficult policy challenges and means that there can be no 'one size fits all' approach.

Assessing a state's willingness to engage. The international community faces challenges in assessing whether or not a state is fragile because of weak capacity, lack of political will, or both. Understanding the type of state is important for developing appropriate responses. For example, some might be 'willing' but incapable while others might be 'unwilling' yet capable.

Finding suitable 'entry points'. The international community has tended to 'isolate' non-cooperative states, as was the case in Afghanistan under the Taliban. This has often been counter-productive. When fragile states are unable or unwilling to engage with the international community, assistance has to be delivered in innovative ways and 'drivers for change' identified (such as progressive people within governments and leaders of civil society organisations).

Intervention can do more harm than good. The impact of engagement with, or intervention in, a third country is not always benign. The manner in which EU engagement or interventions are carried out is essential to their success; the challenge therefore is to understand how an EU presence in a fragile state will add value to the peacebuilding process.

Achieving sustainable states. Military responses, once states have already reached crisis point, can only deal with the symptoms of state failure; they are unlikely to address the root causes of instability. Yet, the EU continues to invest more time and money in developing its military crisis management capabilities than its civilian capabilities. Furthermore, there is a legitimate concern about the manipulation of development assistance and trade agreements in pursuit of short-term EU foreign policy interests, especially in the period since September 2001. Achieving well-governed sustainable states requires long-term preventive engagement with a wide range of policy instruments, most of them civilian.

Getting the right mixture of instruments. One major policy challenge is to overcome the differences between a range of actors in understanding how to achieve the right balance between security, development and governance policies, through use of political dialogue, development assistance, trade agreements and peacekeeping forces. Applying these instruments successfully is further complicated in this context due to the limited capacity of fragile states to absorb rapid institutional or economic reform.

Addressing the regional dynamics of instability and violent conflict. Too often international donors and policy makers fail to take a regional approach to state failure and violent conflict in their programme/policy analysis and design. However, two-thirds of the economic damage made by a fragile state are also costs imposed on its neighbours. Organised crime networks, terrorists, refugees, mercenaries and small arms – the causes and consequences of state fragility – also cross borders. The African Great Lakes and Manu River Union in West Africa exemplify the disastrous affects of regional conflict dynamics.

The EU's institutional structure inhibits coherent action towards fragile states. Due to its problematic 'pillar' structure, the EU continues to lack the necessary coordination to maximise the potential of its instruments. This institutional disconnect between the Commission and the Council means, for example, that complementary conflict prevention and development programming is not integrated into the strategic and operational planning of ESDP crisis management operations.

Achieving EU and Member State coherence. The lack of coherence in donor policies among the EU, its Member States and other major actors puts unnecessary pressure on the feeble capacities of fragile states. Member State policy in-country can also sometimes contradict EU policy. This represents a major challenge to the effectiveness of the EU's impact.

OVERALL RECOMMENDATIONS

Actively implement the *OECD Principles for Good International Engagement in Fragile States* in all EU programming and lead on strengthening these principles at an EU level by:
a) expanding them to relate to broader sectors, such as trade and environment, and
b) integrating approaches that are regional, embedded in conflict sensitivity (i.e. moving beyond Do No Harm) and local participation (i.e. less state-centric) and that strengthen co-ordination *across* donors.

Agree a Council Common Position on Fragile States to ensure that a common, strategic approach is made a political priority. Building on the above, the Position should outline the range of EU policy instruments available and how emerging EU structures and institutions can effectively work together to achieve a coherent response. It should emphasise the importance of tackling the structural causes of fragile states, rather than just focus on the consequences, such as terrorism, WMD, organised crime, civil conflict and humanitarian emergencies.

Make conflict analysis a pre-requisite for programme development and policy formulation. EU policies and actions to address fragile states will only be effective if they are based on sound conflict analysis. This should be compulsory for the development and review of country strategy papers, humanitarian action, trade agreements and the design of ESDP missions. Any analysis must also take into account the regional dynamics of state fragility and violent conflict.

Develop preventive strategies for key fragile states. In difficult environments it is vital that the EU has a clear strategy for how its different policy instruments will work together to address instability. These strategies were suggested in the 2001 Göteborg *Programme for the Prevention of Violent Conflict* and a number of pilots were begun which have since been halted. The Council and Commission (with the Delegations) should draw up a list of key fragile states and develop and implement new strategies that include: national and regional peacebuilding assessments; mapping of existing initiatives and donor added value; broad-based consultation; framing of implementation mechanisms, resources and timeframes and a plan for coherent implementation.

Target more development assistance to fragile states. There has been legitimate concern in development circles about the focus on fragile states and the potential 'securitisation' of aid. It is vital to ensure that poverty reduction and conflict prevention are the core objectives of development assistance in these environments. ODA should not be diverted to short-term security issues such as the 'war on terror' or weapons of mass destruction. However, if security is an obstacle to development in a fragile state then funds should be targeted to address this, as part of a poverty reduction strategy.

Ensure better linkages between crisis management and longer-term civilian, development and peacebuilding programmes to build sustainable states via strengthened joint assessment and planning across EU institutions, with a greater contribution by a bigger and more balanced Civilian-Military Cell and implementation of the Civilian Response Team concept.

Better understand how regional aid, trade and political 'partnership' agreements impact on peacebuilding processes through country strategy papers and CFSP processes, and consider developing these (such as the European Neighbourhood Policy and Cotonou Agreement) with fragile states beyond EU borders and non-ACP countries (e.g. in Latin America and Asia, in particular).

Ensure that during preparatory assessments of the structure of the proposed External Action Service, short-term foreign policy agendas do not undermine the chances of longer-term poverty reduction and peacebuilding. Lessons should be learned from 'joined-up' Member State approaches to conflict prevention, such as those in Germany and the UK.

Conduct an annual review of 'coherence in external actions' via the Presidency, under the scrutiny of a joint committee composed of the European Parliament's Development, Foreign, Defence and Budget Committees.

LINKING SECURITY, GOVERNANCE AND DEVELOPMENT IN FRAGILE STATES

Why a coherent, peacebuilding approach to fragile states is needed?
Over 75 per cent of fragile states are conflict-affected, and the remaining 25 per cent are conflict-prone. Whether or not a state is affected by conflict, a strategic peacebuilding approach provides the most meaningful framework for addressing the root causes of state failure.

Peacebuilding in fragile states uses a wide range of policy instruments to help develop the structural conditions, attitudes and modes of political behaviour that may permit peaceful, stable and prosperous social and economic development. Peacebuilding is a process and to understand it properly, it helps to break it down into its component parts under security, governance and development. However, unless the components are linked conceptually in analysing, planning and implementing engagement with fragile states for the longer-term, their peacebuilding potential will be limited.

SECURITY

Fragile states are often characterised by their inability to provide security and safety for their populations. The role of the European, Security and Defence Policy (ESDP) in fragile states is, in part, to secure a level of stability and to help implement the EU's humanitarian responsibility. However, ESDP also plays a broader role by supporting the development of state institutions and creating space for longer-term, social and economic development to take place.

Maintaining political dialogue with fragile states is one of the most effective means of preventing states from reaching crisis point. The EU's greatest added value in engaging fragile states is when it speaks with a common political voice. Based on the quality of the analysis, political dialogue (under the Common Foreign and Security Policy, CFSP) can either enable or prevent all other forms of EU assistance from taking place. Early warning and early action, based on strong and shared analysis provide the best means to utilise effective political dialogue, and consequently the range of other EU instruments.

RECOMMENDATIONS

The EU should:

CFSP
- **Review the indicators for the European Council watchlists to ensure they include monitoring for longer-term proximate and structural causes of conflict, and ensure that the European Commission country conflict assessments better inform the watchlists;**
- **Strengthen the transfer and absorption of skills and experience from the EU to regional organisations through staff training in, for example, conflict prevention theory and practice and offer competitive salaries to promote staff retention;**
- **Identify and support key reformers, both in governments and amongst local civil society organisations, as alternative entry points in fragile states and seek to enlarge their political space;**

EDSP
- **Develop a strategy for 'multifunctional' crisis management operations via a joint strategic planning unit within the Civil-Military Cell, composed of sufficient numbers of civilian staff and interdisciplinary experts to assess mission needs and develop scenario planning;**

- **Implement the Civilian Response Team concept, under discussion in the Council as a new tool for enhancing civilian crisis management capabilities, involving NGOs also in this framework;**
- **Develop security sector reform (SSR) and disarmament, demobilisation and reintegration (DDR) concepts that are designed and implemented jointly by the Commission and Council - to ensure that DDR processes prioritise reintegration, approaches to SSR are participatory and that both include measures to control small arms;**
- **Support the development of national and regional action plans for the control of small arms in conflict regions; strengthen the criteria in the *EU Code of Conduct on arms exports*; strengthen the *Common Position on arms brokers* by making extra-territorial controls mandatory; support the establishment of an International Arms Trade Treaty; and develop a comprehensive EU disarmament and arms control strategy across the pillars with a significant budget to support its implementation.**

GOVERNANCE

The European Security Strategy highlights that 'well-governed states' are essential to prevent conflict and instability. A 'well-governed state' relies upon the development of representative, accountable and accessible political, judicial and security structures and processes. However, one major challenge that the EU and the international community at large are facing in fragile states is the discrepancy between democratisation and peacebuilding.

Well-governed states also require the accountable management of resources – including international corporate investment and activity. However, as globalised markets increasingly bring European companies to invest in fragile states, and into contact with existing and potentially violent conflict, the limited global regulation of the sector has become a major challenge.

RECOMMENDATIONS

The EU should:

DEMOCRACY-BUILDING

- **Move away from isolated, self-standing political aid projects towards a more comprehensive approach that addresses the political causes of state fragility;**
- **Develop better links between high-level political processes and grass roots democracy-building measures;**
- **Develop guidance on democratic reform in conflict-prone countries, centralising conflict analysis as key to the sustainability of democracy-building processes;**

EUROPEAN CORPORATE REGULATION

- **Set up a taskforce including relevant Commission DGs and interested Member States to clarify the roles and responsibilities of European companies in fragile states and develop clear and comprehensive guidelines to regulate their activities, including an Action Plan for implementation;**
- **Raise awareness among European companies of emerging best practice in this area, and promote and support ongoing research;**
- **Ensure that international norms and agreed principles are integrated into a Council Common Position on Fragile States.**

DEVELOPMENT

It is clear in fragile states that effective development cannot take place in a social and political vacuum. An estimated one-third of people living in poverty around the world live in fragile states. Underdevelopment is an inevitable consequence and cause of fragile states, especially when reinforced by insecurity over access to political, social and economic resources.

In delivering its core mandate of poverty reduction, EC development aid has an important role to play in addressing virtually all the structural problems of politically fragile states. These include weak governance, mismanagement of natural resource revenues, unequal access to basic services and unaccountable security sectors.

The EU is attempting to increase coherence across its security, governance and development issues, which is welcome. However, 'coherence' must reflect a common goal; one of humanitarian principles, poverty reduction, conflict prevention and peacebuilding. For this to succeed, there must be greater coherence across the EU's humanitarian, development and trade policies.

RECOMMENDATIONS

The EU should:

- **Ensure that ECHO, DG Development and DG Trade undertake conflict impact assessments as the basis for all policy negotiations (e,g. Economic Partnership Agreements) and programme design (e.g. country strategy papers) in collaboration with Delegations and with each other;**

HUMANITARIAN ACTION
- **Ensure that ECHO representatives regularly attend planning scenario meetings at the Civil-Military Cell, so that the considerations relating to humanitarian operations and the preservation of the 'humanitarian space' can be properly taken into account;**
- **Seriously consider the potential negative impact on the professionalism of EU humanitarian aid delivery of the establishment of a Humanitarian Voluntary Aid Corp;**

DEVELOPMENT
- **Promote the emerging alternative approaches and instruments for delivering aid in fragile states by drawing on the current research being undertaken within the framework of the OECD-DAC Learning and Advisory Process and the World Bank;**
- **Ensure the EU fully engages with assessment and coordination frameworks such as the UN/World Bank joint assessment missions and the Transitional Results Framework;**

TRADE
- **Ensure that mitigation packages for the impact of Economic Partnership Agreements (EPA) are based on conflict assessments, and that the role of trade in conflict prevention is included in country strategy papers;**
- **Second staff from DG Relex, DG Dev and development departments of EU Member States to DG trade to encourage joint working and knowledge sharing on the role trade plays in fragile states.**

CHAPTER 1. INTRODUCTION

'(Fragile states) present an enormous challenge to the achievement of the Millennium Development Goals and have a major impact on regional and global security.'

RICHARD MANNING, CHAIR OF THE OECD/DAC

The European Security Strategy highlights 'state failure' as one of the five key threats facing Europe. Such states can and have become a breeding ground for organised crime and terrorism and these *consequences* spill over borders – having a direct impact on the EU, for example through refugee flows and the illicit trafficking in people, drugs and weapons. The impact of fragile states also undermines virtually every EU objective - including poverty reduction (particularly the achievement of the Millennium Development Goals), the promotion of human rights, conflict prevention, increasing trade and investment, controlling asylum, and energy security.

Too often, however, the *causes* of state failure (or fragile states) are overlooked, as is the fact that those who suffer most are the poorest. Yet addressing the causes is far more cost effective than having to undertake remedial action by way of military intervention (as has happened in Afghanistan and Iraq) once failure actually occurs. Despite this, no EU policy approach to fragile states currently exists[1].

The EU has enormous potential to address the causes of fragility in those states that are unable or unwilling to provide governance, security and services[2] to their citizens; and in so doing could fulfil its aspiration as a serious international player. Through its wide range of policy instruments, including aid, trade, defence and diplomacy and its presence in over 120 countries (a third of which are affected by conflict), the EU has already begun to develop unique relationships with fragile states in its neighbourhood and beyond.

However, EU action is still often fragmented and uncoordinated, lacking an overall strategy and direction. The task now is to work on refining these policy instruments within coherent and effective strategies that seek to prevent and address the causes and consequences of fragile states. Proposed changes to the EU as outlined in the Constitutional Treaty, including the External Action Service and the European Foreign Minister (who will have a foot in both the Commission and the Council), offer the opportunity to make this happen.

Over the past year, there has been increased international debate and policy interest in fragile states. The reports of the UN High Level Panel on Threats, Challenges and Change and the Sachs Millennium Project, both reiterate the inextricable links between development and security and a recognition that development's role in building capable states is the indispensable foundation of a new collective security.

Many key multilateral institutions including the UN, OSCE, OECD and World Bank, as well as certain governments - such as those of the US and individual EU Member States - are attempting to develop strategies to engage such states[3]. The UK Government in particular

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[1.] Implementation of the European Security Strategy (ESS) has not focused on fragile states. This is despite the fact that of the five threats identified - terrorism, WMD, organised crime, regional conflicts and state failure - the first four are a consequence of state failure. In January 2005, an internal Commission-Council Policy Unit paper, "State Failure: a variety of opportunities to act" was drafted but has not been taken further. In November 2004, the Commission produced a Communication on Governance and Development that reflected the complex and nuanced issues of the development-security-governance nexus. However, the Communication has not received Council endorsement.

[2.] See 'Failing states - a global responsibility', Advisory Council on International Affairs, the Netherlands, May 2004.

[3.] For example, the UN High-level Panel Report, identified a key institutional gap in the UN system being the lack of a UN organ "explicitly designed to avoid state collapse and the slide to war or to assist countries in their transition from war to peace." In January this year, a joint WB, OECD-DAC, EC Senior Level Forum, on fragile states was hosted by DFID in London, resulting in the OECD Principles for Good International Engagement in Fragile States. These principles offer a starting point for any further EU policy development on fragile states.

has prioritised the issue, with major policy papers emanating from the Cabinet Office and the Department for International Development (DFID)[4]. There is, therefore strong political impetus internationally to move policy and practice forward.

This year provides a unique opportunity for action. The UK Government simultaneously holds the Presidencies of the G8 and EU and has made Africa - the region where the problems of fragile states are most acute - a key priority. The Commission for Africa, launched by the British Prime Minister Tony Blair in February 2004 to take a fresh look at the international community's role in Africa's development, has produced a comprehensive report putting forward a clear agenda for change. Much attention has rightly been focused on the G8's role in delivering this, as it is a key international forum for political leadership. However, in many ways it is the EU with its unique combination of policy and operational instruments that offers the greatest potential for progress. The challenge for the UK Presidency is to build on the work already underway and develop a long-term, comprehensive EU strategy for engagement with fragile states.

This report aims to outline why and how a coherent EU strategy for engaging fragile states from a conflict prevention perspective should be developed. Greater emphasis, therefore, is given to how the EU can better address the causes of fragile states, although reference is also made to addressing the consequences. Its focus is largely on the policies and structures of the European Council and Commission rather than the policies of individual Member States. The report analyses how the EU is currently engaging three fragile states - Nigeria, Nepal and Georgia - all of which are experiencing differing levels of instability (Chapter 2). It then assesses how the EU's range of policy instruments and structures can be used more effectively to address the causes and consequences of fragile states (Chapter 3) and provides practical recommendations targeted at the EU Presidencies, the European Council, Commission and Parliament.

1.1 WHAT IS A FRAGILE STATE?

Fragile states are not a new phenomenon. They have risen up the international political agenda partly as a response to events on 11 September 2001, when politicians realised that they could not ignore the impact of instability in distant parts of the world. It is also due to a growing recognition of the interconnectedness of security, development and governance. In the past, the international community focused its efforts on rewarding states that it judged were performing well through aid provision - emphasising strict fiscal discipline, financial and trade liberalisation. Poorly performing countries, by contrast, were left isolated. In some cases this led to major crises or even state collapse. New approaches are therefore needed.

Fragile states can also be referred to as "weak/failing/failed states", "rogue states", "poor performers", "countries at risk of instability", and "Low Income Countries under Stress" (LICUS). The European Commission, in its excellent *Communication on Governance and Development* (October 2003), refers to 'difficult partnerships' ('characterised by a lack of commitment to good governance'), and 'weak governance' ('where the Government makes efforts and is committed, but capacity is weak and outcomes are limited').

Following the World Bank, OECD-DAC and European Commission "Senior Level Forum on Development Effectiveness in Fragile States" – hosted by the UK's Department for

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[4.] DFID, 'Why we need to work more effectively in fragile states' January 2005, http://www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf DFID, 'Fighting poverty to build a safer world: A Strategy for security and development', March 2005, http://www.dfid.gov.uk/pubs/files/securityforall.pdf; Prime Minister's Strategy Unit, UK Cabinet Office, 'Investing in Prevention: an international strategy to manage risks of instability and improve crisis response', February 2005, http://www.strategy.gov.uk/output/Page5426.asp.

International Development in January 2005, some consensus appears to have been developed on a broad definition to capture all of these terms. **Fragile states are those where the state power is unable and/or unwilling to deliver core functions to the majority of its people: security, protection of property, basic public services and essential infrastructure**. This broad definition allows for a wide scope of fragile states, including those states in pre- and post-conflict phases, and does not limit it to those countries actually experiencing conflict.

1.2 WHY THE EU NEEDS TO ENGAGE WITH FRAGILE STATES

Strengthening European security

The European Security Strategy (ESS) highlights 'state failure' as one of the five key threats facing Europe and the world - along with terrorism, the proliferation of weapons of mass destruction (WMD), regional conflicts and organised crime. These threats are obviously interconnected and state failure often represents the major causal factor. Fragile states can and have become, for example, a breeding ground for organised crime and terrorism, as well as being a key cause of regional conflicts. These consequences of fragile states spill over borders and have a direct impact on the EU through, for example refugee flows and the illicit trafficking in people, drugs and weapons.

Achieving the Millennium Development Goals

The EU and its Member States combined form the world's largest development assistance donor. Poverty is widespread in fragile states. The majority of the 59 countries least likely to achieve the Millennium Development Goals (MDGs) are fragile, containing an estimated 900 million people[5]. Fragile states are, therefore a major obstacle to commitments made by the EU and its Member States on delivering global peace and security and achieving the MDGs.

Promoting the EU as a global actor

The EU has enormous potential to address the challenges posed by fragile states. It has the capacity to address both the causes and consequences of fragile states with its wide range of policy instruments, including aid, trade, defence, and diplomacy. The EU also has the ability to turn policy into practice through the extensive outreach provided by its Delegations in over 120 countries across the world. A coherent EU approach to fragile states could also significantly improve donor coordination, as EU states are prominent members of the UN, World Bank and IMF.

High cost of a slow response

It is clearly less costly to prevent states from reaching crisis point, than addressing the conflict once it has broken out. A recent study estimated that on average each £1 spent on conflict prevention generates a £4 saving to the international community[6]. Nevertheless, global military budgets are increasing and the world currently spends almost twenty times as much on armed forces as it does on development and conflict prevention[7].

EU policies are part of the problem

Certain EU policies are actually contributing to the problems of fragile states and some aspects of current EU engagement with fragile states can be contradictory, and inadvertently contribute to instability. This can happen in different ways, for example, through irresponsible arms exports

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[5]. UNDP Human Development Report, 2003 and DFID, 2004.

[6]. Chalmers. M, 'Spending to save? An analysis of the cost effectiveness of conflict prevention versus intervention after the onset of violent conflict', Bradford, 2004.

[7]. According to James Wolfensohn, former President of The World Bank, the world spends only 50 billion dollars on development aid annually while it spends 950 billion dollars on its armed forces. September 2004 BBC News

to countries that abuse human rights; through the inappropriate exploitation of natural resources by European multinationals; and by agricultural and trade policies that protect EU interests and disadvantage developing countries. At the very least, the EU should ensure that its policies in fragile states "do no harm".

Humanitarian imperative to protect

The EU was formed on the basis that it wished to protect its citizens from war and instability. In a globalised world the EU has a moral duty to extend this humanitarian imperative beyond its immediate borders. Two-thirds of the world's poorest people live in fragile states and lack basic services, access to power and security. For example, more than three million people have died in the Democratic Republic of Congo since the start of the war. As the world's largest trader and humanitarian and development aid donor, and with the ability to deploy civilian and military peacekeepers, the EU is well placed to take greater action to protect people in fragile states and work with them to address their causes.

1.3 THE CHALLENGES OF ENGAGING FRAGILE STATES

'…fragile states are the hardest countries in the world to help develop. Working with them is difficult and costly and carries significant risks'.

DFID, 'WHY WE NEED TO WORK MORE EFFECTIVELY IN FRAGILE STATES', JANUARY 2005

Each context is different

Each fragile state is complex and its particular problems unique. Hence, they present difficult policy challenges, and there can be no 'one size fits all' approach. This accentuates the importance of carrying out thorough shared analysis of the causes of fragility before undertaking any engagement.

Assessing a state's willingness to engage

The international community faces challenges in assessing whether or not a state is fragile because of weak capacity, lack of political will, or both. Understanding the type of state is important for developing appropriate responses. For example, some might be 'willing' but incapable while others might be 'unwilling' yet capable.

Finding suitable 'entry points'

When positive engagement with fragile states is not possible, because states are unable or unwilling to engage with the international community, assistance has to be delivered in different ways. Whilst NGOs and humanitarian actors can provide service delivery in such situations, the international community has tended to 'isolate' non-cooperative states, as was the case in Afghanistan under the Taliban. Identifying key reformers within a fragile state is one important requirement, although this must be undertaken sensitively to avoid being counter-productive.

Intervention can do more harm than good

The impact of engagement with, or intervention in, a third country is not always benign. The manner in which EU engagement or interventions are carried out is essential to their success. For example, if the provision of social services is improved to one ethnic group but not to another, this could exacerbate local tensions. Another instance would be if EU troops used excessive force against a civilian population, as this would undermine the EU's purpose and prove counter-productive.

Achieving sustainable states

Short-term responses to states that have reached crisis point, such as military intervention or activities focused solely on counter-terrorism are unlikely to address the root causes of

instability in a fragile state and, therefore, to achieve sustainable peace. Yet, the EU continues to invest more time and money in developing its military crisis management capabilities than its civilian capabilities. Furthermore, there is a legitimate concern about the manipulation of development assistance and trade agreements in pursuit of short-term EU foreign policy interests, especially in the period since September 2001. Achieving truly sustainable states requires long-term, preventive engagement. This invariably requires coordinated action by a wide range of actors including those from humanitarian, development, military and civilian fields, as well as involvement of local actors.

Addressing the regional dynamics of instability and violent conflict

Too often international donors and policy makers fail to take a regional approach to state failure and violent conflict in their programme/policy analysis and design. However, two-thirds of the economic damage made by a fragile state are also costs imposed on its neighbours[8]. Organised crime networks, terrorists, refugees, mercenaries and small arms – the causes and consequences of state fragility – also cross borders. The regional conflict dynamics in the African Great Lakes and Manu River Union in West Africa exemplify the disastrous affects.

Getting the right mixture of instruments

A major policy challenge is overcoming the differences between sectors and actors in understanding how to achieve the right balance between security, development and governance policies in fragile states. There are a variety of tools and instruments that can be employed to reduce the risks of instability including, political dialogue, development assistance, trade agreements and peacekeeping forces. Understanding when and how to apply each instrument or mixture of instruments again requires effective analysis and joined-up approaches. When, for example, should the EU decide that political dialogue ends and sanctions should be enforced? Applying these instruments successfully is further complicated in fragile states due to their limited capacity to absorb rapid institutional or economic reform.

Achieving EU and Member State coherence

The lack of coherence in donor policies among the EU, its Member States and other major actors puts unnecessary pressure on the feeble capacities of fragile states. Member State policy in-country can also sometimes contradict EU policy. This represents a major challenge to the effectiveness of the EU's impact. Divergent French and EU positions, for example weakened the effectiveness of the EU's impact on influencing instability in the Ivory Coast when it sought to apply political pressure via Article 96 of the Cotonou Agreement last year. Clearly, when Member State and EU policies are in harmony the impact is that much stronger.

The EU's institutional structure inhibits coherent action toward fragile states

Due to its problematic 'pillar' structure, the EU continues to lack the necessary coordination to maximise the potential of its instruments. The European Security and Defence Policy (ESDP), which incorporates civilian and military crisis management operations, is Council-led under Pillar Two. But, these activities are institutionally and practically divorced from conflict prevention, peacebuilding and post-conflict reconstruction as well as from the wider range of aid and trade policies at the EU's disposal in Pillar One, all of which are activities supported by the Commission. This institutional disconnect between the Commission and the Council means that complementary conflict prevention and development programming is not integrated into the strategic and operational planning of crisis management operations.

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8. Having a fragile state as a neighbour reduces Gross Domestic Product by 1.6 per cent per annum, Chauvet and Collier, *Development Effectiveness in Fragile States: Spillovers and Turnarounds*, 2005.

1.4. LINKING SECURITY, GOVERNANCE AND DEVELOPMENT IN FRAGILE STATES

Why a coherent, peacebuilding approach to fragile states is needed?
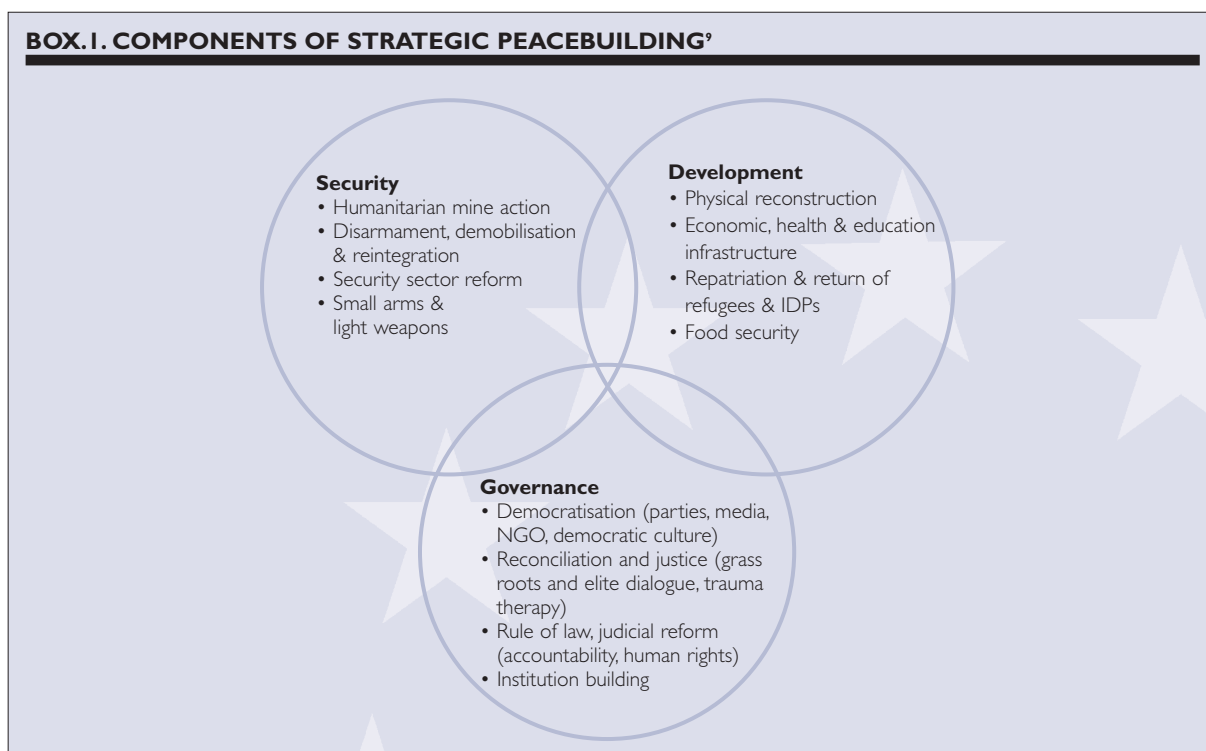
Over 75 per cent of fragile states are conflict-affected, and the remaining 25 per cent are conflict-prone. Whether or not a state is affected by conflict, a strategic peacebuilding approach provides the most meaningful framework for addressing the root causes of state failure.

Peacebuilding in fragile states uses a wide range of policy instruments to help develop the structural conditions, attitudes and modes of political behaviour that may permit peaceful, stable and prosperous social and economic development. Peacebuilding is a process and to understand it properly, it helps to break it down into its component parts under security, governance and development. However, unless the components are linked conceptually in analysing, planning and implementing engagement with fragile states for the longer-term, their peacebuilding potential will be limited.

For example, DDR processes can only be successful if: stockpiles of arms are properly policed; there are alternative employment options for ex-combatants than the gun; communities can reintegrate ex-combatants and reconcile their grievances; the political elite can and will release control over its security forces and ensure an end to impunity. Similarly, building meaningful political frameworks is only possible if grievances are addressed at the grassroots level, if there is freedom of movement without fear of physical attack to participate in the political process, and if there is an educated workforce to support sustainable political and economic systems of governance.

The strategic peacebuilding framework in Box 1 provides a basis for exploring some of the more specific challenges of peacebuilding in fragile states by simply illustrating some of the key components that must be addressed. As the framework suggests, peacebuilding is most effective when the different components, based on specific needs in any particular context are inter-linked.

BOX.1. COMPONENTS OF STRATEGIC PEACEBUILDING[9]

Security
- Humanitarian mine action
- Disarmament, demobilisation & reintegration
- Security sector reform
- Small arms & light weapons

Development
- Physical reconstruction
- Economic, health & education infrastructure
- Repatriation & return of refugees & IDPs
- Food security

Governance
- Democratisation (parties, media, NGO, democratic culture)
- Reconciliation and justice (grass roots and elite dialogue, trauma therapy)
- Rule of law, judicial reform (accountability, human rights)
- Institution building

[9.] This framework is adapted from Dan Smith's Peacebuilding Palette, which also includes a fourth component related to justice and reconciliation, *Towards a Strategic Framework for Peacebuilding: Getting Their Act Together*, Olso, Norway: PRIO, 2004.

CHAPTER 2. CURRENT EU ENGAGEMENT WITH FRAGILE STATES

'Further work is needed for EU Member States to adopt a common approach to identify and address the risks of state failure',

DFID, 'A STRATEGY FOR SECURITY AND DEVELOPMENT', 2005

INTRODUCTION

This chapter aims to analyse how the EU is currently using its range of policy instruments to address the interconnection between security, development and governance. The chapter looks at three case studies of fragile states experiencing various levels of instability: Nigeria (pre-conflict), Nepal (in conflict) and Georgia (post-conflict). It provides a non-exhaustive mapping of key EU instruments - including development assistance, institution building and political dialogue - that have been applied to these states over the past five years. Due to limited space, this does not include EU Member State bi-lateral engagements. The chapter concludes with some lessons of how strategic the EU has been in using its instruments.

2.1 NIGERIA

Though not 'in conflict', Nigeria is a fragile state where there is open violence and the structural and proximate causes for its escalation are prevalent.

Context of fragile state

In 1999, after thirty years of military dictatorship, elections returned Nigeria to democracy. However, over the past six years, the country has experienced its worst violence since the civil war in 1970, during which more than 10,000 people are estimated to have died. Nigeria is one of the largest fragile states in the world with a population of 133 million. It is also one of the world's poorest countries with 70 to 80 per cent of the population living below the poverty line. Nigeria would best be described as a 'weak but willing fragile state', as it does show a political commitment to reform and to engage with its neighbours and the wider international community. Nevertheless, state capacity is characterised by a failed development process, mismanagement and corruption. Judicial, military and police structures are all ineffective, partial and inconsistent, leading to a culture of impunity and human rights abuse.

Though not in 'in conflict', Nigeria is a fragile state where violence is commonplace and the structural and proximate causes for its escalation are prevalent. These causes include the fact that - due largely to widespread corruption, mismanagement, high levels of organised crime and limited rates of public re-investment - Nigeria has been unable to use the country's resources for the benefit of its people. European multinational companies employed in resource exploitation in Nigeria have only served to exacerbate this dynamic. Whereas 95 per cent of export earnings are from oil, 70 per cent of the labour force works in agriculture, which accounts for less than two per cent of export earnings. This unequal distribution of resources has increased conflict along communal, ethnic and religious lines - something political leaders are quick to exploit.

In the southern oil region, for example, land disputes have fuelled inter-communal and inter-ethnic conflicts and in the north, environmental degradation has increasingly sparked conflict between the nomadic pastoralists and settled farming communities. The North-South divide over the unequal sharing of oil revenues has also been reinforced by rivalries between Muslims and Christians. The appointment of a southerner as President and the reintroduction of Sharia law in 12 northern states since 1999, have only served to

reinforce this divide and increase tension. Conflict prevention, including the consolidation of rule of law and equitable development, therefore, is a priority.

Role of the EU and other donors

The EU's Nigeria Country Strategy Paper states that: "The threat of the democratic government's position being overturned by the military seems rather small and as long as oil prices remain high this gives Nigerians an extended window of opportunity to address the many structural and functional challenges. The continuing high levels of poverty and the slowness of democracy dividend in arriving, however, make the government's position somewhat vulnerable".

Nigeria accounts for 25 per cent of Sub-Saharan Africa's population, 54 per cent of West Africa's GDP and, in 2003, accounted for 22 per cent of all ACP-EU trade levels. As one of the minority of African states with a 'functioning' democracy and with significant political and economic power at a continental and regional level, relations with Nigeria have been an EU priority since 1999.

Indeed, EU engagement with Nigeria significantly increased following the 1999 elections, including the signing of the EU-ACP Cotonou Agreement (2000); the Country and Regional Strategy Papers (2001-7) and the EU-Nigeria Common Position (2002). The EU also engages with Nigeria through the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU) and African Union (AU) - in which Nigeria plays a key role. Active EU Member States include Germany, France, Sweden, Italy and the UK. Other major non-EC donors include Japan, the US, the World Bank, the African Development Bank and the UN.

The following framework (page 9) provides an overview of how EU instruments are/have been addressing state fragility in Nigeria since its return to multi-party democracy in 1999.

Analysis

The EU's **development** instrument has been the major focus of EU activity in Nigeria. The €110m per year the EU gives to Nigeria under the EDF programme is substantial. However, when put in the context of ODA spending per capita, the EU's economic commitments are less impressive than its political ones. EU ODA equates to roughly €1 per Nigerian, significantly less than EU ODA per capita in some other African states.

In **economic** terms, the EU recognises that the best means of poverty reduction in Nigeria is maximising the potential benefits (for all the population) of its oil reserves, while diversifying its economy to reduce dependence upon oil. Regional integration is one means by which the EU aims to diversify the Nigerian economy – as this would double Nigeria's market for all the EU's goods and services.

The EC's long-term objective is to create an ECOWAS customs union via a free **trade** area and to apply a common external tariff and common trade policy. In doing so, the EU has provided €200m to support regional economic integration, including regional transport infrastructure and support for trade. In 2003, ECOWAS member states began negotiations on the Economic Partnership Agreement, replacing previous EU-ACP preferential trade agreements under the Cotonou Agreement. Talks are scheduled to continue until 2007.

The 'road map for EPA negotiations' includes national impact assessments of the EPA, and familiarising civil society and the business community with the potential changes and

FIGURE 1. NIGERIA: MATRIX OF EU INSTRUMENTS, 2001-2007[10]							
	ECHO	**E S D P**	**CFSP**	**J H A**	**RELEX**	**DEV**	**TRADE**
Security	$44m: unforeseen needs e.g. emergency aid		Council Common Position on Nigeria, 2002 Regular political dialogue on governance, security & economic integration at a national and regional level Joint EU-UN Mission to West Africa to assess ECOWAS capacities in the field of peace and security, 2004			€250m: Africa Peace Facility; Regional early warning system (b); Regional moratorium on the import, export and production of small arms (b); Regional programme against drugs (b)	
Development						€118m: Regional Economic integration and support for trade (b) €82m: Regional transport infrastructure (b) €230m: Water and sanitation (a) €175m: State and local institutional and economic reform (a) €64.5m: Immunisation (a) €2m: Private sector development (a) EIB Investment Facility to promote long-term growth of the private sector on market-led terms (a)	Nigeria is a major ACP trader with the EU In EPA nego-tiations
Governance					EU Election Observation Mission 2003, EIDHR	€4m: Human rights support (a) €5m: Election support (a) €8m: Foundation to support NGOs (a) Regional action among women and the media in civil society, and their role in conflict prevention (b)	

(a). EDF8/9, National Indicative Programme (NIP), 2001-2007.

(b). EDF9, Regional Indicative Programme (RIP), 2002-2007

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[10]. Humanitarian Aid Office (ECHO), European, Security & Defence Policy (ESDP), Common Foreign & Security Policy (CFSP), Justice & Home Affairs (JHA), External Relations (RELEX), Development (DEV).

capacity building needs. However, the 'Sustainability Impact Assessment' in January 2004, makes no mention, let alone assessment, of the possible impact of EPAs impact on regional peace and stability. This lack of conflict sensitivity in EC trade policy contradicts the EU's wider conflict prevention and peacebuilding work at a regional level (see Chapter 3.3.3 on Trade and Conflict).

EU support for Nigeria's **security** needs has been limited. This is a reflection of the EU's limited ESDP capacities outside its near neighbourhood, where Member States have taken the lead[11]. Instead, the EC has provided €250m for the establishment of the Africa Peace Facility to provide the African Union and regional organisations with resources for peacekeeping operations in Africa. Nigeria, through ECOWAS will play a key role in its development. However, the EU should be sensitive to Nigeria's own internal security and governance needs, as much as to the country's capacity to build an African peacekeeping force. As a preventive measure, an ESDP mission to Nigeria in rule of law or police reform, for example, would be valuable in terms of supporting reform of the Nigerian state. This is especially the case as security and governance are the two least supported components of the EU's peacebuilding strategy in Nigeria.

Weak **governance** is a major obstacle to strengthening Nigeria's security sector and to diversifying an economy that is characterised by widespread corruption, mismanagement, organised crime and limited re-investment. The EU has begun to support state and local institutional and economic reform through improving governance, public finance management and service delivery in six states, and through support to NGOs and human rights initiatives. More EU investment in institutional reform, combined with diplomatic leverage and the opening up the EU's own markets would, however, provide greater incentives for addressing democratic, cultural and economic deficits.

Efforts to strengthen joined-up analysis and implementation of EU instruments were made last year through the development by the Council Africa Working Group of a **preventive strategy** for Nigeria. Its aim was to provide: a holistic assessment of the root causes of conflict; a comprehensive evaluation of possible EU leverage to address those root causes; and a prioritisation of policy options. However, with very little input from Member States and the EC Delegation in Nigeria, to the strategy's design, the strategy was never implemented.

Nevertheless, through CFSP the EU does have a strong and unique **political** relationship with Nigeria, solidified in Cotonou[12] and the Council Common Position on Nigeria[13]. Most importantly, dialogue takes place at multiple levels through regular EU-Nigeria, EU Troika, EU-ECOWAS and EU-AU Ministerial meetings where issues of peace and security, governance and development are regularly discussed.

As part of this multi-level dialogue, the EU is becoming more effective in developing a **regional approach** to development, security and governance. In April 2004, a joint EU-UN mission went to Abuja, Dakar and Accra to assess ECOWAS capacities in the field of peace and security. The aim was to design a regional conflict prevention strategy, to build regional capacity in this regard and to solidify political dialogue and partnership with the UN in the region.

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[11] A British Defence Advisory Team, for example, located in the Nigerian Ministry of Defence, is working closely on the development of the Nigerian Armed Forces and increasing their capability to conduct peacekeeping training.

[12] The Cotonou Agreement signed between the EU and 77 African, Caribbean and Pacific countries is the framework document for EU national and regional EU trade, aid and political engagement with Nigeria.

[13] In the *Council Common Position on Nigeria*, 2002, joint commitments were made to strengthen mutually beneficial relations between the EU and Nigeria in all areas of common interest in the political (democracy, human rights, participation), economic, trade, security and development fields.

Conclusion

The EU's engagement with Nigeria is fairly comprehensive and co-ordinated from a political and economic perspective. Through CFSP and DG Dev, a consideration of conflict prevention and peacebuilding has also been made. A strong regional approach, along with the establishment of a political and economic framework, has also supported this process. However, the EU regional strategies must also be better linked up to its national ones.

The peacebuilding initiatives, however, stand alone and it remains crucial for the major part of EU development aid to contribute to the longer-term stability of the state – whether it is for sanitation, transport or immunisation. Furthermore, if the EU trade negotiations result in EPAs that are conflict insensitive, much of this good work could be undone.

The EU should also take the lead on supporting more vigorous democratic reforms in Nigeria through a strategic mix of instruments, including ESDP. The resuscitation of the Nigeria preventive strategy would provide an invaluable tool for facilitating a joined-up approach. However, EU Delegations and Member States must be more engaged.

2.2 NEPAL
A fragile state in conflict, Nepal would best be described as a weak and unwilling state.

Context of fragile state

In February this year, King Gyanendra of Nepal declared a state of emergency after sacking his government and assuming direct powers, accusing Prime Minister Deuba's government of failing to win the support of Maoist rebels for the peace talks deadline and failing to prepare the ground for elections in the spring. The democratisation process in Nepal, which began in 1990 under a constitutional monarchy, has stuttered over the past decade and a half, with a succession of prime ministers and ceasefires. Despite several rounds of peace talks over the last three years, the Maoists and the Nepalese Government have moved no closer to a settlement. Since the Maoists declared a "People's War" in 1996, an estimated 11,000 have died as result of violent conflict and vast swathes of the population have become increasingly impoverished. A fragile state in conflict, Nepal would best be described as a weak and unwilling state.

Power in Nepal remains centralised in Kathmandu and is mediated almost entirely through feudal caste systems, which maintain and strengthen social and economic inequalities. This, in addition to widespread corruption, reinforces uneven development between Kathmandu Valley and the countryside, where the Maoist power-base resides. The general population's politicisation – as a result of the struggle for democracy - interwoven with social and kinship relations, means that political neutrality and social equality are extremely elusive. With limited infrastructure and one third of the population in absolute poverty, there has been a major failure of development.

The Maoists, army and police are all guilty of human rights abuses, and neither side appears capable of prevailing over the other. The insurgency and guerrilla warfare has become too protracted and well established for a military solution. A political solution that also takes into account the socio-economic dynamics of Nepal is the only option.

Role of the EU and other donors

In general, international donors in Nepal have been taking a wait-and-see approach after the Royal 'coup'. The King lifted the state of emergency in April without presenting a 'road map' for democracy. It is not clear what the EC and Member States will do whatever further action the King will take – nor is there any sign that any contingency planning is

taking place. It is expected, however, that international donors will be looking to see civil liberties restored, political activists released from prison and some clear indication of how the Government expects to get peace and multi-party democracy back on track.

EC assistance to Nepal dates back to 1977. Until more recently, this assistance has been primarily economic. A framework Co-operation Agreement between the EC and Nepal came into force in June 1996, which is the basis of the current 'Country Strategy Paper, 2002-7'. The EC Nepal Delegation Office was only set up in 2002, and still remains understaffed today. No active regional EU framework for South Asia exists. Theoretically, the South Asian Association for Regional Cooperation (SAARC) grouping could provide a good basis for institutional dialogue with the EC. However, both internal SAARC political dialogue and external EC/SAARC dialogue is difficult and sporadic. For example, the EC and SAARC signed a Memorandum of Understanding in 1996, but it was never implemented.

The UK is Nepal's main European development partner and spends about €30 million per annum, followed closely by Germany and then Denmark. Other smaller single contributors include Finland, France, Holland and Sweden. Non-EU bilateral donors include Australia, Canada, China, India, Japan, Norway, Switzerland and the US. The Asian Development Bank is the main multilateral donor (aid in 2001, for example, totalled €113 million). Other multilateral donors include the World Bank and UN. The EC, as a relatively new member of the international community in Nepal, made commitments in its 2002/06 EC-Nepal Country Strategy Paper to ensure future development activities are complementary to the strategies of Member States and other development partners active in Nepal[14].

The following framework (page 13) provides an overview of how EU instruments are/have been addressing state fragility in Nepal since 2001.

Analysis
The 2002 EC Report on a Conflict Prevention Mission to Nepal promotes an EU strategy that contributes to conflict containment and groundwork for progressive conflict resolution. The strategy "integrates development projects, human rights and peace work with political profile" and stresses that, "conflict analysis is the key to developing any conflict resolution capacity and is the way to ensure appropriate and timely action and interventions". However, despite strong recommendations from the report, efforts to carry out systematic **conflict analysis** and assessment in EU trade, development and humanitarian programming in Nepal, continue to be limited. "There is a tendency for hope to take the place of analysis or action" (EC Mission Report, 2002). A better staffed Delegation with expertise to undertake conflict analysis and a greater ability to act as a permanent political interlocutor 'in-country' is essential[15].

The EU's greatest capacity for influence is its **economic** power, though it does not have the profile it should. The EU is the second largest exporter to Nepal and the third biggest importer of Nepalese goods. The EU is investing in strengthening Nepal's opportunities for wider economic co-operation and capacity through regional integration and business-to-business enterprise, through, for example, the EU-Nepal Business Forum. It is also

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14. Donor co-ordination is carried out at different levels. At the political level, major donors meet every two months at 'Donor Group Meetings', sponsored by the World Bank and the UNDP. At the technical level, there are twelve thematic groups that seek to monitor donor activities and discuss sectoral strategies and priorities.

15. A conflict prevention expert was seconded to the Nepal Delegation from a Member State last year, however this is only for a term of one year and it is unclear whether the post will be renewed.

FIGURE 2. NEPAL: MATRIX OF EU INSTRUMENTS, 2002-2006[16]

	ECHO	ESDP	CFSP	JHA	RELEX	DEV	TRADE
Security							
Development	€10m: Food security for refugees (2002-4)					Poverty reduction (a): €15m: Renewable energy & environment €41m: Strengthening rural development & governance Trade / economic co-operation (a): €2m: Accession to the WTO €2m: Economic co-operation, export promotion & capacity development	EU; 2nd largest trader €93m: GDP per capita from textile exports to the EU (2000)
Governance			Political reform: • European Parliament Resolutions (02/03) • EU Troikas (02/05) • PM visit to the EC (2002) • Regular EC statements on multi-party democracy Human rights monitoring; • Regular EC statements • EC benchmarks on human rights		EC Conflict Prevention Assessment Mission to Nepal, 2002 2002/3 RRM package (b): €0.6m: Radio broadcasting €0.2m: Sustainable livelihoods €0.18m: Economic empowerment to vulnerable groups €11m, 2003/4 EIDHR (c): micro projects on empowerment & human rights €0.5m: Rehabilitate the survivors of torture (EIDHR, 2004)	€3m: Support to local communities / civil society - Conflict Mitigation Package I (a) €7m: Support for the judicial system & human rights – Mitigation Package II (a)	

(a) NIP: National Indicative Programme, 2002-6 (the programming document for the Country Strategy Paper)

(b) RRM: Rapid Reaction Mechanism

(c) EIDHR: European Initiative on Human Rights and Democracy

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playing a key role in building Nepal's renewable resource capacity as a future export potential and is supporting Nepal in navigating the channels for WTO accession (something it applied for in 1989). Questions should be asked, however, as to whether WTO accession would automatically be a good thing for Nepal in light of the country's underdeveloped industrial and manufacturing base and the economic and social shocks accession might bring.

The EU (including Member States) is also one of the largest **development** donors in Nepal. For the past fifteen years, Nepal has been a development 'darling' receiving amongst the highest levels of ODA (in both per capita and real terms) in the world[17]. Despite this, one-third of the country's population lives in absolute poverty. The EC – like most other donor agencies in Nepal – describes its development activities (namely reduction in poverty and social exclusion) as being 're-tooled' to focus on the 'root causes of the conflict'. However, the validity of these commonly accepted root causes of conflict in Nepal are open to question. It remains unclear, for example how the €60m for traditional development activities will impact on the stability and fast-changing political context of one of the most violent countries in the world.

Many of the recommendations relating to **governance and human rights** in the 2002 Conflict Prevention Mission Report have, nevertheless been integrated into EC programming through the country strategy paper, as well as through EIDHR and RRM initiatives. Judicial reform, human rights initiatives and civil society empowerment have been a particular focus over the past three years and seem to have been having a positive effect. In practice, however, as one-sixth of the total EC aid allocated under the CSP, they are relatively minimal, and their flexibility and sustainability uncertain[18].

Social and economic instruments alone cannot address the entrenched political conflict in Nepal. A **political** solution is required to end the fighting. The EU has, along with other active international actors, attempted to sustain pressure on the Maoists and the Nepalese Government, by urging them to uphold their human rights commitments. However, the EU still suffers from a "lack of identity and image" in Nepal due to its lack of political visibility, or weight. This is entrenched by a failure to act decisively and in co-ordination with the key Member States in Nepal. The EU does not have a strong presence on the ground and does not take an active role in **regional**-level political dialogue (e.g. through SAARC). Nor is there a regional political and economic framework agreement (such as the EU-ACP Cotonou Agreement). All these factors can only limit the EU's capacity to provide strong political leadership and put forward the necessary incentives and disincentives for building a peace dividend.

An obvious gap in the Nepal matrix is the absence of the EU's ESDP instruments for engaging in the Nepali **security** sector, and/or in security issues in general. This reflects the EU's general weaknesses in this area – particularly in reaching beyond its near neighbourhood. Given the centrality of security sector governance to conflict and development in Nepal, the EU should consider engaging in this area. The EU should also begin planning for a post-conflict phase and anticipate supporting any future reintegration processes of demobilised combatants through social and economic programmes.

A challenge to the development of a **coherent EU strategy** towards peacebuilding in Nepal has been the sometimes-contradictory policies of Member States. One of the areas this has

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[17.] www.nationmaster.com
[18.] The closing down of the GARDP II integrated rural development project in the Gulmi District being a case in point.

been seen most clearly is on arms exports. Whilst the EU has been working to encourage a negotiated resolution to the conflict, some Member States have also been increasing the capacity of the Nepalese army, thereby encouraging the Government's push for a military solution. For example, Belgium and the UK have both supplied significant quantities of small arms to the Nepalese Government and the UK has gifted military aircraft and helicopters with funds used from the Global Conflict Prevention Pool. If EU action to address fragile states is to be effective it must be coherent, with the actions of Member States reinforcing those of the EC.

Conclusion

The EU is, in absolute terms, an economic giant in Nepal (in terms of development assistance and trade agreements). In real terms, however the EU is not maximizing its development and peacebuilding impact as it is failing to recognise the conflict context. The EU also needs to place greater emphasis on achieving a political solution to the conflict. Development funds would be better spent if greater analysis of the context in Nepal were undertaken, and scenarios were developed to inform how the EU could better align its political and economic influence. This requires increasing and better coordinating the EU presence 'in-field' and building a range of political relations at a local and regional level. The EU must also use its influence to ensure Member States' policies do not undermine common EU development and conflict prevention commitments. Overall, systematic and regular, shared analysis is required by all EU actors and these must be built into a common strategy to ensure the root causes of conflict are actually being addressed.

2.3. GEORGIA

Georgia might be considered a fragile state for two interlinked reasons: conflict and weak governance

Context of fragile state

As Georgia gained independence from the Soviet Union in the early 1990s, conflicts broke out in Abkhazia and South Ossetia, with both regions demanding independence from Tbilisi. By the time ceasefires were signed, Tbilisi had lost control of both areas. Though the ceasefires have mostly held, it would be wrong to call these conflicts 'frozen', as tensions remain high and there have been sporadic outbreaks of fighting (most recently in South Ossetia in Summer 2004).

Low levels of governance also reflect the fragility of the state. In reality, it is not only the 'breakaway' areas of Abkhazia and South Ossetia that Tbilisi does not control; the state has been too weak to project significant power over several parts of the country. This weakness stems from a number of factors, including: a lack of suitable state institutions after independence, or experienced staff to run them; very high levels of corruption; faltering rule of law; low tax collection and a vast shadow economy. President Mikheil Saakashvili and his government (elected in early 2004) have made a strong commitment to strengthening the state, but it is acknowledged that this will take a long time.

Although there is clearly a link between the unresolved conflicts and the wider issues of weak governance, it is not true to conclude that solving those conflicts will automatically lead to an improvement of governance. Nor can it be guaranteed that an improvement in governance will lead to a resolution of the conflicts. These issues must be dealt with concurrently. Nevertheless, progress towards one should not be dependent on progress towards the other, as this would merely slow things down.

Economic factors also play an important role. A progress report on Georgia's Economic Development and Poverty Reduction Paper in early 2005 noted that despite GDP growth

of 8.6 per cent and a large increase in tax revenues, 52 per cent of the population still lives in poverty, and 17.4 per cent in extreme poverty. Household income was approximately $165 a month, with many families surviving on much less. In some regions, such as the ethnically-mixed Kvemo Kartli region, up to three-quarters of the population live in poverty. There are concerns that such areas are vulnerable to outbreaks of violence, which could soon escalate and take on an ethnic dimension. Improved economic conditions right across the country could play an important role in reducing tensions.

The role of the EU and other donors

Following the 'Rose Revolution' that brought Saakashvili to power, the EU decided upon the inclusion of Georgia (and Armenia and Azerbaijan) in the European Neighbourhood Policy (ENP), which will come into force in 2007. This represents a significant increase in relations between Georgia and the EU, yet falls short of Georgia's aspirations towards eventual membership.

The EU supports the principle of Georgia's territorial integrity, but has so far played a limited role in conflict resolution, chiefly by providing funds to the OSCE[19]. However, since the establishment of a EU Special Representative for the South Caucasus in July 2003, the EU has tried to participate more actively in conflict resolution. This is reflected in the re-written Country Strategy Paper (CSP), which was reviewed in light of the worsening security situation in Georgia and the lack of progress on key reforms[20]. This review reduced the emphasis on private sector development and focused on poverty reduction and managing the social costs of transition. It also made supporting conflict resolution a clear strategic goal. The third strategic goal, which encompassed the promotion of the rule of law, good governance and respect for human rights, remained intact.

The table on page 17 reflects the range of EU instruments that have been employed in Georgia since 2000. The lion's share of aid over the last ten years has been administered by the TACIS Programme, which cuts across a wide range of activities. However, engagement changed significantly from 2003, first as a result of the CSP review, and then the unexpected change of government, which has led to new instruments being used, such as the Rapid Reaction Mechanism (RRM), and the EUJUST THEMIS 'Rule of Law' Mission, the first of its kind. In the table, some matters related to justice and home affairs in Georgia have been placed under ESDP as this is the instrument used to manage it. All TACIS initiatives have been placed under DEV.

Analysis

The rewritten CSP for 2003-2006 is impressively clear about the instruments it will use, the links between them and its strategic goals, and how these initiatives interact with what other donors are doing. However, the EU still appears reluctant to grasp the nettle as far as conflict resolution is concerned, and has largely concentrated on channeling support into OSCE efforts in South Ossetia. At the **political** level - the EU Special Representative is now present at many negotiating sessions, and the EU has stated its desire to play a more active role in the resolution process; although this has not so far translated into more concrete actions.

The EU has a stronger record in respect of its **governance (ESDP)** initiatives. For many years it has given significant support to both governmental and non-governmental actors

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[19.] The UN also supports conflict resolution in Abkhazia, while the OSCE focuses on South Ossetia

[20.] The EU's relations with Georgia are currently governed by a Peace and Cooperation Agreement signed in July 1999 for ten years. A CSP for 2002-2006 was adopted in December 2001, but was re-written in 2002-3 in light of the worsening security situation in Georgia and the lack of progress on key reforms.

FIGURE 3. GEORGIA: MATRIX OF EU INSTRUMENTS, 2000-2005[21]

	ECHO	ESDP	CFSP	JHA	DEV	TRADE
Security		Confidence building for conflict-affected groups (a)	Support for Georgian border guards €1.09m Conflict management support to OSCE to support the Joint Control Commission working in South Ossetia: €370m since 2001 Conflict resolution – appointment of EU special representative in 2004		TACIS Rehabilitation of conflict zones, €10m since 2000	
Development	Humanitarian aid on food, shelter, medical support, to IDPs and other groups affected by conflict €12m				TACIS Regional co-operation for sustainable management of national resources; justice & home affairs; and promoting trade & investment. TACIS private sector development TACIS Social consequences of transition Food Security Programme €13m in 2001	Georgia given Most Favoured Nation status and the EU's General System of Preferences (GSP)
Governance		Parliamentary and electoral reform (a) EUJUST THEMIS one-year 'Rule of Law' Mission Reform of justice & prison system (a)	Democracy and human rights		TACIS institutional reforms (b) TACIS legal reforms (b)	

a) Funds from €4.65m allocated in 2004 by the Rapid Reaction Mechanism (RRM)

b) TACIS has provided in the region of €15m support for institutional, legal and administrative reforms since 2000 and will allocate a further €11.5m between 2004 and 2006.

21. Humanitarian Aid Office (ECHO), European, Security & Defence Policy (ESDP), Common Foreign & Security Policy Justice & Home Affairs (JHA), External Relations (RELEX), Development (DEV).

working in fields such as democracy, human rights, the rule of law and anti-corruption. The launch of the EUJUST THEMIS mission represents an important attempt to support reform across the criminal justice sector. The ENP will also add another dimension to security co-operation, though it covers a limited range of issues.

The EU has tried to focus its efforts on **economic** support for Georgia - but despite benefiting from Most Favoured Nation status and from the EU's General System of Preferences, trade with the EU remains low. Until 2003, TACIS focused on private sector investment but this has been discontinued because other donors (notably the IFIs and USAID) were already doing much in this field and because the EU's efforts were not judged to have been effective.

Nor has the EU placed significant emphasis on **development aid**, which may seem odd in a country where so many people live below the poverty line. It may be argued that this would be handled better by other institutions such as the World Bank or the EBRD, as these have invested much more in Georgia without significant result. Nonetheless, the EU should have much to offer. Its economic support has been mostly managed through the TACIS programme, which over the years has only had a limited impact on both development and boosting trade. Though the rewritten CSP's emphasis on poverty reduction is promising, there is clearly room to improve how the EU uses it economic instruments.

The best policy instrument available to the EU is notable by its absence. As has been widely recognised, the EU has been most successful in its efforts to encourage state reform and conflict resolution, not through aid - but with the **promise of EU membership** (though recent experience in Cyprus shows that this is not a panacea). Obviously this is not applicable beyond Europe's periphery, but in states such as Georgia it should be seriously considered. The ENP may be sufficient as a first step in this direction. However, given that it is more or less expressly designed to deal with states that the EU does not consider as future members, it is debatable whether it will have the same impact as actual membership negotiations. It may eventually be in the EU's interest to develop an intermediate stage between ENP and membership negotiations to support countries like Georgia (and more recently Ukraine) that have shown a strong interest in integration.

Conclusion

The EU has been most successful in Georgia where it has focused on areas of governance such as democracy and human rights, and has put strong support into initiatives to strengthen the rule of law. It has not been so engaged on security matters, though this may be changing. It has so far kept in the background of conflict resolution efforts, though it may take a more active role in future. Economic support provided through the TACIS programme is now improving its focus on poverty reduction, but has been fairly limited in scope so far. Nor has there been a significant increase in levels of trade. The development of a Georgia strategy under the ENP presents an opportunity to work with the Saakashvili Government and make stronger links between Georgia's economic and social development and security and conflict resolution, with improved governance as the interconnecting thread. Whether this opportunity will be taken depends both on EU-Georgia relations and the wider development of the ENP.

2.4. LESSONS FROM THE CASE STUDIES

A comprehensive, coherent EU approach

The EU is clearly attempting to use a variety of instruments to address fragile states in different parts of the world, and to tackle the complex relationship between security, governance and development. This has been helped by the development of far more comprehensive country strategy papers – as is the case for Georgia - which provide an overview of the different needs and types of assistance the EU can provide.

The EU's methodology, however for decisions on choice and targeting of instrument appears at times neither strategic nor coherent. For example, humanitarian and development aid for affected populations in conflict-torn Nepal is presently greater than EU assistance for security sector reform. While it could be argued that this reflects the greatest need in Nepal, the lack of attention being paid to the overall security context is compromising effective aid delivery and perhaps even contributing to an extension of the conflict. This approach needs to be reassessed to find more innovative ways of addressing critical causal issues in difficult environments through a coherent and comprehensive approach.

Greater conflict analysis

Greater emphasis on conducting thorough conflict analysis prior to allocating funds and programmes would greatly enhance the appropriate choice, and timing of application, of instruments. For example, whilst Georgia is clearly in need of institution building and support for state structures – this should not be at the expense of more targeted and effective economic support. The Nigeria pilot prevention strategy and the Nepal conflict assessment mission both represent positive steps in the right direction – but too often the policy is not being implemented in practice. Greater training on conflict analysis should be provided to Delegation staff and mandatory updates on the assessments should be provided to the Commission, Council and Member States.

Regional frameworks and EU membership

Successful EU engagement is enhanced by the existence of regional frameworks or the prospect of 'club membership'. Whilst the carrot of EU membership has clearly been a valuable policy instrument in conflict resolution in the past, other models - including the European Neighbourhood Policy, which offers 'everything but membership' - are a useful starting point. Similarly, for countries or regions that are unlikely ever to enjoy EU membership, the EU has devised different models. Cotonou provides the EU with a stronger framework for engagement – and importantly one that is based on partnership (i.e. new aid, trade or political initiatives are agreed jointly between all parties). The EU's engagement with Asia clearly lacks a similar model, which is hampering the EU's engagement in the region.

Political level EU engagement

Multiple levels of political dialogue provide the most effective means of engaging fragile states. EU engagement at a national, regional and continental level in Africa is a good case in point. The appointment of an EUSR has also made a difference to the EU's role in Georgia, and ensured that this country remains on the EU's agenda in Brussels. Traditionally, the Commission has been the dominant force in many of the fragile states where the EU is involved. When both Council and Commission are working together – e.g. via initiatives such as the EUJUST mission in Georgia, the EU has a much greater impact. Without greater Council support the EU can be punching below its weight.

Security Sector Reform work

The EU recognises the importance of strengthening governance structures and the security sector – particularly the police and judiciary (as seen in Georgia). However, in Nigeria and Nepal, ESDP instruments are noticeably absent. In part, this is due to the lack of an overall EU approach to the security sector (particularly SSR and DDR) and the fact that, due to its sensitive nature, it tends to remain a Member State-led phenomenon.

Long-term EU peacebuilding activities

Whilst ESDP is the EU's most visible conflict prevention tool, it remains a relatively emerging area of work in fragile states. In contrast, the EU's political and economic tools involve vast sums of money, and are prominent in virtually all the 120 plus countries in which the EU is represented. Furthermore, they are often part of well-established engagements. It is essential, therefore, that the EU's longer-term peacebuilding role (e.g. building economic stability and integration, facilitating dialogue and civil society capacity) is recognised and integrated into ESDP institution building missions.

CHAPTER 3

'We must move from reaction towards prevention, and develop integrated policy approaches on prevention of state fragility',

STEFANO MANSERVISI, DIRECTOR GENERAL, DG DEVELOPMENT, EUROPEAN COMMISSION.

INTRODUCTION

In order to understand how the EU can design more coherent policies towards fragile states, it is important to fully understand the full range of 'tools' or instruments it has to hand and how these can more effectively be 'joined-up'.

This chapter details a variety of the EU's security, governance and developmental policies, assessing what their role is, how they are currently being applied, and how they could be more effectively joined-up with other instruments.

3.1. Security
3.1.1. EU political actions in fragile states
3.1.2. EU security and defence policy in fragile states

3.2. Governance
3.2.1. EU democracy-building in fragile states
3.2.2. European corporate investment in fragile states

3.3. Development
3.3.1. EU humanitarian action in fragile states
3.3.2. EU development policy in fragile states
3.3.3. EU trade policy in fragile states

3.1. SECURITY

Introduction
Strengthening governance and improving security are critical to building capable states. The first point of call for any EU engagement with fragile states is political, and the EU is well placed to build strong political relations with a range of state and non-state actors. Building a degree of physical security is also essential for the continuation of basic political relations, economic development and peacebuilding in fragile states. This section aims to outline what EU Common Foreign and Security Policy (CFSP) and European Security and Defence Policy (ESDP) tools the EU is currently using in fragile states to address wider security issues, and to analyse how these can be more effectively integrated as part of an EU peacebuilding strategy for fragile states.

3.1.1. EU POLITICAL ACTIONS IN FRAGILE STATES

Introduction
Maintaining political dialogue with fragile states is one of the most effective means of preventing states from reaching crisis point. The EU has a unique combination of political influence, which it is able to exert beyond its neighbours to reach far-flung areas of the globe. Certain Member States have strong colonial ties and many have access to high-level seats on international bodies such as the UN, World Bank and IMF. The new Member States also add a new political dimension in their relations with the neighbourhood (e.g. Slovenia in the South Caucasus and Slovakia in Cyprus).

The EU's greatest added value when engaging fragile states in pursuit of positive change is achieved when it speaks with a common political voice and brings its economic strength to bear in common actions. The combined political weight of 25 states is significant. The EU's role in the Middle East Quartet and the nuclear negotiations with Iran, for example, represented a strong new political contribution to peace. However, sometimes the variance of Member States' views undermines the CFSP and can also seriously hamper the EU's impact and credibility, as seen over Iraq.

EU approaches to political dialogue in fragile states

The EU engages in political dialogue with fragile states through a range of means. This can be via the Delegations, the EU Special Representatives (EUSRs), special envoys, troika missions or ministerial meetings. Political messages can be expressed informally, or through Declarations, Joint Actions and Common Positions. How these are applied varies according to the nature of the target state (its political and conflict context), the EU's strategic interest in that state and the existence of a political framework for engagement.

The EU tends to focus its attention on ministerial-level political dialogue with third countries, through, for example, the EU-Africa Summits and EU-Russia Summits. Whilst useful in maintaining a focus on certain regions and moving issues forward, they generally result in little concrete action being taken. Furthermore, such high level fora can easily reach an impasse, as the halting of the EU-Africa Summit due to the exclusion of Zimbabwe exemplifies.

The EU also works to enhance political dialogue within countries and regions. This is assisted in part by the permanent presence of the Delegations in over 120 countries, the appointment of EUSRs and by supporting regional organisations and initiatives such as ECOWAS's regional peacebuilding strategy and the AU-UN Great Lakes Conference. Where this energy is spent most tends to depend on EU historical and strategic interests.

The EU's strongest political scope for influence in relation to fragile states, however, is through a combination of its economic and political powers. It has a range of 'sticks' at its disposal, including military intervention and a range of targeted or 'smart' sanctions, such as travel bans, withdrawal of aid, and political isolation[22]. The EU is also able to offer 'carrots', through aid and trade partnership agreements -such as the European Partnership and Cotonou Agreements - as an incentive for the promotion of good governance and human rights. These are based on jointly agreed performance criteria – rather than conditionalities – between the EU and third country, thus tying in economic, social and political objectives, as well as ownership and greater accountability on behalf of the EU's partners.

The Cotonou Framework is a unique model for engagement with fragile states. In addition to the emphasis on regular dialogue, particularly in relation to conflict prevention and peacebuilding (article 8), it provides a framework of principles or 'essential elements' (including those on human rights, good governance, arms trade) that must be upheld by both sides (article 9). Article 96 provides for a consultation procedure in cases where one of the parties does not respect one of the essential elements of the agreement. It is unique in that it allows for dialogue to take place prior to any suspension of development

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[22]. Smart' or well-targeted sanctions are now the preferred policy instrument used in response to violations of international law, in line with the 'Guidelines on the implementation and evaluation of restrictive measures (sanctions) in the framework of the Common Foreign and Security Policy'.

aid (other than in exceptional cases[23]), thereby moving the emphasis away from immediate crises, to prevention[24].

However, failure to get the right balance between sticks and carrots can result in populations suffering and the increased risk of isolation, state failure and violent conflict. Early warning and early action, based on strong and shared analysis provide the best means to utilise effective political action, and consequently the range of other EU instruments.

'Watchlists' are the primary early warning tool within the Council. These are Council-owned, confidential documents, reviewed every six months. Their objective is to provide short, succinct information on countries either in, or with the potential to fall into, crisis to encourage joined-up actions within the European Council of Ministers, and across Member State foreign policies.

The Commission's Country Conflict Assessments (CCAs) are open, detailed analytical documents updated annually by the desk officers and Delegations for the majority of EU partner countries. They are designed to encourage a culture of prevention and to inform the country strategy papers, reviewed every five years.

The CCAs tend to reflect a longer-term analytical view, compared to the watchlists shorter-term, crisis management perspective[25]. As a result, and due to their different institutional homes, theses processes tend to run in parallel and there is limited sharing of analyses between the Commission and the Council, thus undermining chances of coherent planning. At present, therefore the EU tends to use its political instruments in an incoherent and often reactionary manner. Effectively engaging with fragile states requires a more co-ordinated, preventive approach.

Strengthening EU political dialogue as an effective peacebuilding strategy in fragile states

Improving early warning analysis
In order to enhance the Council's annual 'watchlist' of countries of concern, the EU should better link them with the Commission's CCAs through regular joint reporting on risk countries. Both processes would also benefit from strengthening and making better use of information gathered from the field. It is important that the EU Heads of Mission (HoM) gather information from a broad range of actors, such as field-based staff from the UN or OSCE, and from a broad range of civil society organisations. The EU should ensure that the Civil Society Co-ordinators in EU Delegations encourage these consultations to take place. This information should be shared and used to better inform both Commission country strategy papers and analysis prepared by the Policy Planning and Early Warning Unit (PPEWU) for Council orientation debates.

[23.] For example, in 2003-4 the EU renewed its suspension of development aid to Zimbabwe, Haiti and Liberia, while opening dialogues with the Central African Republic, Guinea, Togo and Guinea Bissau

[24.] However, bilateral interests can hamper common action. Getting agreement across 25 Member States on whether to activate article 96 can be difficult. Another weakness of Cotonou is that while the EU has invoked article 96 against ACP countries, the reverse has never occurred. This calls into question the degree to which the agreement really is a 'partnership'. Certain EU states, for example continue to broker weapons to conflict zones and some fail to uphold human rights.

[25.] One major criticism of the watchlist is its short-term focus on highly visible crisis areas. Nonetheless, some progress has been made. The period of time over which watchlist indicators are measured has been extended from 6-12 months to 6-36 months. Sources for the watchlists include the Policy Unit (for political intelligence), the EUMS (military intelligence), CIVCOM (civilian intelligence) and the CPU (economic and humanitarian intelligence from DG Dev, ECHO and Relex Desk Officers)

Early action – developing comprehensive preventive strategies

In line with the Göteborg commitment[26], in early 2004 an initiative was launched to 'give a more operational spin to the watchlist exercise by working on pilot preventive strategies that would look primarily into how to turn early warning into early action'[27]. These are designed by the Council Regional Working Groups with input from the Commission to assess how best to use the EU's full range of policy instruments (diplomatic, development, trade) to prevent instability at a country level. The strategies include three levels of analysis: an holistic assessment of root causes of conflicts; a comprehensive evaluation of possible EU leverage to address those root causes; and a prioritisation of policy options.

Of the eight pilot countries nominated, all but two have been put on hold, however[28]. Their implementation has been hampered by a lack of commitment from the Delegations (who were not involved in the planning stages) and a lack of Council and Member State 'buy-in' to, and support for, the process. There is an urgent need to resuscitate the process and learn lessons from the pilot studies.

Appointing regional EU Special Representatives (EUSRs)

Too often a lack of political cohesion in regional affairs exacerbates conflict and makes resolution harder to find as each actor pursues their own narrowly defined interest, as demonstrated vividly in the Great Lakes region of Africa. EU Special Representatives have proved to be valuable actors as regional peacebuilders.

The appointment of EUSRs for other conflict-prone regions of the world, including those covering wider regions such as Sub-Saharan Africa or South Asia should be considered. These could be based respectively in the headquarters of the African Union (AU) and the ASEAN Regional Forum (ARF). The recommendation in the *Action Plan on the Civilian Aspects of Crisis Management*, June 2004, to provide support functions to the offices of the EUSRs should also be implemented

Enhancing regional dialogue

The EU should strengthen its support for the development of conflict prevention mechanisms within regional and sub-regional organisations where they exist (e.g. West Africa), or in providing political and economic incentives for reinvigorating regional political processes where they are mostly inactive (e.g. SAARC). This could include, for example, support for the transfer and absorption of skills and experience within organisations and the funding of staff training in key skills, such as conflict analysis.

Currently, the capacities of African regional and sub-regional organisations differ hugely and overlapping memberships and duplications in functions and capacities complicates relations between them. Efforts being made by the AU to harmonise some of the roles and policies of regional organisations, therefore, should be supported.

It should also be noted that regional organisations do not exist in all regions, and, even where they do exist, do not always have the capacity and legitimacy to positively impact on regional peace and development. It is also important, therefore, that the EU actively

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[26.] ''The Council will pursue coherent and comprehensive preventive strategies, using appropriate existing instruments and taking into account ongoing actions, in order to identify challenges, set clear objectives, allocate adequate resources and ensure co-operation with external partners. The implementation of the preventive strategies will be monitored by the Council, drawing on contributions from the Secretary General/High Representative and the Commission'', *EU Programme for the Prevention of Violent Conflicts*, endorsed by the Göteborg European Council, June 2001.
[27.] Internal EU document.
[28.] Guinea-Bissau and Guinea Conakry remain as on-going pilot strategies. The pilot strategies in Nigeria, Sri Lanka, Indonesia, Bolivia, Haiti and Turkmenistan have been halted.

continues to strengthen broader regional initiatives such as the AMANI Parliamentary Forum for Peace in the Great Lakes and the West Africa Civil Society Forum (WACSOF).

Expanding the benefits of regional framework agreements to new regions
More attention needs to be paid to the effective use of political dialogue and consultation procedures as a means of defusing tensions prior to the imposition of a sanctions regime. In this respect, outside of EU borders the Cotonou framework is currently the best model for building strong partnerships with fragile states - based on jointly agreed economic, social and political principles, with an in-built conflict prevention/mediation mechanism (Article 96). EU relations with Asia and Latin America would benefit from similar regional framework agreements.

Involving other stakeholders in political dialogue
The EU has, to varying degrees, shown a good understanding of the role of non-state actors as alternative entry points in fragile states. The European Initiative on Human Rights (EIDHR) and Rapid Reaction Mechanism (RRM) are unique in that they fund civil society, democracy, human rights and conflict prevention projects, without requiring approval from their governments.

The EU should take a broader political view that incorporates building constituencies with all stakeholders in fragile states including civil society, local business, multi-national business and parliaments. The EU could also assist with developing civil society and local business networks through political dialogue (e.g. encouraging African governments to recognise the role of civil society), by providing protection to responsible CSOs in difficult circumstances (e.g. by meeting CSO activists and hosting workshops) or through the provision of resources to local NGOs and business groups. Northern NGOs also have a role to play in assisting with the development of North-South dialogues.

RECOMMENDATIONS

The EU should:

• **Ensure that EC country conflict assessments better inform the Council watchlists through regular reporting by desk officers to the Political and Security Committee;**

• **Review the nature of intelligence and the indicators for the watchlists to ensure they include monitoring for longer-term proximate and structural causes of conflict, rather than short-term conflict triggers alone;**

• **Resuscitate the piloting of preventive strategies and draw lessons learned from this and other models. Ensure that the EC Delegations participate in the planning processes and that political dialogue mechanisms are integral to their implementation;**

• **Support the work of EU Special Representatives by seconding experts in conflict prevention and other relevant issues from Member States, the Council Secretariat and Commission. Where the expertise is lacking, training should be provided;**

• **Strengthen transfer and absorption of skills and experience from the EU to regional organisations through staff training in, for example, conflict prevention theory and practice and provide financial support for competitive salaries to promote staff retention;**

• **Identify and support key reformers as alternative entry points in fragile states and seek to enlarge their political space. This may include people in political opposition movements, in the media, civil society organisations (CSOs), in business and religious entities at a sub-national, regional or international level (e.g. diasporas).**

3.1.2 EU SECURITY AND DEFENCE POLICY IN FRAGILE STATES[29]

Introduction

Fragile states are often characterised by their inability to provide security and safety for their populations. In such environments warlords, criminals or repressive security forces often fill the security vacuum. The role of ESDP in fragile states is, in part, to secure a level of stability and to help implement the EU's humanitarian responsibility. However, ESDP also plays a broader role by supporting the development of state institutions and creating space for longer-term, social and economic development to take place in unstable environments. Though great progress has been made in the former, there is a way to go in implementing a strategic approach in practice.

EU approaches to security in fragile states

The EU's inability to address the security situation during the Bosnian conflict in the 1990s led to the development of ESDP, which was intended to enable the EU to attain the capacity for military action. However, the EU recognised from the outset that 'preventing conflicts and managing crises requires a combination of civilian and military instruments'[30]. Since then, the EU has fulfilled the initial Headline Goals it set itself in 1999 in Helsinki – to be able by late 2003 to deploy 60,000 troops within 60 days and for them to be sustainable on operation for up to a year. Capabilities have also been deployed in support of the Petersberg tasks[31], which include humanitarian and rescue tasks, peacekeeping and peacemaking.

In the civilian sphere, targets have been met in identifying civilians to undertake rule of law, policing, civil administration and civil protection. The EU has placed particular emphasis on training and reforming the police in post-conflict situations, with a healthy degree of success. In total, the EU has undertaken five missions since 2003, three of which are civilian and two military. In response to the progress made, new Headline Goals were developed in 2004 with the aim of enhancing EU capacity for preventive action and rapid response.

EU missions are generally undertaken in post-conflict situations and have been concerned with peacekeeping (e.g. Concordia in Macedonia) or rebuilding state institutions (e.g. the EU Police Mission in Bosnia-Herzegovina). However, the EU is beginning to use its ESDP missions in a more preventive capacity. The EUJUST rule of law mission in Georgia, for example, is attempting to develop judicial apparatus in a country that is not 'in conflict'.

The 2004 EU *Action Plan for Civilian Aspects of ESDP* also highlighted the need to develop greater expertise in other sectors[32], such as security sector reform and border control, and to develop more multifunctional 'packages' rather than focus on *ad hoc* or individual components. It is clear, for example, that reform of the police itself is not enough to bring about peace and security – a wider approach that includes reform of the judiciary and penal system, is required. The new areas that have been identified represent potentially innovative, non-coercive ways of engaging in fragile contexts before conflict breaks out. They are less of an intrusion on state sovereignty than military interventions and could work to strengthen or reform existing state and civil society structures.

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[29] This chapter has been written with input from Renata Dwan (SIPRI)

[30] http://europa.eu.int/comm/external_relations/esdp/

[31] The Petersberg Tasks were defined by the WEU's 1992 Petersberg Declaration and incorporated into Article 17 of the Treaty of European Union by the EU's Amsterdam Summit.

[32] 'EU missions would in particular benefit from expertise in the field of human rights, political affairs, security sector reform (SSR), mediation, border control, disarmament, demobilisation and reintegration (DDR) and media policy', *Draft Action Plan on the Civilian Aspects of ESDP*, 2004.

The Action Plan also commits to better linking military and civilian crisis operations with early warning capacities for preventive deployment and with longer-term development assistance, including post-conflict stabilisation and reconstruction processes. However, short-term management of crises is still the norm. More effort, therefore, needs to be put into strengthening the longer-term, preventive capacities of ESDP.

Strengthening the ESDP as part of an effective EU strategy to address fragile states

Linking crisis management with conflict prevention

For sustainable ESDP missions, it is essential that civil and military initiatives are better linked to the EU's longer-term conflict prevention and development programmes, some of which often take place concurrently in regions. The Commission, for example, makes a substantial contribution to civilian crisis management, by providing continuity with existing assistance programmes and through its long-term conflict prevention programmes. This includes development assistance programmes, judicial reform, human rights and civil society initiatives that help address the root causes of instability[33]. A coherent strategy is therefore required, and one that is based on joined-up analysis and planning. Below are outlined a number of practical ways to achieve stronger linkages between crisis management and longer-term, preventive peacebuilding.

Joint fact-finding and monitoring missions

The EU has begun to make progress in its assessment and monitoring processes as seen through the monitoring missions in the Western Balkans and the joint civil-military fact-finding missions to Iraq and Sudan last year. These could provide a useful early warning mechanism as well as a stronger basis for developing longer-term, preventive approaches. However, assessments are not systematic and do not appear to be based on long-term causal indicators of instability, reflecting in part the short-term nature of ESDP engagements.

Fact-finding and monitoring missions must target the causes of violent conflict and state fragility, to better understand what contribution an ESDP mission can make within a broader strategy. Furthermore, unless analyses are participatory and shared they lose their potential positive impact. Missions must, therefore also include a range of actors. This includes EU representatives from the Council and Commission, including the Delegation as well as external experts and relevant multi-national actors present in the region. Monitoring missions should be linked to the development of EU 'preventive strategies' to provide a real prospect of linking early warning to early action in fragile states.

An Assessment Unit to learn lessons

Operation Althea in Bosnia is probably the EU's largest, most comprehensive mission at present. While on paper it appears to provide a useful model for a strategic framework, in practice opinions are mixed. An Assessment Unit with a cross-institutional reach should be established within the Civil-Military Cell to learn lessons from missions. Its mandate should include assessing the level and nature of joint analysis and planning based on the root causes of instability, the degree to which local communities are consulted and trust built, and the degree to which wider regional and international actors are integrated (all of whom should play a critical role in the work of the assessment team).

[33.] This is funded via the Rapid Reaction Mechanism (RRM), the European Initiative on Human Rights and Democracy (EIDHR) and the regional aid programmes, such as TACIS or EDF.

Strengthening cooperation with civil society

The EU has begun to recognise the role that local and international civil society can play in crisis management – be it in policy formulation, early warning and monitoring or in building trust between state structures and local populations. The conference hosted by the Luxembourg Presidency and the European Peacebuilding Liaison Office (EPLO)[34] in March this year helped move the debate along. However, there is still a lack of understanding (among EU and Member State officials and civil society itself) of how engagement can become more systematic – particularly in fragile states. Two practical steps would assist in moving this important issue forward. At a policy level, the Committee for the Civilian Aspects of Crisis Management (CIVCOM) could invite NGO experts to sit in and/or participate in some of its meetings. At a more practical level, real scenarios could be used (e.g. the EU police mission in Palestine or Bosnia) to evaluate how civil society might contribute in practice.

Developing a strategy for multifunctional responses

Whilst the European Security Strategy emphasises that 'military instruments may be needed to restore order' in failed states and in regional conflicts, this will only be successful if they are deployed in conjunction with humanitarian assistance, effective policing, civilian crisis management as well as broader political and economic instruments. The EU is particularly well equipped for these multi-faceted situations and has already begun to take a number of steps towards the development of 'multifunctional packages' that combine military and civilian actors, and that are better linked to longer-term conflict prevention policies and other Community activities. The Civil-Military Planning Cell, for example offers the opportunity to develop a truly joint strategic planning unit made up of interdisciplinary experts who would assess mission needs. This could also be linked to an operational planning and support unit that would assist with the training and recruitment of civilian staff.

Developing SSR and DDR concepts with a Council Common Position

The EU both funds, and is operationally involved in, a whole range of security sector reform (SSR) activities. These include funding disarmament, demobilisation and reintegration (DDR) processes and small arms initiatives, supporting judicial, police and army reform and undertaking development and rehabilitation projects. Each activity, however, is planned and implemented in isolation. No coherent strategy for how the EU should approach SSR and DDR exists. A Council Common Position on SSR (including DDR) that incorporates all the EU's capabilities should therefore be agreed.

This policy should then be implemented by developing the 'concepts' for SSR and DDR stipulated in the *EU Civilian Action Plan*. Assisted by the Presidency, the relevant Council Working Groups, CIVCOM and CODEV[35], should take this work forward with their Commission counterparts. When drawing up the concepts, the EU should consider the following:

Ensuring participatory approaches to security sector reform (SSR)

Ensuring crisis management operations involve local actors is vital for sustainability. The challenge is to ensure that multilateral organisations and donor governments support and implement participatory rather than repressive alternatives to ensure that the security sector becomes more democratic, more accountable and more responsive to the needs of the public. One such programme is underway in Kenya where the Government, supported by donors, international and local NGOs, is working to introduce 'community-based policing'[36]. The *EU Policing Action Plan* notes that the CEPOL policing training

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[34.] A report from the conference will be available on the European Peacebuilding Liaison Office's website at www.eplo.org.
[35.] Committee for Civilian Aspects of Crisis Management (CIVCOM), Development Cooperation Committee (CODEV).
[36.] For more information on community based policing in Kenya see www.saferworld.org.uk.

courses for police operations in the framework of ESDP should be further developed. This should include a strengthened role for community-based policing methods in both training and practice.

Emphasising Reintegration in DDR

In Angola, one of the primary factors undermining the 1992 peace process and speeding the return to war was the failure to institute an effective DDR programme. However, too often the focus of African governments and donors has been on rapidly demobilising soldiers without ensuring that the social and economic conditions exist to reintegrate the ex-combatants into society. As a result, former soldiers often turn to banditry or cross borders to join other militia groups, particularly when their host community resent or reject them, increasing social and economic tensions and undermining reconciliation processes. This also emphasises the need for a regional approach to DDR.

EU support, like international support is more broadly focused on the D and D, rather than the R[37]. This is despite the fact that the EU's greatest added value could be its economic and developmental instruments, as well as its presence 'in field'. Any SSR/DDR Common Position must, therefore place a strong emphasis on reintegration and rehabilitation and grapple with the issue of reintegration' into what?'

The establishment of a budget line for security sector reform within the Community budget that reflects the timelines of country/regional strategy papers would also support this process[38]. This budget-line could support job creation; trust and confidence-building initiatives between the security sector and local populations; conflict-sensitive micro-finance projects associated with weapons collection; and reintegration processes associated with DDR, including support to host communities. This could sit either under the Stability or the Development Instrument in the new Financial Perspectives.

Tackling Small Arms and Light Weapons (SALW)

Tackling the spread of small arms in fragile states is an urgent priority. Their easy availability can undermine prospects for peace, development and effective governance. The EU has a key role to play in addressing small arms proliferation, both by supporting programmes to reduce their availability in conflict regions and by controlling their international transfer.

The EU currently supports small arms control projects through the *Council Joint Action on the European Union's contribution to combating the destabilising accumulation and spread of small arms and light weapons, the EU Programme for Preventing Illicit Arms Trafficking and the 2000 Cotonou Agreement*[39]. In 2003, the EU provided roughly €52 million to various SALW projects[40] related to, amongst other, SALW collection and destruction programmes[41]. Through this support, the EU has contributed significantly to combating the spread of SALW. However, more can and should be done, as the potential of the EU to play a role in this area is not being maximised.

Integrating small arms into security, development and governance programmes
Co-ordination between donor agencies is poor with Member State governments and the

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[37.] In the Mano River Union, for example the EU has supported the UN-controlled trust fund for regional DDR processes. However, the UN massively underestimated the cost of D and D, leaving no funds available for R.

[38.] Country and regional strategy paper have a programming life of five years. Currently, support for similar SSR initiatives, such as through the Rapid Reaction Mechanism, are short term lasting only up to six months.

[39.] The 2000 Cotonou Partnership Agreement promotes, among others, assistance for SALW projects as part of an integrated policy of peacebuilding and conflict prevention within the framework of the partnership between the European Community and its member states with African, Caribbean and Pacific countries.

[40.] Including in Cambodia, South Eastern Europe, and Latin America, Tanzania, Ivory Coast, Liberia and Sierra Leone

[41.] European Parliament, EU Actions and Policy in regard to SALW, DGEx/B/PolDep/Study/2004_9/03, 1 February 2005

EC sometimes supporting overlapping projects in the same region. Co-ordinating support through the frameworks of regional and national action plans (as the EC and UK have supported in Tanzania) is an important priority. If donor support for combating the spread of small arms is still to be sustainable then the real challenge is for EU Member States and the EC to integrate it into their broader security, development and governance programmes.

Controlling arms exports – supporting an International Arms Trade Treaty

Action by the EU to control the proliferation of small arms in fragile states is often undermined by the role of EU Member States as significant arms exporters. The EU has developed a range of measures to try to control arms exports, including the *EU Code of Conduct* and a number of arms embargoes. For example, it is illegal for EU countries to export military equipment to Burma. However, German manufactured engines are being used in armoured vehicles in Burma, having originally been exported to Ukraine. Ukraine is not bound by EU rules, which is why regional agreements alone are not enough. The EU, therefore should champion an *International Arms Trade Treaty* to ensure that the same standards are applied to control arms transfers, not just in EU countries but across the world. The *EU Code of Conduct* also needs to be strengthened to prevent diverging interpretations by 25 Member States.

Regulating arms brokers

Very few EU governments comprehensively control the activities of arms brokers - the 'middle men' who arrange arms transfers. Unscrupulous brokers have ruthlessly exploited this current lack of control to facilitate arms transfers to regions of instability and to governments and rebel groups that are subject to international arms embargoes. There is consequently an urgent need for the adoption of comprehensive controls around the world. EU Member States have agreed a *Common Position on controlling arms brokers* but it only recommends that Member States consider applying these controls to EU citizens operating outside the EU. The lack of mandatory extra-territorial controls means that most EU countries have no controls on brokers who travel overseas to ply their trade. This means that most EU nationals can continue to supply arms into conflict zones legally as long as they are based outside the EU. For example, a UK national involved in arranging a sale of small arms into Syria did not need permission from the UK Government because he was operating from Bulgaria. The *EU Common Position* needs to be strengthened to make it mandatory for Member States to control EU nationals involved in arms brokering wherever they are based.

Developing a disarmament and arms control strategy

The EU supports various small arms and DDR processes in different regions and has a number of policy instruments in place to control arms exports and small arms proliferation. However, the projects supported by the EU are implemented on an ad hoc basis and the different instruments are not effectively co-ordinated. As a follow-up from the *EU Security Strategy*, the EU should develop a comprehensive disarmament and arms control strategy that brings together existing initiatives, integrates them with wider processes and provides greater strategic direction for this work.

International and regional coherence in civilian crisis management

The linkage between the EU's capabilities and international and regional organisations engaged in crisis management is vital. This is particularly the case given the EU's commitment to engage its capabilities at the request, or in support, of UN and OSCE crisis management, and the nature of regional conflicts and insecurity. There is a real interest in the EU's relatively new experience in civilian crisis management (CCM) in particular. As conceptual thinking and

practical development of CCM is taking place in parallel in the UN, and more recently in African regional organisations[42], the potential for increased cooperation between institutions is great[43]. This should include staff exchanges, developing joint scenarios for practical cooperation and developing joint concepts and training exercises for integrated missions.

BOX. 2. STRENGTHENING EU-UN CO-OPERATION IN CIVILIAN CRISIS MANAGEMENT

Military and civilian cooperation between the EU and UN has been taking place on an *ad hoc* basis since the establishment of the EU's ESDP in 1999, and since 2000 has been playing a key role in the development of the EU's defence concepts. Further cooperation could be developed in the following ways:

- Articulate joint scenarios for practical cooperation, as the UN and EU have done for military crisis management e.g. for operations in Africa and the Middle East;
- Set up joint virtual working groups to co-ordinate actions in specific crises where both organisations are operationally active;
- Actively pursue provisions for exchange of Secretariat staff, in particular between Secretariat police and rule of law units;
- Extend EU training in CCM to non-EU Member State personnel, given the relative dearth internationally of civilian training programmes;
- Work towards common concepts and eventually common training and exercises for integrated missions, both military-civilian and multifunctional civilian.

(RENATA DWAN, 2005)

At the level of African regional organisations, through the African Union (AU) and NEPAD's African Peace and Security Agenda, the EU has increased its commitment to supporting African-led strategies for conflict prevention and resolution[44]. This includes EU funding to establish the Africa Peace Facility (APF) and likely involvement, with the UN, in training the African peacekeepers and participating in some of the initial missions. In the future, the EU and UN should also help to ensure that the APF becomes more than simply a military 'stand-by' force by, for example exploring the possibility of developing the AU's civilian crisis management capacities, such as human rights monitoring.

Care must be taken, however, that the EU – in its more privileged position - is not just passing the more dangerous and difficult parts of the job over to poorer African countries. The only way that a more even balance can be struck is through political vision at the highest level whereby trade and economic policy is also re-balanced to enable fragile African states to meaningfully address issues of security, economy and governance. The absorption of the report from the Commission for Africa by the Council of Ministers and a strong statement of support in this regard at the UN Summit in September would be a step forward.

There is widespread consensus that a tri-lateral partnership between the UN, AU and EU provides a strong framework for peace, security and development in Africa. For this tri-lateral partnership to be effective it must be based on a process of continuous consultation and coordination, so as to ensure complementary roles and responsibilities

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[42] See, for example, the Report of the UN Secretary-General, *The rule of law and transitional justice in conflict and post-conflict societies*, UN doc. S/2004 616, 23 August 2004 which proposes, *inter alia* the creation and maintenance of an updated roster of justice and transitional justice experts based upon explicit criteria.

[43] Relations between the EU, UN and the OSCE in crisis management were set out formally in 2003.

[44] The AU endorsed the New Economic Partnership for African Development's (NEPAD) African Peace and Security Agenda in February 2003. It contains eight priority areas, and plans to set up a continental early warning system and an African stand-by-force.

are clearly articulated and acted upon. In particular, there is a need for a consultative mechanism between the EU and AU on matters relating to peace and security. An EU Special Representative to the AU could help fulfil this role.

RECOMMENDATIONS

The EU should:

- **Develop a strategy for 'multifunctional' crisis management operations. This should be undertaken by a truly joint strategic planning unit within the Civil-Military Cell composed of sufficient numbers of civilian staff and interdisciplinary experts who would assess mission needs and develop scenario planning;**
- **Ensure fact-finding and monitoring missions target the causes of violent conflict and state fragility, that they include a range of actors and are linked to the development of the EU's 'preventive strategies';**
- **Establish an Assessment Unit with cross-institutional reach within the Civil-Military Cell to absorb and use information from monitoring missions. Ensure local and international NGOs, business and CSOs play a critical role in the work of the Assessment Team;**
- **Develop SSR and DDR concepts that are designed and implemented jointly by the Commission and Council to ensure that any EU DDR processes better prioritise reintegration, approaches to SSR are participatory and that both include small arms control measures;**
- **Support the development of national and regional action plans for small arms control in conflict regions;**
- **Strengthen the criteria in the *EU Code of Conduct on arms exports*, strengthen the *Common Position on arms brokers* by making extra-territorial controls mandatory, and support the establishment of an *International Arms Trade Treaty*;**
- **Develop a comprehensive EU disarmament and arms control strategy across the pillars with a significant budget to support its implementation;**
- **Establish a budget line for security sector reform within the Community budget that reflects the timelines of country/regional strategy papers;**
- **Continue to develop coherence with other international actors particularly the UN (e.g. through more joint missions and training exercises) and the AU (e.g. by supporting training for civilian crisis management);**
- **Appoint an EUSR for the AU based from Addis Ababa to serve as a mediator and act as a mechanism to promote coherence in EU-AU dialogue.**

3.2. GOVERNANCE

Introduction

The European Security Strategy highlights that 'well-governed states' are essential to prevent conflict and instability. This requires the development of political, judicial and security structures and processes that enable local people to participate in decision-making. It also requires states to manage, with accountability, their resources, including international corporate investment. This chapter aims to outline some key challenges and opportunities for the EU in developing democratic institutions in fragile states and for developing a European corporate investment culture that promotes, not undermines, the development of 'well-governed states'.

3.2.1 EU DEMOCRACY-BUILDING IN FRAGILE STATES

WRITTEN IN ASSOCIATION WITH RICHARD YOUNGS.

Introduction

One major challenge that the EU and the international community at large are facing in fragile states is the discrepancy between 'democratisation' and peacebuilding. This is most often reflected in the international community's race towards 'good governance' and the 'democratic ideal' before wider peacebuilding issues have been properly addressed.

In three countries that have entered, or are about to enter, into national elections – Afghanistan, the Democratic Republic of Congo (DRC) and Iraq - security and human development needs are currently worse now than when they were under authoritarian rule. This failure to get the right balance between promoting democracy and wider developmental and human security needs in a given context clearly undermines the chances for peace.

This has tended to create semi-democracies, which are more likely (than full democracies and full autocracies) to undergo regime change and to experience civil war[45]. Since the end of military dictatorship and communist totalitarianism, the number of transitional polities is estimated to have risen from 16 to 47. These states are at greatest risk of instability and are particularly acute in Africa and the Middle East.

The commitment to strengthen democracy has now established itself firmly as a central pillar of EU policies – within the stated priorities of both general security policy and more specifically in conflict resolution strategies aimed at fragile states[46]. While traditionally the EU has put most of its direct, 'democracy-building' efforts into election support, it increasingly recognises it as a much broader concept that requires a variety of approaches. Strengthening democracy, for example, forms a central aspect of virtually all EU policies across the world, including aid, trade and diplomatic policies. However, EU policies in practice still betray an uncertain conceptualisation of the relationship between democracy

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[45.] Malcolm Chalmers, "Rescuing the State: Europe's Next Challenge", British Council, European Commission, Foreign Policy Centre, 2005.

[46.] EU policy instruments and benchmarks relevant to democracy have strengthened gradually since the late 1990s. The 2001 Commission *Communication on Conflict Prevention* laid emphasis on the political causes of conflict, committing the EU to elaborate indicators of good governance, the rule of law and 'political exclusion', which would be reflected in both aid programmes and the criteria guiding the use of sanctions. The 'check list for root causes of conflict' subsequently identified an extensive range of political factors, including: the extent of checks and balances in the political system; the inclusiveness of political power; the extent of corruption; independence and effectiveness of the judiciary; the degree of civilian control over security forces; respect for religious and cultural rights; media independence; and the protection of NGOs and other civil society organisations (http://europa.eu.int/comm/external_relations/cpcm/cp/list.htm).

and conflict and continue to regard as peripheral the political root causes of instability and the underlying quality of the pluralistic process in its efforts.

EU approaches to democratic reform in fragile states

The EU's basic approach to encouraging democratic reform within states is, in principle, based on partnership, persuasion and local ownership. Post-Somalia, for example, the mantra has been one of 'African solutions', with recent weight attached to the NEPAD peer review mechanism. This has also been reflected in the democracy and human rights 'essential elements' of the EU's aid and trade agreements with third countries. These are agreed around jointly accepted performance criteria, expressly distinguished from standard 'conditionality'. This persuasive method can prove useful in encouraging states to reform before they fall into crisis[47] (see Political Dialogue Chapter 3.1.1).

The EU also provides political support for peace processes by supporting or mediating power sharing processes between different ethnic groups. This has often taken the form of both diplomatic involvement in and financial 'reward' for multi-party efforts to divide power within basic (although commonly rather weak) democratic parameters. Examples have included the DR Congo and the Ivory Coast, where additional packages of aid flowed from the negotiation of such power-sharing deals.

Within EU political aid programmes, particular and increasing importance has been attached to judicial reform. This has embraced a variety of approaches. In Sierra Leone, funding has focused on support for the Special Court. In Georgia, the EUJUST programme has sought to fill a post-transition institutional vacuum. In the Occupied Territories, the Palestinian Authority has been provided with both judicial 'hardware' (basic equipment and buildings) and technical support for the drafting of a new judicial law. In other conflict states, such as Algeria, rule of law programmes have focused more on criminal law procedures and policing capacity. Under the EIDHR, and in poorer developing states such as Nepal, the priority has been on legal aid and citizens' access to justice. Judicial reform efforts are, crucially, also linked increasingly with ESDP initiatives (see ESDP Chapter 3.1.2).

Where the EU wishes to strengthen democratic or pluralistic processes outside state institutions, the European Initiative on Democracy and Human Rights (EIDHR) and the Rapid Reaction Mechanism (RRM) are available. The RRM funds democracy and human rights initiatives at crisis stages. This includes supporting mediation efforts, peace agreements and the re-establishment of rule of law and civil administration in DR Congo and Afghanistan, for example[48]. The EIDHR is unique in that it funds projects without clearance from recipient country governments. Undoubtedly useful and ambitious projects, including those on independent media training and peacebuilding have been supported. These are aimed at strengthening cross-ethnic civil society organisations, for example, in Bosnia, Indonesia, Macedonia and (briefly) Somalia.

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[47] In January 2004, for example the EU opened consultations with Guinea-Bissau under Article 96 of the Cotonou Agreement following the military coup in September 2003 and the contentious presidential elections in December 2003. Following a strong willingness to engage by the Government, regular dialogue, progress towards a return to an independent judiciary and a fair, free and transparent general election in March 2004, the EU in early 2005 normalised relations.

[48] The RRM supports measures aimed at safeguarding or re-establishing the conditions under which the partner countries of the EC can pursue their long-term development goals. The main added value of the RRM is its ability to provide support to the political strategy of the Commission faced with a crisis in a third country. The total budget for 2005 is €30 million (www.europa.eu.int).

Supporting democracy-building as part of an effective EU strategy to address fragile states

Strengthening state capacity and building accountability

In practice, EU democracy and governance funding has been concerned with building support for those leaders seen as moderate and/or nominally committed to peace processes. This has been the case in Bosnia, Kosovo, Algeria, and the West Bank and Gaza Strip. As such, this EC funding is not, therefore, in support of democracy *per se*. A large amount of EU governance aid has, therefore, helped boost state capacity, but not - as is routinely claimed - state accountability. Similarly, the European Council's Police Unit has tended to prioritise operational efficiency of local forces in its security sector reform missions above efforts for civilian control and accountability to local populations – a shortcoming apparent, for example, in the police support initiative in Kinshasa, DR Congo. Building state capacity and accountability should not be seen as mutually exclusive, 'either-or' options.

Increasing support for democratic policing

Reforming the police and increasing trust between the police and local communities is a key part of strengthening governance in fragile states. Often the police may have a history of repression or may not have the capacity to provide security across the territory of the state. Engaging with the police and helping to improve their service delivery to poor people is a vital issue that the EU needs to increase its support for. The EU should be ideally placed to link together top-down capacity-strengthening cooperation with security forces on the one hand, and bottom-up civil society initiatives, on the other. Developing democratic, community-based policing programmes should be a key target of EU development and technical assistance.

Developing truly democratic systems in the longer-term

Often, elections that are held relatively soon after conflict has ended are not accepted by losing parties or they may simply benefit those groups that are already organised. As a result, across Africa much European diplomacy and policy initiatives have focused on supporting power-sharing processes between different ethnic groups in order to promote basic democratic norms and to contain conflicts (see Box. 3).

BOX. 3. META FORMS OF POWER-SHARING

A basic distinction needs to be recognised here between the two meta forms and multiple variations of power-sharing. The meta forms are:
(a). pre-election as in Burundi, DRC and Liberia, where the warlords get to sit at the table, and
(b). post-election, as in Northern Ireland, where executive power is shared in direct proportion to election results.

Pre-election power-sharing is deliberately short-term. The question is, does it work: In Burundi, seemingly; in DRC, no; in Liberia, the jury is still out.

Invariably, EU backing has been given to the leader judged to be the most proficient at holding the balance of power between different groups. This is true, for instance, in Nigeria, Uganda and Sierra Leone. The EU has also been involved in similar processes in Afghanistan, where a power–sharing, clan-based structure has been developed, which is based upon a certain tolerance of the warlords.

While this can be an appropriate way to support political reform in fragile states and a welcome rejection of the imposition of Western forms of democracy[49], there is a danger that they prove unduly short-termist. Critics of power-sharing democracy have argued that institutionalising representation based on ethnicity encourages ethnic leaders to 'play-up to' nationalist sentiment, compounding existing tensions[50]. The EU therefore needs to play a much greater role in supporting the development of a democratic majority and processes that cut *across* ethnic and sectarian divisions. This is perhaps nowhere more imperative currently than in Iraq.

Increasing funding for democracy/peace-building
In 2004, €124 million were available in the EIDHR budget. Despite increases, these funds are small when compared to wider aid budgets. The EIDHR programme for 2005-6 also indicates a shift back away from a 'fragile state' priority. Between 2002 and 2004, of the 29 (later increased to 32) states identified as 'target' countries for democracy and human rights, all but six were states either currently or recently in conflict[51]. For 2005-6, the list of target countries has increased to 68, with many Middle Eastern and Central Asian states added, yet with no increase in the overall budget.

Furthermore, there is a lack of clarity over what projects qualify for EIDHR funding, with questions being raised as to how the promotion of democracy is being carried out in conflict scenarios as much EU democracy aid has been spent on narrower and more traditional post-conflict priorities. In Rwanda, for example, Commission funds were moved away from broad democratic transition projects towards a focus specifically on supporting the International Criminal Court in the compensation of the 'victims' of the genocide. Although the ICC should be supported, this should not be at the expense of funding broader peacebuilding efforts.

Enhancing coherence in EU democracy-building
There is a lack of coherence between the various actors and instruments involved in democracy-building measures in both EU policy and practice. In Brussels, there is a lack of coordination within the Commission between the Conflict Prevention Unit and those responsible for democracy and the promotion of good governance. In the field, the offices of the EU's various special envoys remain focused overwhelmingly on diplomatic mediation and acknowledge a lack of awareness of what the EU is (or is not) doing in terms of democracy assistance in their respective areas.

Similarly, ESDP officials admit to a paucity of deliberation over precisely how EU missions might support institution-building aims. New military decision-making structures are not in any obvious way embedded within analysis over the political aims relating to human rights and democracy promotion. Significantly, this was one the principal shortcomings identified by the ´lessons learned' exercise carried out after Operation *Artemis*, with the mission criticised for conspicuously failing to lead on to any comprehensive democracy-building strategy in the DR Congo.

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[49] Grand coalitions and ethnic autonomy have in these cases been seen as providing for stability in the absence of a common belief system strong enough to underpin unconstrained competitive pluralism. See 'Democracy and Deep-Rooted Conflict', Stockholm International IDEA, 1998.

[50] Snyder J. (2000) *From Voting to Violence: Democratization and Nationalist Conflict* (New York, Norton), citations from p.315 and 330. These limitations are also acknowledged by International IDEA, *Democracy, op. cit.*

[51] Nigeria, Indonesia, Cambodia, Mexico, Guatemala, Bosnia, the former Yugoslavia, Turkey, Russia, Algeria, Sudan, Zimbabwe, Sierra Leone, Congo, Rwanda, Burundi, Colombia, Haiti and Fiji.

RECOMMENDATIONS

The EU should:

- **Move away from isolated, self-standing political aid projects towards a more comprehensive approach that addresses the political causes of state fragility;**
- **Ensure more and better-targeted funds are available to support the development of a democratic majority – e.g. funding more 'cross-sectarian' civil society projects;**
- **Develop better links between high-level political processes and grass roots democracy-building measures – e.g. ensure that the support staff for EUSR's includes people involved in EIDHR-funded programmes;**
- **Ensure that ESDP missions are part of a wider democracy/peace-building strategy – e.g. Commission staff responsible for conflict prevention, human rights and democracy should be involved in the planning of missions as part of the development of longer-term preventive strategies;**
- **Develop common conceptual guidance on democratic reform in conflict-sensitive contexts, centralising conflict analysis as key to the sustainability of democracy-building processes.**

3.2.2 EUROPEAN CORPORATE INVESTMENT IN FRAGILE STATES[52]

Introduction

As UN Secretary-General Kofi Annan stated last year in a speech to the Security Council, 'The economic dimensions of armed conflict are often overlooked, but they should never be under-estimated. The role of business, in particular, can be crucial, for good and for ill.' Globalised markets increasingly bring European companies to fragile states, and into contact with existing and potentially violent conflict. This is particularly true of oil, mining, gas and other natural resource companies. These types of business activity are determined by location of resources and, as recent research has shown, a state's economic dependency on a narrow range of natural resources is often a correlate to war[53].

Other business sectors are also drawn to invest in fragile states, including private security companies, communications, banking or engineering corporations, who can often be under contract to relief agencies to contribute to reconstruction efforts[54].

Recent years have seen several high-profile cases where European companies operating in fragile states have been accused of exacerbating instability (see Box 4). In the absence of effective domestic rule of law in fragile states, and limited global regulation of these sectors, private corporations are accountable to no-one but their shareholders. However, the absence of regulatory clarity and guidelines on how ethical business should be undertaken in conflict-affected countries creates major challenges for host societies, for companies, and for European governments.

[52.] This chapter was written by Jessica Banfield, Senior Programme Officer in International Alert's Business and Conflict Programme.
[53.] Collier, P. and I. Bannon (2003), *Natural Resources and Violent Conflict: Options and Actions* (Washington D.C: World Bank).
[54.] Bray, J. (2005) 'International Companies in Post-Conflict: Cross-Sectoral Comparisons' *Conflict Prevention and Reconstruction Unit Paper No.22* (Washington D.C: International Alert/ World Bank CPRU).

BOX 4. CASES OF EUROPEAN COMPANIES EXACERBATING INSTABILITY IN FRAGILE STATES

- Legal prosecutions against Elf for its involvement in high-level corruption, use of mercenaries and arms-dealing during the 1980s and 90s in Gabon;
- Shell's acknowledgement last year that its activities in the Niger Delta had 'inadvertently fed conflict';
- The naming of a number of European companies in the UN Expert Panel Report on illegal exploitation of natural resources in the DRC during the conflict;
- Involvement of British energy companies in the Balkans, which according to the UN High representative in Bosnia, may have contributed to the financing of renegade war criminals through their corrupt activities.

EU approaches to European corporate investment in fragile states

Important EU advances have been achieved in curtailing trade in 'conflict commodities' (e.g. through the Kimberley Process and FLEGT[55]), and on corruption and transparency issues. Within the EU itself, the Commission's 2001 *Communication on Conflict Prevention* recognises that the private sector is an important actor in conflict-prone areas, noting that foreign investing companies 'can be partly responsible for maintaining, or even creating, structural causes of conflict'. In the Communication, the Commission also outlines a role for itself as, 'a facilitator, helping to bring the parties involved together for discussion and debate' on the role of the private sector in conflict. Corporate investment is also promoted as a key engine for sustainable development in the 2002 Commission *Communication on Corporate Social Responsibility* – although it does not explore the links between companies and conflict.

EU Member States have also been involved in a range of efforts to close the gap in international frameworks. These include the *Extractive Industry Transparency Initiative (EITI)*, the *Voluntary Principles on Security and Human Rights*, and the *UN Draft Norms on Responsibilities of TNCs with Respect to Human Rights*, as well as efforts to clarify the legal framework governing corporate activity in relation to conflict. While welcome, these Member State efforts have, for the most part, yet to permeate to the EU level.

Consequently, there is a marked lack of coherence between the EC's conflict prevention and corporate social responsibility policies. While the cross-cutting nature of the issue of corporate investment in fragile states makes this unsurprising, urgent EU level action is now required to provide leadership and greater coherence. Best practice and improved management systems for companies that seek to conduct their business with integrity is needed, as well as a clearer regulatory environment, in order that corporate investment fulfils its potential to be part of an effective EU strategy to assist fragile states.

Ensuring that corporate investment supports an effective EU strategy to address fragile states

The UK EU Presidency is well placed to take the lead and ensure that corporate investment at the European level supports development, conflict prevention and peacebuilding goals. The Report of the UK-led Commission for Africa lays important groundwork and provides useful recommendations relevant to corporate investment in fragile states.

[55.] The Forest Law and Environmental Governance Trade (FLEGT) initiative and the Kimberly Process, both initiated in 2003, attempt to control the illegal trade in timber and conflict diamonds.

Transparent management of natural resource revenues

As noted in the Africa Commission report[56], it is particularly important in resource-rich countries that are emerging from conflict to build transparency measures into the process of restoring such countries' ability to capture revenues from resource exploitation. Adoption of the *EU Transparency Obligations Directive* in late-2004 paves the way for fulfilling this vision of transparency at the European level[57].

The EU should now ensure that rapid progress towards greater revenue transparency is achieved as a result of this Directive, and through Member State and European company participation in international fora, such as the EITI. Ongoing political and commercial pressure on companies, including through the development of clear implementation criteria, as well as support to host governments and societies on revenue management as part of development assistance, are required to see this realised.

Supporting corporate adherence to international norms and principles in fragile states

Despite advances in political risk methodologies and other assessments, and the wider corporate social responsibility sphere, one of the most fundamental gaps in corporate practice is the capacity to understand conflict itself, and above all the spectrum of influence that a company's investment may have on such conflict, directly, indirectly and at different levels.

New management tools and international standards are emerging to try to ensure that the impact of corporate investment in fragile states is positive. The Voluntary Principles, EITI, UN Draft Norms, as well as other initiatives including at the OECD, indicate the likelihood of developing stricter rules governing companies' relationship to conflict developing over time[58]. In order to support this evolution, the EU must promote a culture of adherence among European companies for relevant, and higher standards governing European corporate investment in fragile states.

The UK Presidency provides an opportunity to create real momentum on this issue. The Commission for Africa called for the establishment of 'clear and comprehensive guidelines for companies operating in areas at risk of violent conflict'. Greater dialogue is needed to help develop these. While, to date, various Member States have hosted cross-sector dialogue events on business and conflict, the EU has so far confined itself to a single session in the overall European Corporate Social Responsibility conference, organised by the Dutch Presidency in 2004.

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56. 'Developed country governments, company shareholders and consumers should put pressure on companies to be more transparent in their activities in developing countries, and to adhere to international codes and standards for behaviour ….The international community should give strong political and financial support to schemes such as the Extractive Industries Transparency Initiative (EITI) to increase the transparency of payments made to, and received by, governments, and should encourage its acceptance by all resource-rich African countries. It should support the development of criteria and a means of validating EITI implementation. Donor countries should also support and fund capacity-building among public servants as well as civil society, by contributing to the EITI multi-donor trust fund', *Our Common Interest: Report of the Commission for Africa*, p.147

57. 'Amendment 236 Recital 8c requires that:'The home Member State should encourage issuers whose shares are admitted to trading on a regulated market and whose principal activities lie in the extractive industry to disclose payments to governments in their annual financial report. The home Member State should also encourage an increase in the transparency of such payments within the framework established at various international financial fora,' EU Transparency Obligations Directive, 2004.

58. 'See *Business and International Crimes: Assessing the Liability of Business Entities for Grave Violations of International Law* (2004) (Oslo: International Peace Academy and Fafo AIS).

BOX. 5. CONFLICT-SENSITIVE BUSINESS PRACTICE: GUIDANCE FOR EXTRACTIVE INDUSTRIES

A new publication from International Alert, *Conflict-Sensitive Business Practice: Guidance for Extractive Industries*, was published in March 2005 with the aim of helping companies to close the capacity gap on doing business with integrity in conflict-prone zones. It consists of guidance on doing business in societies that are at risk of conflict. It is aimed at field managers working across a range of business activities, as well as headquarters staff in security, external relations and social performance departments. Through a series of practical documents it provides information on understanding the risks of conflict[59].

It provides an opportunity for companies that are serious about improving their impact on host countries to begin thinking more creatively about understanding and minimising the risk of conflict, and about actively contributing to peace.

Full report available at: www.international-alert.org/publications

RECOMMENDATIONS

The EU should:

- **Establish a taskforce including relevant Commission DGs, interested Member States and a Council Working Group (e.g. Africa) under the leadership of the UK Presidency to clarify of the roles and responsibilities of European companies in fragile states and develop clear and comprehensive guidelines for their operations, including an Action Plan for implementation;**
- **Raise awareness among European companies of emerging best practice in this area, and promote and support ongoing research;**
- **Ensure that international norms and agreed principles are integrated into a Council Common Position or Action Plan on Fragile States.**

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[59] 'The research process has included International Alert's contribution to, and learning from, the UN Global Compact *Business Guide to Conflict Impact Assessment and Risk Management*, published as a result of its ongoing policy dialogue, 'The Role of the Private Sector in Zones of Conflict' (UN Global Compact Dialogue on Companies in Zones of Conflict *http://www.unglobalcompact.org/Portal/Default.asp*), as well as input from a steering group of representatives from some of the world's leading oil, mining and gas companies.

3.3. DEVELOPMENT

Introduction

An estimated one-third of people living in poverty around the world live in fragile states. Underdevelopment is an inevitable consequence of weak governance and insecurity in fragile states. When reinforced by insecurity over access to political, social and economic resources it can also be a cause of state failure. Development in fragile states cannot, therefore, be addressed in isolation from security and governance issues.

Humanitarian aid, development assistance and trade policies all have a critical role in supporting development in fragile states. This chapter sets out how they can be targeted more effectively and used more coherently to help achieve this goal.

3.3.1. EU HUMANITARIAN ACTIONS IN FRAGILE STATES[60]

Introduction

The EU, including its Member States, represents the world's largest humanitarian donor. ECHO, the Directorate General for Humanitarian Aid, aims to provide impartial, non-discriminatory and neutral assistance to the world's most vulnerable populations[61]. As a result, ECHO provides assistance regardless of any request from the affected country and often against its wishes. There are times, therefore, when ECHO is the only EU presence in some of the most complex and politically challenging states, such as Myanmar, the Democratic Republic of Congo and Chechnya.

While successfully maintaining its institutional independence and humanitarian impartiality, ECHO is increasingly recognising that its work is not apolitical as its very presence in fragile environments impacts upon, and is impacted by, complex conflict dynamics. The challenge remains balancing these two, often contradictory, realities.

EU humanitarian aid approaches in fragile states

Since its establishment in 1992, ECHO has sought to maintain its independence from broader EU foreign policy. This has been possible due to ECHO's unique nature, in that its constitutional status provides it with considerable autonomy from the politically motivated decisions of CFSP made by the Council of Ministers[62].

Nevertheless, the increased role played by non-state actors in today's civil wars and the global 'war on terror', have led to a failure to respect international humanitarian law by both states and non-state actors. Furthermore, the misuse of the term 'humanitarian' by governments to justify politically motivated military interventions threatens to seriously undermine the roles and responsibilities of those delivering genuine humanitarian assistance.

While this is a real problem, this should not result, however in a failure to acknowledge the wider political impact that humanitarian aid can and does have in fragile states, beyond essential service delivery to affected populations. The provision of food aid to Sudan, for example, has in some cases sustained the conflict[63]. Equally, humanitarian aid can increase the likelihood of achieving peace, by supporting longer-term development objectives.

[60.] 'This chapter has been written with contributions from Emma Visman (Consultant) and Samantha Chaitkin (VOICE).

[61.] 'These established principles are now enshrined in the Constitution, however, much to ECHO's regret, the proposed EU Constitutional Treaty failed to include the word 'neutrality', ECHO Annual Report, 2003.

[62.] 'Representatives from Member State emergency relief departments sit on the Humanitarian Aid Committee (rather than Council representatives) and it is consultative rather than regulatory.

[63.] In 2000, ECHO-funded field research on the unintended consequences of humanitarian assistance in Sudan concluded that, while aid has not of itself perpetuated or promoted conflict, its presence has been used to generate short-term conflicts over access to food aid (See Loane, G/C Moyroud eds., Tracing Unintended Consequences of Humanitarian assistance: The Case of Sudan, SWP-CPN 60/9, 2001).

Humanitarian action has, therefore, always been a highly political activity; the issue is how can it reconcile this with its humanitarian principles[64]? Increased recognition of the role humanitarian aid can play coupled with the changing nature of conflict has led some to call for a more integrated approach to humanitarian responses between political, military and humanitarian actors.

The emergence of the EU's CFSP in 1993 has enabled the EU to have at its disposal more non-traditional instruments to intervene on humanitarian issues, enabling it to tackle the political, security and military aspects of instability in fragile states. These include, the Rapid Reaction Mechanism and the Rapid Reaction Force, which under the Petersberg Tasks agreed in 1999, enables forces to be deployed for humanitarian and rescue, peacekeeping and peacemaking tasks. Whilst aware of the need to protect humanitarian space where EU forces are present, the EU is keen to develop a coherent policy that utilises the range of its Council and Commission responses to crises – including the difficult transition from emergency to longer-term development and peacebuilding.

The challenge to the EU is therefore to ensure that its crisis management and longer-term development capabilities are complementary to humanitarian aid delivered by ECHO and do not undermine its impartial nature. The strengthening of ECHO's legal basis in the proposed Constitution and the fact that the Financial Perspectives will guarantee ECHO its own budget do offer opportunities for ECHO to maintain its humanitarian space.

Ensuring that humanitarian aid is part of an effective EU strategy to address fragile states

Undertaking thorough analysis of the crisis by all relevant EU actors
Developing a common understanding of the causes of a crisis is essential for determining the appropriate response, and for ensuring coherence with any other EU activities that might be taking place (e.g. political dialogue/development aid). At present, this does not take place. However, the post-Tsunami Communication on Crisis Response[65] has stated the Commission will establish Assessment and Planning Teams. These will bring together desk officers and sectoral specialists from the Commission and Council Secretariat. The teams would be ready for mobilisation at short notice for missions of up to one month and the information could then be used to influence priorities for the Community, CFSP and bi-lateral assistance programmes. Whilst clearly a step in the right direction, it is important that these teams are not parachuted into areas without sufficient liaison with Delegation staff and local populations. Strong liaison with civil society is therefore essential in all Delegations prior to and during crises.

Developing conflict-sensitive humanitarian aid policies
Whilst ECHO undertakes a thorough 'Global Needs Assessment' when deciding which country is most in need of assistance, it does not formally share this information with DG Development when they are designing their Country Strategy Papers. Furthermore, ECHO currently does not employ the Commission's 'check-list of the root causes of conflict' when providing assistance. Neither does it employ a means of ongoing monitoring of the impact of humanitarian aid on a fragile state. However, ECHO has considerably increased its network of representatives working 'in the field' to more closely monitor implementing partners, and reportedly, conflict impact assessments have been proposed

64. See Joanna Macrae, 'Coherence or cooperation? Europe and the new humanitarianism' in Europe in the world, Essays on foreign security and development policies, BOND, 2003.
65. *Commission Communication 'Reinforcing EU Disaster and Crisis Response in third countries'*, 20/04/2005

for inclusion within ECHO's strategic review for 2005. ECHO representatives 'in the field' should ensure that this happens and that the assessment is conducted in coordination with the EU Delegations.

Strengthening the links between relief, rehabilitation and development
Timely and appropriately targeted external assistance in periods following conflict and during transitions to peace - in the so-called 'grey zone' is essential to sustain peace and avoid the recurrence of conflict. Linking relief, rehabilitation and development (LRRD) attempts to do this.

In Sudan, for example, EU development cooperation, including that provided under the 'humanitarian plus' programmes, has been linked to progress in the Sudan Peace Process. ECHO reported no difficulties in differentiating the political nature of this cooperation from ongoing humanitarian activities. It has, however, encountered difficulties in ensuring a transition away from humanitarian activities where development cooperation prioritises peacebuilding above access to basic services.

Nonetheless, enhanced cooperation between ECHO and DG Development has ensured that LRRD is included within all ECHO's Global Plans and has now to be addressed within all relevant CSPs. 'In field' cooperation has also improved, but is more focused on information sharing and practical coordination rather than any policy formulation[66]. The aforementioned Planning and Assessment teams offer the opportunity to ensure a more seamless transition between emergencies and longer-term development.

Working with the Rapid Reaction Mechanism (RRM)
The RRM was established in 2001 with the aim of providing rapid civilian stabilisation of crises, for example, mediation or police training, while plans for long-term assistance and reconstruction are underway. The EU has said that when beneficial to a crisis situation 'close coordination (between RRM and ECHO) shall be established in order to ensure maximum coherence'. Whilst regular consultation does take place between ECHO and RRM officials, and some positive practical cooperation has taken place – for example in Sri Lanka[67], overall there is room for improvement. However, ECHO remains concerned that close cooperation with RRM in the field compromises its mandate and is increasing the likelihood that it will be perceived as part of the EU's politically-led crisis management operations. Another concern over the relationship between ECHO and the RRM is in respect of funding. Both are eligible to apply for funds from the emergency aid reserve (an additional source that is distinct from either's normal budget lines), and whilst ECHO still retains first priority in applying for these funds, it may face competition from the RRM in future, since the RRM overall budget is much smaller[68].

Better defining humanitarian roles in civil-military relations
The Petersberg Tasks directly link 'humanitarian and rescue tasks' with EU military forces. In the draft Constitution this is extended to state that 'all these tasks may contribute to the fight against terrorism'. The potential for military involvement in humanitarian aid presents challenges to humanitarian principles, international humanitarian law and the safety and security of aid

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[66] For example, some ECHO offices are now located adjacent to Delegations (some of whom now also have specific members of staff responsible for LRRD work) and joint missions (ECHO and DG Dev officers) have taken place, e.g. in Angola. 'Crisis groups' which include representatives from Relex, DG Dev, AidCo and ECHO have also been set up in a number of countries including Haiti, Liberia and Ivory Coast.

[67] For example, in Sri Lanka, under the RRM 55 schools have been rehabilitated in the conflict-affected north of Sri Lanka where ECHO has also been very active (Interview with Relex staff).

[68] See 'EU Crisis Management: A Humanitarian Perspective', *VOICE briefing*, 2002.

workers and affected populations, as happened in Afghanistan[69]. Clear definition of roles and mandates are required in situations where the military and humanitarian NGOs are both active.

ECHO continues to promote the 2003 *Guidelines on the use of Military and Civil Defence Assets* to support UN humanitarian activities in complex emergencies and feels that whilst there is room for improving them, they are valuable documents to uphold. It also believes that EU initiatives to develop similar guidelines should be complementary and the EU should not 'reinvent the wheel'[70]. As the Commission has noted, it will need to work with the Council's Civil-Military Cell to ensure that humanitarian principles and guidelines are appropriately reflected in any relevant strategic planning scenarios developed by the Cell[71].

Enhancing ECHO's coordination with the UN and other actors

The lead role of OCHA in disaster coordination is recognised by the EU, and the EU has begun to make progress in operating with the UN, for example via integrated missions to Burundi[72]. It is important that the EU Civil Response Teams (which are made up of Member State contributions) work closely with the UN agencies[73]. Whilst they are clearly raising the visibility of the EU as a key actor in crisis situations, they should complement the work of other international organisations.

The proposed EU Constitution calls for the establishment of a 'European Voluntary Humanitarian Aid Corps'. This represents yet another EU actor whose mandate and role in crises will have to be clearly established should it ever come into force. The Commission has launched a study of the existing humanitarian volunteer schemes (e.g. UN Volunteers, Red Cross Volunteers). The study will help identify common features and best practices.

RECOMMENDATIONS

To successfully marry ECHO's neutrality with the EU's longer-term responses to crises the EU should:

- **Ensure that ECHO undertakes conflict impact assessments, based upon the Commission checklist of root causes of conflict. ECHO field staff should be responsible for ensuring this happens, and monitoring and evaluating the eventual impact, in collaboration with relevant EU Delegation staff;**
- **Encourage the Planning and Assessment teams in crisis situations to use early warning information from local civil society actors to ensure EU responses are sensitive to the underlying causes of the crisis;**
- **Ensure that ECHO representatives regularly attend planning scenario meetings at the Civil-Military Cell, so that the considerations relating to humanitarian operations and the preservation of the 'humanitarian space' can be properly taken into account;**
- **Seriously consider the potential negative impact of the establishment of a Humanitarian Voluntary Aid Corps on the professionalism of EU humanitarian aid delivery.**

69. UK-led Provincial Reconstruction Teams (PRT) in Afghanistan undertook inappropriate hearts and minds operations without proper consultation with humanitarian organisations working on the ground. This led to blurred local perceptions of respective mandates, thereby endangering the local population and humanitarian personnel. One incident in Saripul, for example led ECHO and its implementing partners to make a formal complaint to the UK-led PRT McHugh. G and L Gostelow, *Provincial Reconstruction Teams and Humanitarian-Military Relations in Afghanistan*, Save the Children UK, 2004, in particular p27.
70. A draft document providing generic guidelines for civil-military cooperation with humanitarian organisations was presented in 2003. However, after receiving comments from various humanitarian organisations, including UN OCHA, ECHO and VOICE the process has been stalled and the EUMS has had to explore a new approach for CIMIC in the EU.
71. *Commission Communication 'Reinforcing EU Disaster and Crisis Response in third countries'*, April 2005.
72. ECHO, together with DG Dev, EuropAid and UN agencies, has taken part in the first integrated mission to Burundi, promoted through the Good Humanitarian Donorship Initiative. Such further missions are planned in Liberia and Guinea.
73. EU civil response teams were formed two years ago through DG Environment for disaster responses. In future they will be used for crisis management missions.

3.3.2 EU DEVELOPMENT POLICY IN FRAGILE STATES
WRITTEN IN ASSOCIATION WITH SARAH BAYNE.

Introduction

The cost of the average fragile state in economic losses is US $100 billion - twice the global aid budget. It is nowhere more apparent than in fragile states that effective development cannot take place in a social and political vacuum. The 2001 Gotebörg *Programme for the Prevention of Violent Conflicts* underlined that development policy provides the 'most powerful' instrument at the Community's disposal for treating the root causes of conflict and instability.

In delivering its core mandate of poverty reduction, EC development aid has an important role to play in addressing virtually all the structural problems of politically fragile states. These include weak governance, mismanagement of natural resource revenues, unequal access to basic services and unaccountable security sectors.

However, the challenge facing the EU is not just better understanding where ODA should be allocated in terms of activities. It also needs to better understand how EU ODA should be allocated in a way that is sensitive to the social and political schisms of society so as to support, not undermine the stability of a state and its people. The *OECD Principles for Good International Engagement in Fragile States* represent important progress in this respect

EU approaches to development in fragile states

Traditionally the EU and its Member States have focused on rewarding 'good performing' states with development aid. Too often this has been at the expense of engaging with the 'poor performing' states, which have been left isolated and more vulnerable to conflict and underdevelopment. This is due, in part, to the very difficult operating environment in fragile states and the EU's fear of legitimising a repressive regime.

However, this approach is a reflection of the lack of thorough conflict assessment prior to the design of EU development policies, as well as a lack of willingness by other EU sectors, such as those responsible for private sector growth, trade or transport policies, to 'mainstream' conflict sensitivity and governance into their activities.

The lion's share of EU aid has been spent on macro-economic adjustment and large infrastructure projects through direct budget support to Governments. However, this has been at the expense of both basic service provision and 'non-traditional' areas such as security sector reform (SSR), small arms control, mediation and other types of conflict resolution activities. There is clearly a need to improve the quality, as well as the quantity of aid to fragile states based on better assessment of what is really required to achieve poverty reduction.

Currently, several EU conflict assessment tools and information-gathering exercises are used by a range of EU institutions. However, the tools are not systematically applied, are used with different objectives for informing policy and programming, and are not adequately shared between the EU institutions[74]. Analysis, consultation and planning processes linked to the use of Community instruments, such as country strategy papers need to be systematically integrated with planning and assessment frameworks related to CFSP and ESDP instruments.

[74.] The checklist of indicators and the country conflict assessments are used as part of the process of developing country strategy papers, which inform Commission-led country policies and programming, whereas watchlists, confidential documents designed to provide early warning information, are the primary assessment tool within the Council

Ensuring development aid is part of an effective EU strategy to address fragile states

Remain active

Whilst the ability of fragile states to absorb aid is generally low, experience suggests that it is important to provide dependable and flexible aid flows over the long term and to avoid any suspension. Erratic or absent development cooperation (e.g. due to sanctions) can fuel instability and violence. Evidence from the World Bank also suggests that from the fourth year after the end of a conflict - a time when donor interest often begins to decline - states can absorb twice as much aid as comparable countries at peace[75]. This approach reflects the focus in the *OECD Principles for Good International Engagement with Fragile States* on moving from reaction to prevention.

The EU needs to consider how to promote dependable and flexible aid flows. Although the EC has traditionally been a dependable donor, particularly via the European Development Fund (EDF), and has continued to provide assistance to fragile countries in situations where other donors have disengaged[76], the budgetisation of the EDF and the new Financial Perspectives may undermine this position.

Ensure development cooperation retains its poverty reduction focus

There are concerns that development cooperation will be used increasingly for political ends, both in the context of the 'war on terror' and in the context of prioritising external assistance to richer countries closer to Europe[77]. Even where development is not directly used for political ends, it is being constrained by politics in ways that are inappropriate. Non-proliferation of weapons of mass destruction has, for example been included as an 'essential element' or conditionality of EU aid and trade with ACP countries in the Cotonou Agreement. It will be important, therefore that poverty reduction remains enshrined as the central objective of the new Financial Perspectives and the review of the EU Development Policy Statement, while its conflict-sensitivity is also assured.

Move beyond traditional aid

Although the greater focus on security issues in some country strategy papers is a welcome move[78], the majority of aid is still being spent on macro-economic adjustment and infrastructure. Tailoring development assistance to the particular needs of politically fragile states involves helping the authorities to develop legitimate and accountable systems of governance and security. This includes support to the police, justice and security systems and engaging in DDR and small arms control activities. Indeed, the European Security Strategy (ESS) recognises that 'security is the first condition for development' and as such should, where appropriate, be seen as a legitimate expenditure consistent with poverty reduction objectives. As the OECD Principles state, take the context as a starting point.

To support such identified needs, a security system reform line should be established under the Community budget to reflect the timeframe of country/regional strategy papers (see ESDP Chapter 3.1.2). However, more effort still needs to be made to better integrate security-related activities into broader development activities as well as with activities

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75. Collier P and Hoeffler, A (2002) 'Aid Policy and Growth in Post-Conflict Countries' World Bank P9olicy Research Working Paper 2902.

76. This was the case in Somalia during the late 90's where the European Commission became the largest donor of development assistance (ie non humanitarian) through the provision of EDF funding.

77. In the External Relations Budget for 2004, out of a total of Euro 5.18 billion, almost twice as much goes to neighbouring countries compared to the rest of the world, ie. Asia, Latin America and Southern Africa (Ngaire Woods, 2004)

78. For example, the CSP for Eritrea includes funds for Disarmament, Demobilisation and Reintegration (DDR) and the EC is providing funds to Tanzania to implement a national action plan on small arms control.

undertaken within the framework of ESDP by ensuring that they are properly linked to an overall strategic framework[79].

Maintain a regional focus

Many of the contributing factors and impacts of state failure are transnational problems and involve neighbouring countries. These include: refugee and rebel movements, arms trafficking, organised crime and the plundering of national resources. Many conflicts associated with fragile states take on a regional dimension - a point recognised in the European Security Strategy – and, therefore require regional approaches and the involvement of regional organisations. This perspective is lacking in the *OECD Principles for Good International Engagement in Fragile States*.

Identify drivers for change

The OECD Principles are too state-focused in their approach. Identifying and supporting reformers and enhancing their capacities to bring about positive change is, however vital to development and good governance in politically fragile states. EU co-operation in Sudan provides a good example of how non-state actors can provide important entry points in fragile states[80]. This should also include engagement with the local private sector, which has the potential and often an interest in contributing to peace, for instance through involvement in DDR processes or economic confidence-building measures.

Sustained EU diplomatic presence (e.g. such as the EU Delegation in Liberia[81] or the sustained presence of an EUSR) can help to maintain engagement with this broad range of actors. More can also be done to maximise opportunities for engagement with civil society provided by frameworks such as the Cotonou Agreement[82]. In doing so, it is important to understand the context within which reformers are operating through knowledge of the political incentives and institutions that affect the prospects for reform. The UK's Department for International Development's 'drivers of change' approach provides a good example of how to identify entry points for change within a given context.

Mainstream conflict sensitivity into all sectors

The *OECD Principles on Fragile States* promote a 'Do No Harm' approach. This is welcome; however the EU should go beyond this to promote a conflict-sensitive approach. This raises the bar through promoting a positive contribution which is relevant at a broader programming and institutional level[83].

[79.] For example, a recent DAC experts meeting on peace building and development in Eastern Democratic Republic of Congo pointed to the need for a locally owned Strategic Framework that integrates security, political and economic development initiatives. It also emphasised the important role that security related activities, such as DDR and SSR play in 'creating the space' necessary to enable other socio-political and economic developments to occur and underlined the importance of long term planning on the reintegration side of DDR, linked to wider economic development activities, if DDR programmes are to be sustainable and contribute to development.

[80.] Prior to the recent resumption of co-operation in Sudan the European Commission Delegation led a process of capacity building and dialogue with civil society, supported by the Government of Sudan. The aim was to enhance their ability to engage in future political dialogue and development programming and implementation. The process included awareness-raising and mapping of non-state actors.

[81.] In Liberia, for example due to the relative impartiality of the EU, the Delegation was able to remain active during the worst violence whereby when a small space for dialogue was possible, the EU was available to engage.

[82.] Civil society participation in the Cotonou programming process in the Horn of Africa has been weak.

[83.] 'Do No Harm' is one very positive example of a conflict-sensitive approach (CSA) under the broader CSA umbrella that also includes the EC Country Conflict Assessments/Checklist and DFID's Strategic Conflict Assessment.

BOX. 6. CONFLICT SENSITIVITY

This means the ability of an organisation to:
• understand the context in which it operates;
• understand the interaction between its intervention and the context; and
• act upon the understanding of this interaction, in order to avoid negative impacts and maximise positive impact.

Conflict-sensitive approaches to development, humanitarian assistance & peacebuilding: A resource pack, 2004 (www.conflictsensitivity.org)

This must apply not just to the traditional development sectors but to all sectors of engagement such as transport, infrastructure, private sector development, health and education. More work needs to be done, for example to ensure that conflict issues are adequately covered within sector specific guidelines, such as the water management guidelines.

The Commission's *Handbook on Promoting Good Governance in EC Development and Cooperation*, 2004 is a step forward. However, conflict is not mainstreamed. Nevertheless, like all operational and policy documents it must be actively implemented and monitored for its impact in practice. Finally, the structure of the Commission across which conflict prevention lies undermines the potential for a more coherent and mainstreamed approach[84]. This must be taken into consideration in the ongoing reform of the Commission.

Consider the appropriate use of instruments and approaches for aid delivery

The past few years have seen the emergence of a 'new aid architecture' characterised by an emphasis on country ownership within, for example the Poverty Reduction Strategy Paper (PRSP) framework, and an increased use of budgetary assistance and sector wide approaches. It is important for the EU to recognise that aspects of these approaches, such as budgetary support, may be detrimental or inappropriate in those politically fragile states that suffer from weak government and an associated low absorption capacity for aid. Equally, however, humanitarian assistance and poorly coordinated projects delivered outside state structures can also limit or undermine development prospects[85].

The EU needs to promote the emerging alternative approaches to aid instruments by drawing on the current research being undertaken within the framework of the OECD-DAC Learning and Advisory Process and World Bank[86]. The approach should be based on an understanding of the context, developed via assessment processes and linked to the overall strategy. This reflects well the OECD Principles for engagement with fragile states that stress the importance of getting the right mix and sequence of aid to fit the context. The development of country strategy papers and more broadly addressing the 'strategic deficit' can go a long way to achieving this.

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[84] 'The thematic and geographical divide between DG Development, Enlargement and Relex results in no unit having specific responsibility for mainstreaming conflict prevention geographically in non-ACP countries. The split in responsibilities between EuropeAid, DG Relex, DG Development and EU Delegations also hinders the translation of strategic objectives (upstream) into practical action (downstream).

[85] 'A reliance on projects can undermine existing state capacity by establishing parallel structures for service delivery and leaching scarce personnel away from the public sector.

[86] The World Bank is currently undertaking a programme aimed at developing good practice and tools for PRS development and implementation in conflict-affected countries.

Ensure sustainability and support to governance structures in a fragile environment

In fragile states, government structures may be too weak to meet the pressing needs of the population for service delivery, but by-passing those structures to reach populations may undermine governance further by creating a long-term dependence on parallel systems. Emphasis needs to be put on delivering sustainable interventions and supporting governance structures through, for example, embedding programmes into legitimate local structures and preparing for their handover to state control, as the EC has tried to promote in Somalia[87].

Many of these examples have arisen through innovations 'on the ground' and more work needs to be done to capture these and contribute to on-going discussions on donor practice in the Development Assistance Committee. Delivering appropriate and sustainable aid in politically fragile states also requires capacity in terms of highly qualified and dedicated personnel. In this respect, the deconcentration of staff to Delegations is a positive move and needs to be matched with adequate incentives for well-qualified staff who are willing to work in difficult environments, including getting outside of state capitals and engaged with provincial and local communities.

Improve donor coordination

Uncoordinated donor policies and fragmented assistance place heavy burdens on weak states and can undermine prospects for sustainability. Donor coordination and alignment with government systems and priorities is crucial. Also important is the development of joint assessments and a single strategic process between external actors (including political and military actors). This offers a nuanced difference to the OECD Principles that promote coherence within, rather than across donor governments.

The foundations for a stronger EU-UN partnership - as outlined in the Commission Communication *European Union, the United Nations, The Choice of Multilateralism* – have been laid. Commitments to work more closely on a range of issues, including country level assessments, financial and operational coordination have been made and now need to be translated into practical action.

Cooperation frameworks, such as the Cotonou Agreement present both an opportunity and a challenge for the EU. Whilst the Agreement provides a good framework for co-ordination between EU states, efforts need to be made to ensure that these activities reinforce, rather than distract from, UN-led multi-donor coordination mechanisms and initiatives. More work needs to be done on identifying ways to ensure this happens.

[87.] The EC-initiated and funded micro-finance organisation, K-Rep, in Bossasso, Puntland, is a project which has adapted to the lack of recognised authority, the challenges of sustainability and the lack of local financial institutions. The institution is based on the principle of local management by a board of directors and the involvement of local authorities and community representatives, such as local elders. Underpinning K-Rep's work is a long term vision and timeframe for the project.

RECOMMENDATIONS

The EU should:

• **Actively implement the *OECD Principles* in all EU programming and lead on strengthening these principles at an EU level by expanding them to relate to broader sectors, such as trade and environment and by integrating approaches that are regional, embedded in conflict-sensitivity (i.e. moving beyond Do No Harm) and local empowerment (i.e. less state-centric) and that strengthen co-ordination *across* donors;**

• **Establish conflict analysis, that assesses the root causes of violent conflict, as the basis for the development of country strategy papers (CSPs) and sectoral guidelines, and ensure that desk officers and Delegation staff receive training in conflict-sensitive development;**

• **Ensure development programmes adequately address security issues where it is clear that this will lead to a reduction in poverty and ensure that these activities are effectively integrated into overall CSPs and other multi-donor country owned strategic processes such as PRS processes;**

• **Identify reformers and capacity for positive change through providing increased capacity (e.g. civil society coordinators) and sustained diplomatic presence in EU Delegations, drawing on experience from DFID's 'drivers for change' approach;**

• **Promote the emerging alternative approaches and instruments for delivering aid in fragile states by drawing on the current research being undertaken within the framework of the OECD-DAC Learning and Advisory Process and the World Bank;**

• **Ensure the EU fully engages with assessment and coordination frameworks such as the UN/World Bank joint assessment missions and the Transitional Results Framework.**

3.3.3. EU TRADE POLICY IN FRAGILE STATES

WRITTEN IN ASSOCIATION WITH OLI BROWN, THE INTERNATIONAL INSTITUTE FOR

SUSTAINABLE DEVELOPMENT (IISD)[88]

Introduction

The EU is the world's largest trading bloc. It imports vast amounts of agricultural goods from the developing world, including 85 per cent of Africa's and 45 per cent of Latin America's agricultural exports, and is driving forward a global trade liberalisation agenda. This makes the EU perhaps the most important player in the evolution of global trade policy. With this power there goes the responsibility of its impact on the security, governance and development of fragile states.

Trade can be a powerful driver of growth; reducing poverty, providing strong incentives for stability and creating non-military avenues for resolving disputes. However, when conducted within a framework of unfair rules or in situations of weak governance, trade

can both spark and prolong conflict and instability. Uncompromising market liberalisation, economic shocks, stagnation or decline in fragile states have caused civil conflict by amplifying social inequalities, producing corrupt elites and placing the heaviest burden on the poorest and most vulnerable. A study of 40 Sub-Saharan countries estimated that a five per cent drop in annual growth more than doubled the likelihood of civil war[89]. The link between state failure and the shadow economies of war is also particularly strong[90] (see Chapter 3.3.2).

For reasons of enlightened self-interest as much as anything else it is vital that the EU develops trade policies that are sensitive to conflict. After all, failed states and warring factions make for poor trading partners and expensive peacekeeping missions.

EU approaches to trade with fragile states

The EU uses trade agreements in post-conflict situations to rebuild economies and prevent the spread of organised crime or black-markets, as has been the case in the Balkans. In Sri Lanka, the Trade Commission, Peter Mandelson has promised to adjust the EU trade package to support the reconstruction efforts after the tsunami devastation. As part of Regional Strategy Papers, the EU is trying to strengthen regional trade integration in, for example West Africa as a means of building incentives for regional peace and development. The EU has also used its trade policies to counter the trade in resources used to finance conflict such as diamonds and timber[91].

In addition to specific trade policy targeted at preventing or reacting to the needs of fragile states, the EU has also developed various regional trade agreements and systems of preferential treatment, particularly with its former colonies, which include conditions on good governance and human rights. This includes the ACP-EU Cotonou aid and trade Agreement. These framework agreements can act as useful carrots and sticks to negotiate with unwilling or unable states as a preventive measure to conflict.

However, while regulating the transparency of trade for a specific industry or integrating good governance conditionalities in trade agreements are important; they fail to capture the broader, structural impacts of an unfair international trade regime. As a result, the EU is not maximising the conflict prevention gains from its trade policy.

In practice, all these policies are consistently undermined by tough EU competition markets and huge EU subsidies, which result in export dumping and a dependence by poor countries on volatile commodity prices[92]. This forces governments to undercut public spending and undermines formal and informal agricultural and textile revenues, the sectors that represent the world's largest employers. As a result the UN estimates that for every $1 in aid received by Sub-Saharan Africa since the early 1970s, $0.50 has been lost as a result of deteriorating terms of trade[93].

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[89]. Miguel, Satyanathy, Sergenti, April 2003

[90]. War economies, especially illegal trade in valuable natural commodities like diamonds and timber, can exacerbate conflict and reduce incentives for peace. These patterns filter through society, entrenching corruption and exacerbating inequitable patterns of governance.

[91]. For example, the Forest Law and Environmental Governance Trade (FLEGT) initiative and the Kimberly Process, both initiated in 2003, attempt to control the illegal trade in timber and conflict diamonds.

[92]. It has been convincingly argued that the sinking price of coffee in the early 1990s in part precipitated the Rwandan genocide of 1994 by halving export revenue, eroding livelihoods and exacerbating land and ethnic tensions, Mark Halle, Jason Switzer and Sebastian Winkler 'Trade, Aid, Security – elements of a positive paradigm', the International Institute for Sustainable Development (IISD), 2004, p. 13.

[93]. UNCTAD, 'Economic Development in Africa: Performance, Prospects and Policy issues' New York and Geneva, 2001

There is an urgent need therefore for the EU to better assess the role of its trade policies in fragile states and to better coordinate trade policies with development, agricultural and conflict prevention policies if it is to maximise its potential and achieve greater global stability.

Ensuring trade policy is part of an effective EU strategy to address fragile states

Consistent and effective 'smart sanctions'

The EU has attempted to use its trade power through sanctions to prevent fragile states from reaching crisis point, with mixed results. Trade sanctions tend to be blunt, reactive instruments that affect the poorest members of society most. Not only can sanctions frequently contravene WTO rules, it is also difficult to generate the political will to maintain a sanctions regime. This has been the experience of those attempting to implement EU sanctions on Myanmar, a process frustrated by some Member States' reluctance to lose valuable trade links[94].

As a result, the EU tends to be unwilling to impose comprehensive trade sanctions. Instead it prefers to suspend development aid and impose 'smart sanctions'. These are designed to minimise their impact on the well-being of the civilian population, for example by implementing selective travel and financial restrictions on regime members, as is the case with Zimbabwe[95].

The EU clearly needs to develop a more consistent and effective approach in assessing how and what type of sanctions to impose. The creation of the EU External Action Service offers an opportunity to do this, if representatives from DG Development, Trade and Relex are all involved in its make-up.

Non-reciprocity or a more level playing field in Preferential Trade Agreement negotiations

Increasingly, the EU is bundling human rights, governance and security concerns into the provisions of its bilateral and multilateral trade agreements to further its social, environmental and foreign policy objectives[96]. EU preferential trade agreements, such as the 2000 Cotonou Agreement, include conditions on governance and environmental performance[97]. This represents a useful model if the agreement is based upon partnership and issues of mutual concern.

However, the 'partnership' between the EU and its trading partner is rarely equal. As such, EU concerns tend to override its partners. For example, in 2008 EU preferential trade agreements with the ACP countries will run out and the ACP have little choice but to accept the EU's alternative – Economic Partnership Agreements. EPAs would offer largely the same degree of preferential access as before but with the important difference that partners would have to offer reciprocal access to EU goods. Many ACP countries fear that they will be unable to compete with EU markets and that reciprocity will slash government revenues from import taxes and ruin their balance of trade. Despite this, no analysis of the potential impact of EPAs on national and regional stability has been carried out.

[94.] See for example, Global Information Network '*Asia-Europe Summit ignores Top Burmese Dissident*' New York, 13 October 2004

[95.] Common Council Position of 18 February 2002 concerning restrictive measures on Zimbabwe (2002/145/CFSP) http://www.mfsc.com.mt/mfsa/sanctions/313R.03.pdf

[96.] At the June 2002 Seville meeting, the European Council agreed to incorporate a terrorism clause in all EU agreements, including free trade agreements, as an inducement against state support of terrorism.

[97.] ECDPM. 2001. *Cotonou Infokit: Essential and Fundamental Elements* (20). Maastricht: ECDPM.

It is vital that the EPAs are better linked to EU development and conflict prevention policies if they are to help increase security and prosperity. As most ACP countries are currently dependent upon commodities they will need assistance to diversify their economies if they are to compete with the EU. They will also need assistance to increase their ability to process primary products and increase their levels of technology, education and infrastructure. Failure to do so is likely to result in greater instability via unequal terms of trade, and wasted/greater levels of EU development funds being provided – when countries fail to strengthen their levels of trade.

Regional integration – exporting the EU model?

Many other regions look to the EU as an illustration of the benefits of regional integration. The expansion of the EU to 25 Member States in May 2004 presented the Union with new borders, new neighbours and new challenges and the EU is eager to secure its borders with trade agreements rather than tanks, through the European Neighbourhood Policy. Indeed EU Delegations overseas are actively encouraged to help 'export' the EU's model of regional integration drawn together by closer trade links[98].

Yet, there is no rule that says regional integration is automatically positive. Without careful negotiation and implementation, regional integration between countries of widely differing size, wealth and influence can cement inequalities, create tensions and trigger conflict. During 1980s and 1990s, the EU encouraged rapid regional integration and structural adjustment policies in West Africa, urging the free movement of goods but not people. This was enforced without providing for a re-distributive wealth mechanism that would have helped surmount the adjustment costs of trade liberalisation and integration. Some analysts argue that much of the subsequent instability in Francophone West Africa can be explained by this uncompromising process, which drove up unemployment and undermined government social programmes[99].

Care should be taken, therefore not to simplify the benefits and challenges of regional integration through trade as an incentive for peace. Historical relations, resources and capacities between states vary, and when placed under strict adjustment regimes, this can create volatile outcomes. The EU, through experience is best placed to provide expertise and support in facilitating these regional processes, however it should ensure that in-depth assessment of the potential regional impacts on stability are implemented and mitigation packages designed.

Encouraging coherence between trade and other EU policies

The EU clearly needs to confront the structural ways in which its trade policy can inadvertently promote instability. In particular, EU trade policy could do a great deal more to, encourage growth and equality in the developing world; help countries move away from reliance on volatile commodity revenues; mitigate the adjustment costs of liberalisation; enable developing countries to support sensitive domestic industries, add value to their products, and push the world trade agenda towards more conflict-sensitive policies.

These objectives are fundamental to both sustainable development and to peace. To achieve this, there needs to be a greater collaborative working culture, and a greater awareness of the role trade plays in fragile states. Training or the secondment of staff between DG Dev, DG Relex and DG Trade could assist with this. On a practical, day-to-

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[98]. Personal communication
[99]. Personal communication. See also Cyril Aba Musila 'Crises et Conflits en Afrique de l'Ouest: état des connaissances, OECD, 2002
http://www.oecd.org/dataoecd/18/51/1838411.pdf

day level, the negotiation of EPAs could take place with representatives from all the relevant Council Secretariat working groups, including Trade, Development and External Relations (e.g. the Africa group).

RECOMMENDATIONS

The EU should:

- **Establish poverty reduction and conflict prevention as central objectives of EU trade policy;**
- **Ensure conflict assessments of Economic Partnership Agreements are undertaken by trained staff to encourage a reduced emphasis on reciprocity, to identify how they may assist in regional stabilisation processes, to ensure impact mitigation packages are designed and that the role of trade in conflict prevention is built into the design of regional and country strategy papers;**
- **Ensure DG Trade officials form part of Council-Commission joint assessment missions to countries at risk of conflict, and are involved in the design of 'preventive strategies';**
- **Encourage Trade, Development and External Relations (e.g. Africa) Working Groups to meet more regularly to monitor and address key trade issues such as EPA negotiations and sanctions;**
- **Ensure representatives from DG Trade and DG Dev are included in the potential future External Action Service, to ensure that any sanctions policies, or selective rewarding of trade access are more thoroughly thought through;**
- **Second staff from DG Relex, DG Dev and development departments of EU Member States to DG trade to encourage joint working and knowledge sharing on the role trade plays in fragile states;**
- **Build the capacity of regional organisations (e.g SAARC or SADC) to build regional trade integration as economic incentives for peace.**

APPENDICIES

APPENDIX 1. GLOSSARY OF TERMS

A lack of clarity and shared European Union understanding of the definition and use of terms related to conflict prevention creates obstacles to advancing a culture of conflict sensitivity across all EU institutions, processes and sectors. The use of conflict prevention terminology in the paper does at times differ from the EU's, often varied, application of the terms. Below are the definitions of terms used in the context of this paper.

Civil society: civil society exists outside the family, the market and the state. It represents citizens of society (individuals or organisations) outside the government, public administration or commercial sector who work to promote general or specific issues or interests on a not-for-profit, non-militarised basis. Civil society can include non-governmental and community-based organisations, women's associations, youth organisations, indigenous people's representatives, trade unions (workers' collectives), religious organisations and the media.

Conflict analysis: this is the central component of conflict-sensitive practice and supports practitioners in gaining a better understanding of the context they are working in and the role they play in it. Conflict analysis is the systematic study of structures, actors and dynamics of a (potentially) violent conflict. It applies to all types of intervention – project, programme, sectoral and macro-interventions and to every stage of intervention – planning, programming, implementation, monitoring and evaluation. It can be carried out at various levels (eg local, national, regional etc) yet seeks to establish the linkages between these levels[100].

Conflict management: efforts to contain and reduce the amount of violence used by parties in violent conflict and to engage them in a process to settle the dispute and terminate the violence[101].

Conflict prevention: long-term activities, which aim to reduce the structural tensions or prevent the outbreak, escalation or recurrence of violence[102]. Conflict prevention denotes the full range of activities applicable to this aim including early warning, crisis management, peacekeeping, peacebuilding, conflict management, conflict resolution and conflict transformation.

Conflict resolution (post-conflict peacebuilding): a process that transforms conflicts in an enduring manner rather than settling disputes or suppressing differences, by addressing basic human needs and building qualities of sustainable relationships between groups through creating structural mechanisms involving equality among identity groups, multi-culturalism and federalism as appropriate to each situation[103]. This involves understanding and addressing the root causes of conflict.

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[100]. Edited from *Conflict-Sensitive Approaches to Development, Humanitarian Assistance and Peacebuilding: A Resource Pack*, Africa Peace Forum (APFO), Center for Conflict Resolution (CECORE), Consortium of Humanitarian Agencies (CHA), Forum on Early Warning and Early Response (FEWER), International Alert and Saferworld, February 2004.

[101]. Creative Associates International, 1998, in *A Glossary on Violent Conflict: Terms and Concepts used in Conflict Prevention, Mitigation and Resolution in the Context of Disaster Relief and Sustainable Development*, Payson Conflict Study Group, Tulane University, prepared for USAID Office of Sustainable Development, Bureau for Africa Crisis, Mitigation and Recovery Division, May 2001.

[102]. *Building conflict prevention into the future of Europe: Conference report and EPLO position paper on the European convention and conflict prevention – 14 November 2002, Brussels*, European Peacebuilding Liaison Office, 2002.

[103]. Fisher, 1997, 268-69, in *A Glossary on Violent Conflict* (op cit.)

Conflict sensitivity: the ability of an organisation to understand the context in which it operates, and the interaction between the organisation's intervention and the context in and to act upon this understanding. The objective is to avoid exacerbating violence or the potential for violence, to maximise the potential for the mitigation of violence or potential violence and to increase the effectiveness of the intervention[104].

Context: this is a geographic or social environment where conflict exists and is comprised of actors, causes, profile and dynamics. The operating environment can ranges from the micro- to the macro-level (e.g. community, district/province, region(s), country, neighbouring countries)[105].

Crisis management: the co-ordinated and timely application of specific political, diplomatic, economic and/or security related measures and activities taken in response to a situation threatening peace. The aim of these measures is to defuse tension, prevent escalation and contribute towards an environment in which a peaceful settlement of violent conflict or potential conflict is more likely to occur[106]. To be effective crisis management must be planned and implemented with its contribution and transition to longer-term conflict prevention as a key consideration.

Early warning: the systematic collection and analysis of information coming from areas of crises for the purpose of: a) anticipating the escalation of violent conflict; b) the development of strategic responses to these crises; and c) the presentation of options to critical actors for the purpose of decision-making[107].

Non-state actors (NSAs): citizens of society (individuals or organisations) outside the government or public administration that work to promote general or specific issues or interests. NSAs include civil society as well as commercial, profit-making businesses and can also include non-state, militarised, rebel groups and other groups, such as mercenaries.

Peacebuilding: the employment of measures to consolidate peaceful relations and create an environment that deters the emergence or escalation of tensions, which may lead to conflict[108]. The overarching goal of peacebuilding is to strengthen the capacity of societies to manage conflict without violence, as a means to achieve sustainable human security[109].

Peacekeeping: common terms for various types of activity: to resolve conflict; to prevent conflict escalation; to halt or prevent military actions; to uphold law and order in a conflict zone; to conduct humanitarian actions; to restore social and political institutions whose functioning has been disrupted by the conflict; and to restore basic conditions for daily living. The distinctive features of peacekeeping are that they are conducted under a mandate from the UN or regional organisations whose functions include peace support and international security[110]. Peacekeeping operations can involve both civilian and military personnel and take place with the consent of the conflicting parties.

[104.] Edited from *Conflict-Sensitive Approaches to Development, Humanitarian Assistance and Peacebuilding: A Resource Pack* (op cit).
[105.] Edited from *Conflict-Sensitive Approaches to Development, Humanitarian Assistance and Peacebuilding: A Resource Pack* (ibid).
[106.] EPLO, 2002 (op cit).
[107.] FEWER, 1997:1 in *Thesaurus and glossary of early warning and conflict prevention terms*, by Alex P. Schid, PIOOM, Synthesis Foundation and FEWER, May 1998.
[108.] International Alert, 1995 (ibid).
[109.] CPCC, undated, in *A Glossary on Violent Conflict* (op cit.)
[110] *A Glossary on Violent Conflict* (ibid)

APPENDIX 2. INVENTORY OF THE KEY EU INSTITUTIONS, POLICY STATEMENTS, MECHANISMS AND TOOLS RELATING TO CONFLICT PREVENTION AND PEACEBUILDING

The **Common Foreign and Security Policy (CFSP)**, outlining the EU's common voice on international policy came into force in 1993. The **European Security and Defence Policy (ESDP)**, which forms part of the CFSP, came into force in January 2003 and covers all matters relating to EU security, including the gradual formulation of a common defence policy.

MAIN INSTITUTIONS

Location	Institution	Tasks
Commission:	Conflict Prevention Unit, DG Relex*	Mainstreaming conflict prevention across the Commission (e.g. in DG Trade, DG Development, DG Environment).
	EuropeAid Co-operation Office, DG Relex*	Implementing the external aid instruments of the Commission. It does not deal with humanitarian or CFSP activities but does address related issues such as development, good governance and capacity-building of civil society through, for example, the Democracy and Human Rights Unit (EIDHR) and the NGO Co-financing Unit.
Council:	Political and Security Committee (PSC)	Formulating CFSP policy proposals and overseeing implementation of policies, including political control and strategic direction over all crisis management and military operations, with support from the Military Commitee.
	Military Committee (EUMC)	Responsible for military direction of all military activities with in the EU framework.
	European Union Military Staff (EUMS)	Performing early warning, situation assessment, and strategic planning for Petersberg tasks (see below), including identification of European national and multinational forces and implementing policies and decisions directed by the EUMC.
	Political-Military Group	Examining the politico-military aspects of all proposals within the framework of the CFSP.
	Committee for Civilian Aspects of Crisis Management (CivCom)	Developing civilian instruments and capabilities of the EU by implementing targets and advising on the political aspects of non-military crisis management and conflict prevention.
	Council Policy Planning and Early Warning Unit (PPEWU)	Monitoring and analysing political, economic, human rights and security developments and providing early warning of events or situations; producing policy recommendation to the Council and Higher Representative for CFSP.
	European Armaments, Research and Military capabilities Agency	Improving the EU's industrial and technological basis, promoting the re-structuring of the European defence industry, and harmonising armaments planning.
		*DG Relex - Directorate General for External Relations

KEY EU POLICY STATEMENTS

- *Declaration on European Military Capabilities and Civilian Headline Goal 2008, European Council, December 2004*
- *Draft Action Plan for the Civilian Aspects of ESDP, July 2004*
- *Council Common Position concerning conflict prevention, management and resolution in Africa: Common Guidelines, January 2004*
- *'A Secure Europe in a Better World', The European Security Strategy, December 2003*
- *Commission Communication on Governance and Development, October 2003*
- *Commission Communication on The European Union and the United Nations: The Choice of Multilateralism, September 2003*
- *Commission Communication on The EU-Africa Dialogue, August 2003*
- *Joint Declaration on EU-UN Co-operation in Civilian Crisis Management, September 2003.*
- *Final Guidelines for Delegations on Non-State Actor (NSA) Participation in EC Development Policy, March 2003*
- *Communication from the Commission on The Participation of Non-State Actors in EC Development Policy, November 2002*
- *Implementation of the EU Programme for the Prevention of Violent Conflicts, Seville European Council, June 2002*
- *Development Council Conclusions on Countries in Conflict, May 2002*
- *Council Conclusions on Conflict Prevention, July 2001*
- *EU Programme for the Prevention of Violent Conflicts, Gotenburg European Council, June 2001*
- *Development Council Conclusions on Conflict Prevention, May 2001*
- *Council Common Position Concerning Conflict Prevention Management and Resolution in Africa, May 2001*
- *Communication from the Commission on Conflict Prevention, April 2001*
- *European Parliament Resolution on Conflict Prevention and Crisis Management, March 2001*
- *Report presented by the High Representative/Commission on Improving the Coherence and Effectiveness of EU Action in the Field of Conflict Prevention, December 2000*
- *The European Parliament Resolution on Gender Aspects of Conflict Resolution and Peacebuilding, November 2000*
- *Cotonou ACP-EU Aid and Trade Partnership Agreement, June 2000*

MECHANISMS AND FINANCIAL INSTRUMENTS

- **Political instruments**. The instruments of Common Foreign and Security Policy (CFSP) include political dialogue, including through Special Representatives and troika missions, declarations, demarches, joint actions, special envoys, and common positions.
- **Crisis management instruments**. Military personnel can be deployed as the Rapid Reaction Force (RRF) as well as civilian personnel in policing, rule of law, civil administration and civil protection. Under the ESDP, these are known as the Petersberg tasks and include humanitarian and rescue tasks, peacekeeping tasks and combat-force tasks in crisis management, including peacemaking.
- **Trade co-operation.** Regional economic integration and conflict-sensitive trade frameworks are a potential tool for preventing conflicts.
- **Justice and Home Affairs instruments.** New instruments in the Justice and Home Affairs pillar (such as fight against terrorism, migration and asylum policy, etc) impact on conflict prevention.
- **Humanitarian aid.** The European Community Humanitarian Office (ECHO) provides humanitarian assistance in conflict and post-conflict crisis zones.
- **Development aid and agreements.** Regional aid co-operation frameworks provide funds for development and some peace and security support initiatives. These include the (with African, Caribbean and Pacific states), PHARE (with Eastern European countries Cotonou Agreement), TACIS (with the former Soviet Union and Mongolia), MEDA (with Mediterranean partners) and ALA (with Asian and Latin American countries). The Cotonou Agreement is unique in that it provides a comprehensive framework for political, development and trade co-operation and refers specifically to political dialogue and the role of non-state actors (article 8); human rights, democracy and rule of law (article 9); conflict prevention, management and resolution (article 11) and mechanisms for mediation (article 96)[111]. The European Commission also has several budget lines, such as European Initiative for Democracy and Human Rights, (EIDHR), food security, and NGO co-financing, which civil society can access, to complement the Community budget.

[111.] The Commission and Council are currently reviewing whether to integrate European Development Funds (EDF), the financial instrument for EU-ACP co-operation, into the broader Community budget.

TOOLS

- **Fact-finding missions** are deployed by the Rapid Reaction Mechanism (RRM) and the EU Military Staff (EUMS). In 2004, for example EUMS fact-finding missions were deployed to Baghdad, Basra and Darfur with the aim to undertake joint civil-military analyses and to reach joint decisions on funding and delegation of tasks.
- **Conflict prevention teams** are Commission-led, multi-disciplinary teams deployed with the aim to assess potential conflict issues and propose medium-term conflict prevention strategies to be integrated into planned co-operation activities (in the framework of country/regional strategy papers).
- **The Check-list for Root Causes of Conflict** provides a range of indicators against which Desk Officers and Delegation staff can undertake contextual analysis of the potential/actual conflict dynamics of a third country.
- **Country Conflict Assessments (CCA)** are detailed, analytical documents updated annually by Desk Officers and Delegations for the majority of EU partner countries. They are designed to encourage a culture of prevention and to inform the country strategy papers, reviewed every five years.
- **Watchlists** are the primary early warning tool within the Council. These are Council-owned, confidential documents, reviewed every six months and only seen by Heads of State and Foreign Ministries. Their objective is to provide short, succinct information on countries either in or with the potential to fall into, crisis to encourage joined-up actions within the European Council of Ministers, and across Member State foreign policies[112].
- **Preventive strategies** are designed by the Council Regional Working Groups with input from the Commission to assess how best to use the EU's full range of policy instruments (diplomatic, development, trade) to prevent instability at a country level. The strategies include three levels of analysis: an holistic assessment of root causes of conflicts; a comprehensive evaluation of possible EU leverage to address those root causes; and a prioritisation of policy options.
- **Country and Regional Strategy papers (CSP/RSP)** are the EU's primary programming documents for allocation and implementation of external aid at the country and regional level. Developed in collaboration with Delegations, the partner state and civil society, they have made major steps in developing a strategic, joined up approach that is built on joint ownership with the recipient country. Conflict prevention is integrated as a 'non-focal' co-operation area.

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[112] Sources for the watchlists include Member State intelligence, the Policy Unit (for political intelligence), the EU Military Staff (military intelligence), the Civilian Committee on Crisis Management (civilian intelligence) and the Commission's Conflict Prevention Unit (economic and humanitarian intelligence from DG Dev, ECHO and Relex Desk Officers).

FURTHER READING

Relevant recent publications by International Alert and Saferworld addressing issues covered in this report include:

EU GENERAL:

- *EU conflict prevention, management and resolution in Africa*, International Alert & Saferworld, in association with the Italian Ministry of Foreign Affairs, October 2003
- *Regional approaches to conflict prevention in Africa: European support to African processes,* In Brief, No. 4, ECDPM & International Alert, October 2003
- *Strengthening global security through addressing the root causes of conflict: Priorities for the Irish and Dutch Presidencies* in 2004, February 2004
- *Mid-term reviews 2004: priorities from African civil society influencing country strategy papers to advance poverty reduction and conflict prevention*, APFO, Eurostep, IAG and Saferworld, February 2004
- *Developing Dijboutian civil society engagement in the Cotonou Agreement*, APFO, IAG and Saferworld March 2004

SECURITY:

- *Police Reform through Community-Based Policing: Philosophy and Guidelines for Implementation, International* Peace Academy and Saferworld, September 2004
- *Putting a Human Face to the Problem of Small Arms Proliferation: Gender Implications for the Effective Implementation of the UN Programme of Action*, International Alert, February 2005.
- *Tackling arms and conflict in Africa: How can MPs make a difference?*, Africa Peace Forum, InterAfrica Group and Saferworld, November 2004
- *Taking controls: The Case for a more effective European Union Code of Conduct on Arms Exports,* Saferworld, September 2004
- *Small Arms & Light Weapons Transfers: Developing Understandings on Guidelines for National Controls and Transfers to Non-State Actors*, Biting the Bullet, International Alert, Saferworld and University of Bradford, August 2004

GOVERNANCE:

- *A Goal-Oriented Approach to Governance and Security Sector Reform*, International Alert, September 2002
- *Women building peace: Sharing know-how*, International Alert, June 2003
- *Conflict-Sensitive Business Practice: Guidance for Extractive Industries*, International Alert, March 2005
- *From War Economies to Peace Economies in the South Caucasus*, International Alert, 2004
- *Transnational corporations in conflict-prone zones: Public policy responses and a framework for action*, International Alert, September 2003

DEVELOPMENT

- *Conflict-sensitive approaches to development, humanitarian assistance and peacebuilding: A resource pack,* Africa Peace Forum (APFO), Center for Conflict Resolution (CECORE), Consortium of Humanitarian Agencies (CHA), Forum on Early Warning and Early Response (FEWER), International Alert and Saferworld, February 2004
- *Conflict, Humanitarian Assistance and Peacebuilding: Meeting the Challenges,* International Alert, December 2003
- *Guns or Growth? Assessing the impact of arms sales on sustainable development*, Amnesty International, IANSA and Oxfam as part of the Control Arms Campaign in association with Ploughshares and Saferworld, June 2004
- *Disposal of surplus small arms: A survey of policies and practices in OSCE countries*, BICC, BASIC, Saferworld and Small Arms Survey, January 2004