EPLO

European Peacebuilding Liaison Office

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EPLO COMMENTS on the EC Issues Paper

"Towards an EU strategic response to situations of fragility in developing countries"

EPLO welcomes the willingness of the European Commission to open its draft issues paper "*Towards an EU strategic response to situations of fragility in developing countries"* to public consultation. The experience and knowledge shared in this process could be an opportunity to challenge 'business-as-usual' approaches to development that, in fragile situations, are not yielding results either in terms of most Millennium Development Goals or in terms of building long term peace.

It is vital that the EC seizes this opportunity to draw on the expertise that is already available from specialists in multilateral organisations and from governmental and non-governmental organisations working in this field. It needs to use the strengths of previous work on preventing violent conflict, bring order to the complex and overlapping array of policies and approaches, and adapt development strategies to the realities of the operating context.

Our comments below follow the structure of the draft Issues Paper. They highlight certain strengths in the text as well as principal concerns about the diagnosis, outline responses and key points contained in the draft. We conclude with a handful of main recommendations for next steps in this initiative.

Background

At the start of the paper, the EC should be clear about the reasons why there is such a need for a *policy paper that advances the EU's thinking on fragility*. The background section currently gives merely a read-out of the complex, overlapping and sometimes contradictory web of EU policies and strategic documents. It should instead be used to clearly articulate the realities we see experienced in dozens of countries worldwide:

(1) There are about 50 countries where people are faced with the serious effects of weak governance, limited administrative capacity, chronic humanitarian crises, persistent social tensions, violence or the legacy of civil war;

(2) Not only does this have profound implications for the EU's own security, but poverty reduction and basic human security are extremely difficult to achieve and sustain;

(3) The "alignment" orthodoxy of the Paris Declaration, and the simplicity (so attractive to donors) of general budget support, though effective in states with accountability mechanisms and transparency, is highly problematic where political, economic and social systems perpetuate exclusion, gender discrimination, poverty and instability. "Ownership" must not be simply by the State but also by society; and

(4) Increasing the *quantity* of money is not, in and of itself, the answer.

Director General Manservisi spoke this summer of the need for approaches to be driven by objectives *not* by instruments. The goal of clarifying objectives should be the rationale that underpins the paper. In addition, it needs also to articulate what will be the outcome of this review process; what the relationship is between this document and existing, related EC policy documents and processes like the European Consensus for Development and the European Security Strategy; and how this work on fragility connects with the EU-Africa strategic partnership negotiations.

Identifying fragility

The draft's first "issue for discussion" is a welcome one on 'identifying fragility' and contains the important point about avoiding the divisive term "Fragile States". The discourse around fragility still tends to concentrate too much on the weaknesses of a national government rather than the fragility of the polity as a whole. The polity denotes not only the executive structures and agencies of the State, but also the institutions of representative governance (its legislature) and of justice. It also encompasses the concept of political community and the ability of citizens to participate in governance. Indeed, one of the key components of a society not affected by fragility is the conflict resilience of citizens and institutions, i.e. an ability on the part of both to deal with the normally occurring conflicts between different parts of a population in peaceful, non-violent, and democratic ways. As would be expected, the draft makes reference to a number of EU papers, including on conflict prevention, and to the work of the OECD/DAC Fragile States Group. It falls, however, far too short in integrating the knowledge generated by those initiatives (and the piloting of the DAC Principles on Fragile States and Situations in which the EC, as regards Zimbabwe, was itself involved). In some crucial respects it also risks constituting a backward step from the multitude of papers produced by Member State specialists and non-governmental institutions, including ECDPM and IEEI for the current Portuguese Presidency. There is a need to assess these papers and consider the need for a new policy document for the EU institutions. In all events, it is vital that, if an EC paper is forthcoming, it clearly focuses on the factors which cause and perpetuate fragility. The term "trigger" is not appropriate and should be discarded.

In fragile situations', causes and symptoms often become mutually reinforcing. In different settings to varying degrees, they include unjust power structures, economic domination by an ethnic, caste or religious elite, and the exclusion and oppression of certain groups. Women are particularly marginalised. These problems are exacerbated by demographic trends which leave large numbers of young people unemployed – among whom male youth are a potentially highly volatile group. In these situations of fragility, the poor, and often particularly women, often have no voice and no influence over decision-making, including on the use of national revenues and receipts. In other words, where government authorities are not prepared to make a political commitment to genuinely develop and implement pro-poor policies, the state, which is the "partner" in standard approaches to development, becomes part of the problem.

Identifying fragility involves attention to why such a situation has arisen. On the one hand, there are endogenous factors, such as how power is, and has traditionally been, distributed and perceived, the characteristics of the political culture and the nature of information flow. There are also relatively recent factors that can have profound impacts on the context such as the legacy of past atrocities and the psychological impact on affected populations, especially where perpetrators of human rights violations and international crimes (war crimes, crimes against humanity, and genocide) including those relating to rape and sexual violence remain in the security sector, and other public office. On the other

hand, there are exogenous issues, including regional spill-overs and how engagement by international actors (traditional donors, multinationals as well as newer investors) impact on societal relations, influence local, national and regional dynamics, and exacerbate intra-state disparities. Moreover, global flows of finance and arms connected to the extraction of valuable minerals are used to reinforce military capacity, enrich militia commanders and other "spoilers" and fund patronage networks. Access to commodity, financial and arms markets provides incentives to perpetuate fragility and resist peace and development.

Reasons/objectives for remaining engaged

The second issue raised for discussion by the draft is on "remaining engaged". We support the principle of building a "comprehensive and strategic EU response" according to the "specific situation of fragility" and integrating human security goals. However, we reject the notion that accountability and governance are 'in place' and then become "at risk". They are not static conditions, and situations of fragility can improve and deteriorate over time. In many cases, underlying and historical factors mean that there is no tradition, culture or expectation of citizenship, of participation in decision-making and/or of equitable access to economic opportunity. We find terms such as 'donor darling' and 'aid orphan' inappropriate and not useful. The term 'aid orphan' implies a requirement to increase aid flows, and implies that local elites bear no responsibility for suspended aid. But experience often shows that elites can clash, or collude, in an aid system that perpetuates or worsens fragility, as well as the delivery (or not) of services to society. Governance is constantly in flux and, therefore, EU responses will also need to be appropriately flexible if they are to be effective. This is an enormous challenge to such a large complex set of institutions as the EU but the effectiveness of the EU's approach will depend on its ability to improve its own approaches, methods and incentive structures.

In short, evolving dynamics that are both endogenous and exogenous strongly influence whether a state and society become either more unstable or more resilient (that is, more capable of managing conflict peacefully). The overarching point, as emphasised in the DAC and articulated as the *first* principle of Good International Engagement, is that every context is different. Each needs to be distinguished over time and as between population groups, provinces and wider geographic situation. Analysis must, in every case, determine the engagement.

Preventing fragility, and articulating responses

As the paper notes in the section on 'preventive approaches', there is a need for the EU to "assess more carefully the way in which interventions should be articulated and adapted to the country context. In this and the following section on 'articulating responses', we welcome the emphasis on governance processes and the, albeit broad-brush, summary of lessons learned. We challenge, however, the idea that 'fragility', as a highly complex and overlapping *set* of factors can be 'prevented'. There are drivers of fragility that can be tackled, and the spill-over of tensions into violent conflict can be stopped. However, in and of itself, fragility cannot be prevented by external agencies.

The problem also with these parts of the paper is that they shed little light on what these approaches actually involve. The former section, for example, lists potential actors, such as parliaments and civil society, that could 'prevent fragility' without analysing the realities of these institutions in situations of fragility. Whether in a small country with few sources of wealth, like Nepal, or a vast one endowed with highly valuable natural resources, like DRC, these structures are a reflection of the societies in which they have emerged and the

cultures among which they function. Parliaments can be driven by factional, patronage-based politics. Organised civil society is often dominated by urban elites and is lacking in meaningful contact with the rural poor. Local NGOs can simply be vehicles for opposition leaders and former politicians, causing unconstructive confrontation with ruling groups. Financial and administrative stability within civil society groups, even in the medium term, is extremely rare, and so civil society groups may be able to contribute to decreasing fragility, but they may well also exacerbate it (in fact, collectively civil society can do both simultaneously). These are some of the challenges to which international actors must respond more effectively. They are of quite a different nature to those relating to natural disasters so the parallel drawn in section 3.3 should be revised.

Dealing with the challenges

For the EU to "build a more strategic response" to fragility, it is essential that it identifies the principal problems with approaches to date. There are some glimpses of the right analysis in the final section on 'dealing' with the challenges. These include recognition that donors face 'conflicting priorities' and that spending "unwisely and ineffectively" can increase fragility. We welcome this candour, which international actors (governmental, corporate *and* non-governmental) have been slow to recognise. We also note the reference to the importance of local capacity-building and 'organisational aspects' for donors such as appropriate staffing and closer co-operation. However, much more needs to be said about the extent and depth of the challenges and what they imply for actors like the EU. There is also a need to reflect on where conflicting priorities exist and how money is being 'ineffectively spent' so that measures can be taken to address these issues.

Recommendations for the next steps by the EC:

We would emphasise the following key points for inclusion in the forthcoming Policy Paper:

- Stability in state-to-state relations in the short-term is no substitute for a long-term strategy to help transform the inequitable structures of power and wealth within society. These inequitable and unjust structures have the potential to drive violent conflict, state failure and associated security threats. The primary focus should be on building the foundations of a sustainable peace. In governance terms, this means targeting the emergence of a *polity* that is able to manage tensions peacefully: i.e. a conflict resilient society. As the OECD/DAC Principles emphasise, ultimately this must be driven by the attitudes and expectations of a country's people, but 'local ownership' needs to be more carefully unpacked and much more effectively supported by donors.

- In post-conflict situations, one vital starting point is to invest heavily in cultivating the notion of 'citizenship', in supporting processes of reconciliation and in tackling cultures of impunity. Failure to address impunity has a direct consequence on the human security of affected populations and repeatedly emerges as a priority for the ordinary people. The continuing ability of perpetrators of serious crime and human rights abuses to access power and draw on state (and/or aid) funds seriously undermines efforts to build a sustainable and stable peace.

- There is growing awareness of the impact of unpredictable aid on long term planning; of the degree to which high levels of aid can undermine local taxation and accountability processes; of the impact of aid dependency on

governance, and of the need to better understand the institutional capacity and commitment of recipient governments in the design and implementation of poverty reduction strategies.

- The problems with "business-as-usual" MDG-based poverty reduction strategies in fragile settings are multiple:

  i   First and foremost, chronic insecurity and the problems of moving around the country freely can make it impossible to implement development projects, and even to deliver humanitarian aid effectively and in a manner that is completely neutral. Local and externally-supported activities to support livelihoods and generate incomes are often seriously undermined, targeted or hijacked by rebel groups, militias and gangs. Individuals in government and positions of power locally can also be involved. In countries in transition out of conflict, these are often constituted by ex-combatants who have known no other way of life than war and violence. Insecurity tends to trump the good intentions of donors.

  ii Currently, at best, issues of governance and of peace and security are understood as merely discrete components of the "strategy". There has been progress in articulating the interconnections of activities in the security and justice system. However, more can be done in sectoral and project-based work in education, health, water and infrastructure to integrate knowledge on power dynamics and social relations, to work with greater *conflict sensitivity*. CFSP interventions and crisis management missions also need to proceed with a deeper understanding of the realities and perception of who wins, who loses and who wants what.

  iii The consultations that take place to define national development strategies are too narrow. Very rarely do the Poverty Reduction Strategy (PRS) consultations actually manage to consult with the range of societal groups required in order truly to get a sense of national needs and concerns. All too often, the poorest remain marginalised, without access to (or even awareness of) these processes. Such development strategies at the national level are exposed, therefore, not only to the risks of targeting only the most accessible sections of the population (and raising their expectations) but also of perpetuating domination by a political and business elite.

  iv The principles of ownership, harmonisation and alignment present real challenges for the donor community in countries where governance is weak, unrepresentative or exclusive, or where power is concentrated within political, ethnic or economic elite. 'Ownership' in such fragile contexts can be problematic, especially if it is defined narrowly as control by the recipient government and not by the polity as a whole. Experience shows that the State is often part of the problem but, in the absence of government will or capacity, the alternative of providing services through aid agencies does little to build for the future. Effective assistance in these contexts is about tackling the gap between powerful elites and ordinary people. Yet civil society projects remain relatively small and often occur in isolation alongside approaches that incentivise the provision of budget support.

- Economic models used by external actors in their development activities and trade negotiations must also be more sensitive to the context in which they take place. At the macro level, for example, the impact of economic reform packages, such as privatisation, and of economic partnership agreements can destabilise efforts to reduce fragility. The ambition and timetable of economic initiatives have to be formulated with extreme care.

- Addressing fragility requires, on the one hand, support for a more effective, accountable and, therefore, legitimate State, where capacity development is key. On the other, it depends on the emergence of a democratic culture in which, on an ongoing basis, citizens participate in decision-making and mobilise themselves to ensure they are involved. Both rely on there being increased levels of informed debate within communities on how they should be governed, as well as greater networking, campaigning and connectivity between the capital and localities so that elected officials and civil servants are held to account. These processes, and the trust that needs to underpin them, take considerable amounts of time to build up. Support for them, therefore, needs to be provided with a long term time frame.

- To be more effective in fragile situations, the EU should, in particular, pay much closer attention to:

  ✓ Taxation: it is increasingly recognised that the ways in which governments raise revenue has connections with the way they govern. Tax relationships underpin formal mechanisms of political accountability and public financial management. Aid can provide an alternative to revenue collection which in turn affects the relationships between government and citizens. A deeper understanding of tax and gender; tax and accountability, and of the inter-relationship between tax and conflict can provide valuable lessons to the international community. Indeed, where a government relies more on aid than on tax revenue, its principal accountability is to the aid donor and not to its citizens.

  ✓ Service provision: In conflict-prone and affected countries, regional, ethnic and gender disparities can mean that achievements against MDG goals are distributed unequally. This may result in greater marginalisation of certain groups as well as tensions as power relations are subject to processes of change. This needs to be better understood and articulated. Furthermore, there is often a lack of understanding that a country's institutions may be ill suited or unprepared for the type and level of scale-up that are involved in the pursuit of service delivery targets. This 'scaling-up' agenda may inadvertently deepen divisions as citizens without links to the centre are further marginalised. This, too, reflects the need to take account at the outset that the process towards stability and peace is a long-term process and cannot be achieved overnight. Often, the expectations of a 'quick fix', the focus on short term intervention (as supported by the short term instruments which the EU favours for intervention in conflict situations) drives this 'scaling-up' agenda too fast and therefore becomes part of the problem.

  ✓ Dialogue to support 'active citizenship': All types of 'traditional' development assistance, as well as specifically target projects, can serve to increase dialogue between people and their governments, and among different groups in society. Properly designed and implemented, donors including the EC can help to open up, keep open, and widen space to the maximum number of people to consider, discuss and negotiate outcomes. Such processes can help bolster understanding of the notion of citizenship vis-à-vis government and increase people's confidence in holding authorities to account.

  ✓ Organised civil society: Fragility is not only reflected, and perpetuated, in the poor performance of government, but it also relates to 'civil society' as well. Like governments, civil society is a product of a country's particular history, politics, and economics. As such, there are multiple factors determining the strengths and weaknesses of organised civil society, and

complex inter-relationships between fragility and the middle class – often the main driving force in a country's economic and political development. Greater attention should be paid by the EC to these interactions and how approaches to strengthening positive forces in a society can be improved. Responding to this effectively means for the EU to be willing to invest in relevant expertise, and the right incentives, within its own structures both in country and in Brussels to work with local and international civil society to achieve lasting progress in this area, too. This means that the staff responsible for these tasks must have the seniority, respect and clout to make a difference.

Achieving 'good international engagement' in fragile situations is hugely complex and constitutes an immense challenge for the EU. Explicitly, as well as inadvertently, this comes out clearly in the draft Issues Paper. What is needed now is for the paper to integrate better what has been learnt about conflict and fragility. It requires the EC to fundamentally rethink its normal approaches to funding and to programme design and quality control. Staff performance management criteria and staff incentive structures must be adapted to support flexibility, risk-taking and long-term accompaniment for societal change. 'Good performance' should be based less on the level of disbursements and more on quality of interventions, aid effectiveness and conflict sensitivity. Implementing more effective approaches will be not only labour intensive but *expert* labour intensive. These are the issues which the EU must take forward.

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