

EU funding for peacebuilding: EPLO's recommendations for reforming the EU's external co-operation programmes

April 2012

1. Introduction

The purpose of this paper is to set out EPLO's preliminary position on the European Commission's (EC) legislative proposals for the next set of EU external financing instruments.

EPLO believes that the current revision of the EU's external financing instruments presents an unprecedented window of opportunity to ensure that peacebuilding and conflict prevention are fully integrated into the EU's external actions.

2. Overall Approach

2.1 Peacebuilding as a strategic objective of EU external action

EPLO welcomes the reference in the overarching 'Global Europe' communication to peacebuilding and conflict prevention as strategic objectives of EU external action. Similarly, we applaud the EC and European External Action Service's (EEAS) joint commitment to:

- prioritise the specific needs of countries in vulnerable, fragile, conflict-affected and crisis situations
- simplify the rules and procedures for programming and delivery of EU assistance to partner countries
- take greater account of human rights, democracy and good governance in the allocation of EU assistance to partner countries
- increase democratic oversight over EU assistance to partner countries
- promote joint EU-EU Member States programming
- promote more flexibility in programming processes
- ensure greater coherence between EU external financing instruments.

In our view, the EC-EEAS' decision to include peacebuilding and conflict prevention as strategic objectives of EU external action not only strengthens the coherence of the EU's overall approach to its co-operation with third countries, it also reflects a positive response to the headline recommendation from the recent evaluation of EC support in these areas: 'The Commission should strengthen its position as a key player in terms of [conflict prevention and peacebuilding] by consolidating and further developing its support for [it].'²

Similarly, the EC-EEAS' decision also reflects the view expressed by the vast majority (77%) of respondents to the 2011 public consultation on next EU multiannual financial framework (MFF) that the impact of the EU's external assistance would be enhanced by investing in the EU's peacebuilding and crisis preparedness.³

¹ <u>Joint Communication to the European Parliament and the Council – Global Europe: A New Approach to financing EU external action (COM(2011) 865 final)</u>

² Thematic Evaluation of European Commission Support to Conflict Prevention and Peace-building (October 2011)

Report of the Public Consultation: 'What Funding for EU external action after 2013?' (April 2011)

Recommendation to the European Parliament and the Council: Support the EC-EEAS' commitment to simplify the rules and procedures for programming and delivery of EU assistance to partner countries by requesting them to prepare proposals for the simplification of budget and reporting formats and a reduction in the number of regulations applicable to EC grants.

2.2 Overall funding for EU external action

EPLO welcomes the significant increase in the amount of funding available for EU external action (€ 70 billion compared to € 56.4 billion in the current period (2007-2013)).⁴ We also welcome the increase in the proportion of the overall MFF which is committed to 'Heading 4: The EU as a Global Player' (6.8% compared to 5.7% in the current period).

Recommendation to the European Parliament and the Council: Support the EC's proposal to set the ceiling for Heading 4 at no less than € 70 billion (excluding the European Development Fund).

2.3 Funding for EU external financing instruments

EPLO welcomes the increases in the amounts of funding available for the Instrument for Stability (IfS), the Development Cooperation Instrument (DCI), the European Neighbourhood Instrument (ENI), the Instrument for Pre-accession Assistance II (IPA II), and the European Instrument for Democracy and Human Rights (EIDHR).⁵

Recommendation to the European Parliament and the Council: Support the EC's proposal to increase the amount of funding available for the IfS, the DCI, the ENI, the IPA II and the EIDHR.

2.4 Key issues to be addressed

EPLO has consistently called for the inclusion of peacebuilding and conflict prevention throughout the EU's external action. Although the legislative proposals for the next set of EU external financing instruments go some way to addressing this issue, we believe that there remains significant room for improvement (see our detailed analysis below).

Overall recommendation to the European Parliament and the Council: Include peacebuilding and conflict prevention as objectives to be pursued in all relevant EU external financing instruments.⁶

EPLO has also called for the EC and the EEAS to ensure the conflict sensitivity of all EU assistance to partner countries, including through the use of thorough conflict assessments. Unfortunately, none of the legislative proposals for the next set of EU external financing instruments includes any references to the issue of conflict sensitivity.⁷

⁴ 2011 prices and excluding the European Development Fund. See <u>European Development</u> Cooperation Strengthening Programme (EDCSP) Opinion 16 – EU budget surprise: Member States <u>proposing budgetisation of the EDF</u>, p. 2 (March 2012)

⁵ The proposed increases in the budgets for the new EU external financing instruments are as follows: IfS: +42%; DCI: +19%; ENI: +23%; IPA II: +8%; EIDHR: +21%. See <u>ODI Background Note – The European Commission's legislative proposals for financing EU Development Cooperation</u>, p. 2 (February 2012)

⁶ In accordance with the OECD-DAC's <u>Creditor Reporting System (CRS) Purpose Code 152: Conflict prevention and resolution, peace and security</u>

⁷ Conflict-sensitive development policies, strategies and practices take account of the links which exist between peacebuilding and development. They are based on a thorough understanding of both the

Overall recommendation to the European Parliament and the Council: Include a clear commitment to conflict sensitivity and to the use of conflict assessments in all relevant external financing instruments.

3. Specific analysis of the legislative proposals

3.1 Common Rules and Procedures

EPLO has concerns about the following element of the EC's proposal for a Regulation establishing common rules and procedures for the implementation of the EU's instruments for external action (Common Implementing Regulation):

the absence of a reference to the use of 'conflict assessments' for projects and programmes

Specific recommendation to the European Parliament and the Council: Add a new subarticle (Article 2.5) on 'commitment to undertaking conflict assessments for projects and programmes' to the proposed Article 2 of the new Regulation.

3.2 Instrument for Stability (IfS)

Recommendation to the European Parliament and the Council: Increase the proportion of the financial envelope which is allocated to measures falling under the proposed Article 4 of the new Regulation (see below).8

EPLO welcomes the following elements of the EC's proposal for a new Regulation establishing an Instrument for Stability (IfS):

- the division of the specific aims in the proposed Article 1.2 to:
 - o '(a) in a situation of crisis or emerging crisis, to swiftly contribute to stability by providing an effective response to help preserve, establish or re-establish the conditions essential to the proper implementation of the Union's development and cooperation policies
 - o (b) to prevent conflicts, ensure preparedness to address pre- and post-crisis situations and build peace
 - (c) to address specific global and trans-regional threats having a destabilising effect, including climate change'9

We also welcome:

the inclusion of a specific reference in the proposed Article 1.2(c) to climate change as one of the 'trans-regional threats' to be addressed¹⁰

context and how the development changes proposed will interact with other prevailing dynamics, particularly with existing and potential conflicts. If designed and implemented with this in mind, development interventions can go beyond simply respecting the basic principle of "Do no harm" and make a positive contribution to sustainable peace. See EPLO's statement on Linking Peacebuilding and Development, p. 2 (February 2011)

Article 24 of Regulation (EC) No 1717/2006 of the European Parliament and of the Council of 15 November 2006 establishing an Instrument for Stability: 'no more than 5 percentage points of the financial envelope shall be allocated to measures falling under Article 4(3)

Proposal for a Regulation of the European Parliament and of the Council establishing an Instrument for Stability (COM(2011) 845 final)

10 Ibid.

- the inclusion of a specific reference to 'coherence' in the heading of the proposed Article 2 (Coherence and complementarity of Union assistance)
- the simplification of the structure of the Regulation by renumbering current articles 4.1, 4.2 and 4.3 as:
 - proposed Article 4 (Assistance for conflict prevention, crisis preparedness and peace-building)
 - proposed Article 5 (Assistance in addressing global and transregional threats)¹¹
- the inclusion of explicit references to peacebuilding and conflict prevention in the proposed Article 4 (which will replace the current Article 4.3)
- the relocation of all of the activities which are included under current articles 3, 4.1, 4.2 and 4.3 into a set of annexes
- the possibility in the proposed Article 7 for the extension of 'Exceptional Assistance Measures' (EAMs) by six months (up to a maximum of 30 months) in the case of unforeseen obstacles to their implementation
- the possibility in the proposed Article 7 for the adoption of a second EAM in cases of protracted crisis and conflict
- the proposed Article 9 (Delegation of powers to the Commission)
- the inclusion of a specific reference to 'conflict-sensitive risk analysis' in proposed Annex II (Areas of financial and technical assistance as referred to in Article 4)

Recommendation to the European Parliament and the Council: Maintain the abovementioned elements of the EC's proposal in the new Regulation.

EPLO has concerns about the following elements of the EC's proposal for the new IfS Regulation:

• the reduction in the minimum proportion of the financial envelope to be allocated to measures falling under Article 3 from 70% to 65% of the total (proposed Article 13)

Specific recommendation to the European Parliament and the Council: Maintain the minimum proportion of the financial envelope to be allocated to measures falling under Article 3 at no less than 70% of the total.¹²

• the continued absence of an explicit reference to the Peacebuilding Partnership in the proposed Article 1 (Objectives) or the proposed Article 4.¹³

Specific recommendation to the European Parliament and the Council: Include an explicit reference to the Peacebuilding Partnership in the proposed Article 4 of the new Regulation.

- the continued inclusion of a reference to support for measures in response to 'natural disasters' in the proposed Annex I (Areas of technical and financial assistance as referred to in Article 3)
- the continued inclusion of a reference to improving 'post-disaster' recovery in the proposed Annex II

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¹¹ Ibid.

¹² This is the most flexible component off the IfS. It has a proven record of supporting effective peacebuilding activities.

The term 'Peacebuilding Partnership' does not appear in the current IfS Regulation. However, its establishment was guaranteed in 2006 by a letter from the then Commissioner for External Relations to the Chair of the European Parliament's Committee on Foreign Affairs.

Specific recommendation to the European Parliament and the Council: Remove the reference to 'natural' disasters from the proposed Annex I, and remove the reference to 'post-disaster' recovery from Annex II.¹⁴

• the inclusion of a reference to 'strengthening capacities to participate in civilian stabilization missions' in Annex II

Specific recommendation to the European Parliament and the Council: Remove the reference to 'strengthening capacities to participate in civilian stabilization missions' from Annex II.¹⁵

 the proposed Annex III (Areas of technical and financial assistance referred to in Article 5)

Recommendation to the European Parliament and the Council: If the EU is to continue providing assistance for measures aimed at addressing 'specific global and trans-regional threats having a destabilising effect', a much greater degree of transparency regarding its allocation is required. All relevant activities supported under the proposed Article 5 should also include a specific role for civil society organisations. ¹⁶

3.3 Development Cooperation Instrument

Specific recommendation to the European Parliament and the Council: Include 'peace' as an objective of EU external action to be supported in the proposed Article 2 (Objectives and eligibility criteria) of the new Regulation.¹⁷

EPLO welcomes the following elements of the EC's proposal for a new Regulation establishing a financing instrument for development co-operation (DCI):

- the inclusion in the proposed Recital 10 of the assertion that the EU should 'promote a comprehensive approach in response to crisis and disaster and to conflict-affected and fragile situations, including those of transition' which builds on, *inter alia*, the 2001 EU Programme for the Prevention of Violent Conflicts (Gothenburg Programme), the 2007 Council conclusions on security and development; and the 2007 Council conclusions on an EU response to situations of fragility
- the prioritisation in the proposed Article 3.2 (General principles) of 'countries most in need, in particular the least developed countries, low income countries and countries in crisis, post-crisis, fragile and vulnerable situation'¹⁹
- the taking into account in the proposed Article 10 (General framework for programming and allocating funds) of 'the particular difficulties faced by countries or regions that are in crisis, vulnerable, fragile, in conflict or disaster prone'²⁰

¹⁴ Post-natural disaster recovery should be supported through the EU's <u>Instrument for Humanitarian</u> Aid

Aid 15 EPLO believes that a major review of the EU's Common Security and Defence Policy is required, including independent evaluations of civilian crisis management missions.

¹⁶ Possibilities include a specific financial allocation under the proposed Article 5 to support 'the involvement of civil society organisations in addressing specific global and trans-regional threats having a destabilising effect' or a requirement to ensure the participation of civil society organisations as partners in activities which are supported under the proposed Article 5.

¹⁷ This would make it consistent with articles 3 and 21 of the <u>consolidated version of the Treaty on European Union</u>.

Proposal for a Regulation of the European Parliament and of the Council establishing a financing instrument for development cooperation (COM(2011) 840 final)

19 Ibid.

²⁰ *Ibid*.

- the possibility to leave funds 'unallocated' (proposed Article 10.4)
- the recognition in the proposed Article 11 (Programming documents for geographic programmes) of national development plans, joint EU-EU Member States country and regional multiannual programming documents as alternatives to EC-EEAS country and regional strategy papers
- the use of criteria such as good governance, democracy and respect for human rights and the rule of law to increase or decrease indicative financial allocations (proposed Article 11.5)
- the proposed Article 12 (Programming for countries in crisis, post-crisis or fragility situations)21
- the proposed Article 17 (Delegation of powers to the Commission)
- the inclusion in the proposed Annex IV (Areas of cooperation under geographic programmes) of specific references to:
 - o the security-development nexus²²
 - o the transition from humanitarian aid and crisis response to long-term development cooperation
 - the building and strengthening of legitimate, effective and accountable public institutions and bodies, in particular in countries in crisis, post-crisis or fragility situations

Recommendation to the European Parliament and the Council: Maintain the abovementioned elements of the EC's proposal in the new Regulation.

Specific recommendation to the European Parliament and the Council: Include 'the promotion of peace and the prevention of violent conflicts' as criteria for increasing or decreasing indicative allocations in the proposed Article 11.5 of the new Regulation.

Specific recommendation to the European Parliament and the Council: Add the following clause to the proposed Article 16 (Suspension of assistance) of the new Regulation:

'In such cases, Union assistance shall primarily be used to support civil society organisations for measures aimed at promoting human rights and fundamental freedoms and supporting democratisation and dialogue processes in partner countries.'23

EPLO has concerns about the following elements of the EC's proposal for the new DCI Regulation:

the continued absence in the proposed Article 3.1 of an explicit reference to peace as one of the principles which the EU seeks to promote, develop and consolidate through dialogue and co-operation with third countries and regions.

Specific recommendation to the European Parliament and the Council: Include 'peace'

²¹ EPLO believes that the DCI - and not the IfS, is the right place for measures designed to link relief, rehabilitation and development (LRRD) in the EU's external financing instruments. However, given the high risk of countries in crisis, post-crisis or fragility situations (re-)entering conflict, it is essential that LRRD measures are accompanied in the EU's development co-operation projects and programmes by support for peacebuilding, and a commitment to conflict sensitivity and the use of conflict analyses (see the recommendations in Section 1).

EPLO would welcome the replacement of 'security-development nexus' with 'human securitydevelopment nexus' in order to avoid confusion about the definition of 'security' or the incorrect use of EU development assistance.

²³ This proposed additional clause is based on a clause contained in Article 28.2 of Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laving down general provisions establishing a European Neighbourhood and Partnership Instrument.

as a principle which the EU seeks to promote, develop and consolidate through dialogue and co-operation with third countries and regions in the proposed Article 3.1 of the new Regulation.24

the continued absence in proposed Article 3.3 of an explicit reference to the promotion of peace and the prevention of violent conflict as cross-cutting issues to be mainstreamed in all programmes

Specific recommendation to the European Parliament and the Council: Include 'the promotion of peace and the prevention of violent conflict' as cross-cutting issues to be mainstreamed in all programmes in the proposed Article 3.3 of the new Regulation.²⁵

the continued absence of a reference to the need for conflict sensitivity in the programming and implementation of the EU's assistance in partner countries and regions

Specific recommendation to the European Parliament and the Council: Include 'conflict sensitivity' in the list of issues to which 'particular attention shall be given' in the proposed Article 3.4 of the new Regulation.

the absence of a reference to 'peacebuilding and conflict prevention' as areas to be supported under the programme 'Global public goods and challenges' (proposed Article 7)

Specific recommendation to the European Parliament and the Council: Include a reference to 'peacebuilding and conflict prevention' in the list of areas to be supported under the programme 'Global public goods and challenges' in the proposed Article 7; include 'peacebuilding and conflict prevention' in the list of areas of co-operation in Annex V (Areas of activity under thematic programmes); and include 'peacebuilding and conflict prevention' and an indicative financial allocation in the list of areas of co-operation in Annex VII (Indicative financial allocation for the period 2014-2020)

the use of the DCI to support the implementation of the Joint Africa-EU Strategy (proposed Article 9)

Specific recommendation to the European Parliament and the Council: Remove the proposed Article 9 from the new Regulation.²⁶

the continued absence of a reference to the need for thorough conflict analysis as the basis for programming the EU's assistance in countries and regions in crisis, postcrisis or fragile situations

Specific recommendation to the European Parliament and the Council: Include an explicit reference to the need to base the programming of EU assistance in countries and regions in crisis, post-crisis or fragile situations on thorough conflict assessments in the proposed Article 12 of the new Regulation.

²⁴ This would make it consistent with articles 3 and 21 of the <u>consolidated version of the Treaty on</u> European Union.

²⁵ In accordance with the OECD-DAC's <u>Creditor Reporting System (CRS) Purpose Code 152: Conflict</u> prevention and resolution, peace and security

26 EPLO believes that a major review of the Joint Africa-EU Strategy is required.

 the absence of a reference to 'peacebuilding and conflict prevention' in the list of issues under the sub-heading 'Human rights, democracy and other key elements of good governance' in the proposed Annex IV

Specific recommendation to the European Parliament and the Council: Include 'peacebuilding and conflict prevention' in the list of issues under the sub-heading 'Human rights, democracy and other key elements of good governance' in the proposed Annex IV

3.4 European Neighbourhood Instrument

EPLO welcomes the following elements of the EC's proposal for a new Regulation establishing a European Neighbourhood Instrument (ENI):

- the inclusion in the proposed Article 2 (Specific objectives of Union support) of '(e) promoting confidence building and other measures contributing to security and the prevention and settlement of conflicts'27
- the use of the partner country's 'progress in building deep and sustainable democracy' as a criterion for differentiating EU support (proposed Article 4)
- the possibility for joint EU-EU Member States programming (proposed Article 5.3)
- the proposed Article 13 (Updating of the Annex)

Recommendation to the European Parliament and the Council: Maintain the abovementioned elements of the EC's proposal in the new Regulation.

Specific recommendation to the European Parliament and the Council: Include the partner country's commitment to 'the promotion of peace and the prevention and settlement of violent conflicts' as an additional criterion for differentiating EU support in the proposed Article 4 of the new Regulation.

EPLO has concerns about the following elements of the EC's proposal for the new ENI Regulation:

• the proposed deletion from the current Article 28 (Suspension of Community assistance) of the reference to using EU assistance to support civil society organisations

Specific recommendation to the European Parliament and the Council: Add the following clause to the proposed Article 17 (Suspension of assistance) of the new Regulation:

'In such cases, Union assistance shall primarily be used to support civil society organisations for measures aimed at promoting human rights and fundamental freedoms and supporting democratisation and dialogue processes in partner countries.'28

3.5 Instrument for Pre-accession Assistance II

EPLO welcomes the following elements of the EC's proposal for a new Regulation on the Instrument for Pre-accession Assistance (IPA II):

²⁷ <u>Proposal for a Regulation of the European Parliament and of the council establishing a European Neighbourhood Instrument (COM(2011) 839 final)</u>

²⁸ This proposed additional clause is based on a clause contained in Article 28.2 of Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument.

- the inclusion in proposed Article 2 (Specific objectives) of '(vi) reconciliation, peace building and confidence building measures' 29
- the use of 'progress in the areas of democracy, the rule of law, the respect of human rights and fundamental freedoms, the justice system and the level of administrative capacity' as a criterion for measuring progress towards the achievement of the objectives of the IPA (proposed Article 2.2)
- the proposed Article 10 (Delegation of powers to the Commission)

Recommendation to the European Parliament and the Council: Maintain the abovementioned elements of the EC's proposal in the new Regulation.

Specific recommendation to the European Parliament and the Council: Include 'reconciliation and peacebuilding' in the list of areas to be assessed in the proposed Article 2.2 of the new Regulation.³⁰

Specific recommendation to the European Parliament and the Council: Add the following clause to the proposed Article 13 (Suspension of assistance) of the new Regulation:

'In such cases, Union assistance shall primarily be used to support civil society organisations for measures aimed at promoting human rights and fundamental freedoms and supporting democratisation and dialogue processes in partner countries.'31

EPLO has concerns about the following elements of the EC's proposal for the new IPA Regulation:

 the continued absence of 'peacebuilding and conflict prevention' as policy areas to be addressed under the proposed IPA II despite the inclusion in the proposed Article 2 of 'peace building' as a sub-objective of the overall objective 'Support for political reforms'

Specific recommendation to the European Parliament and the Council: Include 'peacebuilding and conflict prevention' as policy areas to be addressed in the proposed Article 3.1 of the new Regulation.

3.6 European Instrument for Democracy and Human Rights

EPLO welcomes the following elements of the EC's proposal for a new Regulation establishing a financing instrument for the promotion of democracy and human rights (EIDHR):

- the inclusion in the proposed Recital 14 of a specific reference to 'conflict situations' 32
- the inclusion in the proposed Recital 15 of the assertion that the EU should be able to respond to the urgent protection needs of human rights defenders and in the most difficult countries or situations by the provision of ad hoc grants

²⁹ Proposal for a Regulation of the European Parliament and of the Council on the Instrument for Preaccession Assistance (COM (2011) 838 final)

This would make it consistent with the other objectives which are set out in the proposed Article 2.1.

This would make it consistent with the other objectives which are set out in the proposed Article 2.1.

This proposed additional clause is based on a clause contained in Article 28.2 of Regulation (EC)

No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument.

Proposal for a Regulation of the European Parliament and of the Council establishing a financing instrument for the promotion of democracy and human rights (COM(2011) 844 final)

- the maintenance in the proposed Article 2.1(a)(vii) of support for measures 'to facilitate the peaceful conciliation of group interests, including support for confidencebuilding measures relating to human rights and democratisation³³
- the addition to the current Article 2.1(d) ('building confidence in and enhancing the reliability and transparency of democratic electoral processes') of '(...) while contributing to the efficiency and consistency of the whole electoral cycle'³⁴
- the addition to the current Article 2.1(d)(iv) ('by supporting measures aimed at implementing recommendations of European Union Election Observation Missions, in particular through civil society organisations') of '(...) the consistent integration of electoral processes into the democratic cycle and (...)³⁵
- the taking into account in the proposed Article 2.4 of 'the specific features of crisis or urgency situations and countries or situations where there is a serious lack of fundamental freedoms, where human security is most at risk or where human rights organisations and defenders operate under the most difficult conditions'36
- the inclusion in proposed Article 3 (General framework for programming and implementation) of the reference to the 'Common Implementing Regulation', the proposed Article 6(c) of which provides under the EIDHR the direct award of:
 - (i) low-value grants to human rights defenders to finance urgent protection actions:
 - (ii) grants to finance actions in the most difficult conditions or situations referred to in Article 2(4) of the EIDHR where the publication of a call for proposals would be inappropriate. Such grants shall not exceed EUR 2,000,000 and shall have a duration of up to 18 months, which may be extended by a further six months in the case of objective and unforeseen obstacles to their implementation.'37

Recommendation to the European Parliament and the Council: Maintain the abovementioned elements of the EC's proposal in the new Regulation.

EPLO has concerns about the following elements of the EC's proposal for the new EIDHR Regulation:

the proposed deletion from the current Article 2.1(d)(iv) (see above) of the specific reference to 'civil society organisations'

Specific recommendation to the European Parliament and the Council: Include an explicit reference to 'civil society organisations' in the proposed Article 2.1(d)(iv) of the new Regulation.

3.7 Partnership Instrument

Specific recommendation to the European Parliament and the Council: Include an explicit reference to 'peace' in the proposed Article 1.2(c) of the new Regulation.³⁸

³³ Ibid.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ Proposal for a Regulation of the European Parliament and of the Council establishing common rules and procedures for the implementation of the Union's instruments for external action (COM(2011) 842 final

This would make it consistent with articles 3 and 21 of the consolidated version of the Treaty on European Union.