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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

EXECUTIVE SUMMARY

JUNE 2005

'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 caused 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.
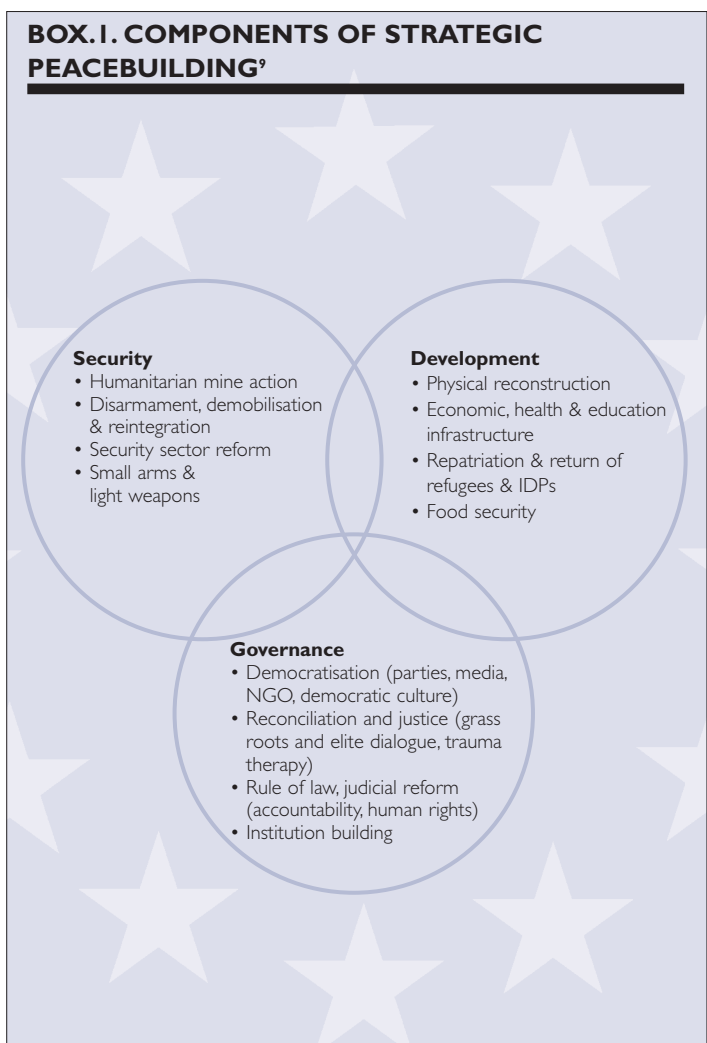
LINKING SECURITY, GOVERNANCE AND DEVELOPMENT IN FRAGILE STATES

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.

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 PEACEBUILDING⁹

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

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 potentially 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.**

For a copy of the full report and other related material, please visit our websites