



EUROPEAN COMMISSION

Directorate-General Development and Relations with African, Caribbean and Pacific States

**EU response to situations of fragility in developing countries
- engaging in difficult environments for long-term development -**

ISSUES PAPER

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1. PURPOSE OF THIS PAPER

The Commission, in close coordination with the Portuguese Presidency of the EU, is launching a process of reviewing its capacity and experience in dealing with situations of fragility in developing countries, with a view to engaging more effectively with partner countries in a range of environments that are not conducive to long-term development. This paper raises some of the issues to be addressed in this preparatory process and aims towards stimulating a public debate. A public consultation is open from 17th July 2007 to 10th September 2007. Individuals and organisations concerned by this issue are invited to send their contributions by e-mail to DEV-CONSULTATION-FRAGILITY@ec.europa.eu

2. BACKGROUND

The EU is the world's biggest donor present in all partner countries. Its wide range of policies and instruments, including Development Cooperation, European Neighborhood Policy, EU Enlargement, Humanitarian Assistance and Conflict Prevention and Crisis Management, enables the EU to maintain assistance to the poorest, and dialogue with Governments, even in the most difficult situations. The EU has therefore a particular potential and responsibility towards situations of fragility. However, an EU strategic response and a methodological guidance are yet to be fully developed to ensure that EC and EU Member States are more responsive, quicker and more flexible in their support to partner countries' efforts to prevent and address situations of fragility. This will in turn increase EU's effectiveness and credibility, vis a vis partner countries, other donors and stakeholders, while promoting conflict prevention.

The European Consensus on Development is an important step towards improving EU's policy and instrument-mix to deal with situations of fragility. "The EU will strengthen its efforts in conflict prevention work and will support the prevention of state fragility through governance reforms, rule of law, anti-corruption measures and the building of viable state institutions in order to help them fulfil a range of basic functions and meet the needs of their citizens. The EU will work through state systems and strategies, where possible, to increase capacity in fragile states. The EU advocates remaining engaged, even in the most difficult situations, to prevent the emergence of failed states."

The European Consensus builds on a broader EU external action policy framework as well as on a set of instruments that address different dimensions of fragility.

In this regard, the Council highlighted the link between governance and fragility, emphasising that good governance, observance of the rule of law, respect for human rights, fundamental freedoms and the existence of inclusive political processes, with the participation of civil society, are important elements which mitigate against instability and contribute to improve the situation in fragile states. The Council underlined the need to address the prevention of state fragility through coherent, complementary and harmonised approaches adapted to each country situation and building on previous experiences and lessons learned.

The Linking, Relief, Rehabilitation and Development strategic framework is also particularly important in this context: disasters and crises are costly, in both human life and resources, and disrupt economic and social development. If relief and development are properly linked, not simply by ensuring a smooth transition from emergency to

development assistance but also as part of an integrated preventive approach, these deficiencies can be reduced. The European Community can contribute to improve international coordination and readjust and streamline its own instruments, working methods and internal institutional mechanisms.

The European Security Strategy identifies five key threats to the EU: terrorism, organised crime, Weapons of Mass Destruction, regional conflict and state failure. The latter acts as an overarching challenge which is capable of giving rise to each of the other key threats. The EU Programme for the Prevention of Violent Conflict outlines the importance of short and long-term conflict prevention efforts and the need for the EU to develop tools and undertake measures to strengthen its capacity to respond. This includes efforts to bridge the security-development nexus by working across the EU pillar structure in order to achieve a good articulation between mechanisms, structures and interventions under both European Community instruments and the Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP).

In the framework of ongoing efforts towards complementarity taken forward through the EU Code of Conduct on the Division of Labour, the EU is also addressing fragility from the "aid orphans" perspective, noting specifically the need to scale up aid. This dimension of the problem will feed into the process of reviewing an EU's response to situations of fragility.

Building on the existing EU policy framework and instruments, on the long experience of EU engagement and lessons learned in these situations, the Commission will identify concrete deliverables and develop guidance to make both the policy framework and instruments work in practice when dealing with different situations of fragility. The ongoing international debate as well as the Paris Declaration on Aid Effectiveness will be taken into account in this process. The work in the OECD/DAC Fragile States Group, particularly regarding both the "Ten principles for a good donor engagement in fragile states", which have served as a basis for a "piloting exercise" in selected countries, as well as the "Whole of Government Approach", is a major policy and conceptual reference for the EU.

3. ISSUES FOR DISCUSSION

3.1. Identifying fragility

On the basis of the conceptual work in the OECD/DAC context, clarifying both the notion and the terminology is important to frame the debate on fragility. Partner countries tend to perceive the term "fragile states" as a "stigma" and, potentially, as a new form of conditionality, which may involve more or less formal "sanctions/suspension of cooperation" or have consequences in terms of private sector readiness to invest. The term is also seen as "donor-driven" rather than "partnership-driven". The term does not reflect a sufficiently broad vision of fragility. The reference to "states" should therefore be avoided from the outset, to focus on preventing and addressing effectively structural or contingent "situations" of fragility, which expose a country, a region within a country or even a particular community, to excessive strains and threats.

Fragility involves a variable degree of regional, national or local instability, which is rooted in a mix of political, institutional, economic, social, cultural and/or environmental factors. It refers to weak or failing structures and institutions but also to situations where

the social contract is broken due to state's incapacity and/or unwillingness to deal with its basic functions and meet its obligations in terms of public service delivery and its responsibilities regarding the rule of law. It should be approached in a dynamic way, as the result of a process where governance conditions progressively deteriorate and institutions become unable and/or unwilling to fulfil their mandate. In the most extreme cases, states can either entirely collapse or withdraw from parts of their territory, which can lead to a situation of permanent insecurity, chaos and chronic violent conflict. A wide range of trans-national security and instability threats may result from these situations.

Different root causes, degrees, levels and scope of fragility can be identified. Fragility makes it difficult to implement proper development strategies and to achieve equitable and sustainable economic growth and affects the most negatively the poorest and most vulnerable groups in a society, among which women often are the majority and children are in a particularly weak situation.

For discussion

- What are the "triggers" that identify in practice a situation of fragility, a situation of failure or that such a situation has been positively resolved?
- What are, according to your experience, the differences between situations of crisis and situations of fragility?

3.2. Remaining engaged: reasons and objectives

Supporting partner countries' efforts to reverse a process of fragility, address its root causes and tackle its consequences is part of EU partnerships. Focusing exclusively on "good performers" ("darling countries") and neglecting "bad performers" ("aid orphans") is not likely to contribute to preventing and addressing situations of fragility and might even increase the risk of fragility. The EU is identifying countries in which there are substantial overlaps or gaps in terms of donor activity or in the level of aid allocations, in order to address the issue of aid orphans and examine how existing and additional aid could be allocated in a complementary way.

For reasons of solidarity, for reasons of security and for reasons of aid effectiveness in a longer term perspective, the EU remains engaged in the worst situations of conflict or in the most extreme cases of "difficult partnerships". However when serious violations of essential elements clauses by the partner governments occur, the EU is left with no choice but to take appropriate measures and, in the worse case scenario, partially suspend the application of cooperation agreements.

In these extreme cases, the EU maintains of course humanitarian assistance, which is the affirmation of the EU's solidarity with victims of natural and man-made disasters and aims solely at saving and preserving lives through the provision of protection, relief and assistance without taking any side in an armed conflict and on the basis of the victims' needs. In addition to humanitarian aid, which does not imply proper political engagement, the EU keeps engaged through diplomatic and political action, as well as indirect basic development assistance and interventions in the area of crisis management.

Clarifying the objectives of the engagement in each specific situation of fragility will help to build a comprehensive and strategic EU response and will facilitate the articulation and the appropriate interaction between different types of interventions (humanitarian, political/diplomatic, development, security). In this perspective, it may be useful to

integrate capacity development approaches and "human security" concerns (freedom from fear, freedom from want, responsibility to protect) when defining objectives in specific situations of fragility.

Communicating these objectives to EU citizens should contribute to raising public awareness on the importance of remaining engaged in all situations of fragility, which generally require mobilising substantial financial resources in environments where accountability and governance are at risk and where concrete results are usually not immediately visible.

For discussion

- What level of human/political/financial risk do you face and is still acceptable for your organisation when operating in fragile environments?
- Which approaches have worked when further direct engagement with the partner government is no longer possible or justifiable?
- To what extent capacity development aims and "human security" concerns are your main guiding objectives when engaging in situations of fragility? According to your experience, does the "responsibility to protect" doctrine help guide engagement in situations of fragility?
- How can the EU Division of Labour framework be implemented to avoid situations of "aid orphans" without being detrimental to further engagement with countries that perform well? How can it be implemented to strengthen the collective EU coverage in all situations and sectors?

3.3. Reducing the risk of fragility: preventive approaches

The EU approach to situations of fragility evolved from the key OECD DAC fragile state principle of "remaining engaged" towards further developing the preventive dimension and assessing more carefully the way in which interventions should be articulated and adapted to the country context. Even if development cooperation is a direct contribution to prevent fragility, remaining engaged and implementing programmes is not enough. Interventions must not aggravate the situation or introduce new complications (the "do no harm" principle).

Understanding the context through both dialogue and the appropriate analytical, monitoring and assessment tools is fundamental to developing fragility-sensitive approaches, which will in turn lead to integrating this component into overall strategies and programmes and enhancing policy and operational coherence. The EC and EU Member States have developed a number of tools and practices that could be drawn on, such as regular political dialogue with partner countries, regions and continental organisations, or more specific analytical and assessment tools, mechanisms and structures on governance, on conflict prevention and on disasters monitoring. Other partners have developed valuable tools to reinforce preventive approaches and fragility sensitiveness, such as the World Bank's quantitative indicators or the African Union's Africa Peer Review Mechanism.

Dialogue and analysis should facilitate identifying strategic entry points to prevent fragility. This can be achieved by supporting democratic governance processes, at local, regional and national level, provided that partner governments are cooperative and that governance is addressed in a comprehensive way, including all its dimensions. Developing sectoral policies, such as employment promotion, and empowering

Parliaments, decentralised authorities and civil society, can contribute to prevent fragility. Partner country ownership, dialogue and involvement of all stakeholders and drivers of change, state and non-state actors, are principles to be applied when defining reforms and strategic priorities.

Addressing the root-causes of violent conflicts, promoting peace and nation/institution building, dialogue, participation and reconciliation with a view to consolidating peace processes and preventing outbreaks of violence are among the key aspects to prevent fragility. Addressing and understanding links between governance and accountability, the political situation, conflict and fragility is also of crucial importance. Corrupted practices in the exploitation of natural resources have a huge potential for fuelling conflicts and increase fragility. In the area of natural disasters, a key dimension is the integration of Disaster Risk Reduction (which includes preparedness, mitigation and prevention) in all sustainable development and humanitarian strategies and instruments. Special attention should be paid to the cumulative effects of conflict and recurrent natural disasters, which can significantly increase the fragility of the affected countries, which are already particularly vulnerable.

For discussion

- What analytical tools does your organisation use to assess and monitor fragility? What factors do you look for?
- In which way have support to democratic governance and institutional development worked to prevent fragility and to address it in its early stages?

3.4. Articulating responses to situations of fragility

Long term development cooperation can build on comparative strengths to cope with fragility challenges effectively: (i) promote and support democratic governance, from local to national level, and nation building, (ii) use background knowledge of socio-economic, gender issues, ethnic, religious and politic-economic interdependencies, (iii) work and act in the interests of partner countries, (iv) combine use of existing flexible development and political instruments and create new specific instruments and procedures (political dialogue, actions in international fora), (v) support to non-state actors, (vi) develop regional approaches in programming and policy implementation.

The European Neighbourhood Policy, which includes closer cooperation with a larger region, enables the EU to combine a range of tools in the pursuit of security, stability and development. Through the Enlargement process with a European perspective, the EU can be especially effective in addressing fragility problems.

In situations that have deteriorated to the extent that long-term development cooperation is no longer possible, policy and operational coherence must be maintained. This is done through a mix of political and diplomatic action, a certain level of development cooperation, humanitarian aid or crisis management tools, which then need to be followed up through long-term instruments. In these rather extreme cases, development cooperation tends to be decentralised and channelled through non-state actors.

Humanitarian aid is neutral, independent, impartial, unconditional and generous. Its own nature makes it sometimes difficult to articulate its objectives with those of the other external action interventions. It is provided through implementing partners (NGOs, UN humanitarian agencies and the Red Cross/Red Crescent Movement). It is thus not

channelled through national, regional or local authorities. Its dependence on outside providers of services can lead to a substitution factor and delays in the restoration of national capacity to provide basic essential services. In order to ensure a smooth transition between relief rehabilitation and development and to restore national capacity to provide essential basic services, it is vital that the other external action instruments, in particular the development cooperation instrument engage as early as possible in the process.

The EU has an enhanced conflict prevention and crisis management capacity, through community instruments, including the specific Peace Facility for Africa and the new Instrument for Stability, as well as through CFSP/ESDP. Linking Security and Development is particularly relevant in many situations of fragility. A broad, developmental approach to security, that integrates human security concerns in governance related programmes such as "Security Sector Reform", would ensure a degree of attention for the individuals and their basic needs, which may not be ensured by "hard security" responses, that will also be necessary in certain cases but that are not eligible as ODA.

Ensuring the appropriate articulation between political/diplomatic action, basic development assistance, humanitarian aid, conflict prevention and crisis management, and longer-term development cooperation, or other types of long term external assistance, is critical to create conditions for sustainable development strategies. Further efforts should be done to facilitate "whole of government" approaches and coordinated multi-department responses, both at EU level (EC and Member States) but also associating other partners, such as the UN, WB, the ADB and other development banks, the AU, regional organisations, and non-EU bilateral donors. Involving in-country non-state actors and institutions other than central governments (civil society organisations, the private sector, local authorities, national parliaments and supranational organisations) from the outset will facilitate implementing these integrated and coordinated responses.

A critical assessment of lessons learned in the implementation of the "Linking Relief, Rehabilitation and Development" (LRRD) strategic framework, which is a reference for the EC, will be useful in this context.

If the EU response to situations of fragility is to be made more effective, lessons must be learned from past mistakes: (i) insufficient attention to the root causes of fragility; (ii) inadequate use of conditionality based on a government's short-term performance, which may involve "stop and go" financing decisions leading to unwarranted fluctuations in aid flows, to uncertainty as to future financing and to marginalisation of certain countries; (iii) insufficient harmonisation between donors; (iv) limited involvement of national civil society and stakeholders, (iv) inadequate integration of specific needs of particular groups (women, children, ethnic, religious and political minorities); (v) inadequate financing mechanisms and procedures that may lead to a possible negative impact of aid or a perverse effect in supporting non-reform minded governments.

For discussion

- What lessons can be drawn from the implementation of the LRRD strategic framework?
- Which shortcomings in the set of available instruments, policies and institutional settings render it difficult to implement effective "Whole of EU" approaches?

- How stakeholders from the EU and partner countries (civil society organisations, economic and social partners, decentralised authorities, parliaments) have contributed in practice to address fragility? What do they need to maximise their added value?

3.5. Dealing with concrete situations of fragility: challenges to be faced

Dealing with fragility needs rapidity, both in adopting political decisions and in making them operational in the field. This includes mobilising the required financial resources, but also taking into consideration and addressing partner countries' specific constraints, very often in terms of limited capacities.

Fragility imposes additional costs to a country and its population. In many cases, physical infrastructures and institutions have been destroyed or are in a state of inoperative decay and administrations have to be rebuilt from scratch. Governments in place after a reconciliation processes face accrued financial needs to ensure stability (political, security, financial) and already a minimum of peace or democracy dividend during a transitional period, when prospects for full sustainability are not ensured. The appropriate ways to integrating these additional costs and needs when fixing country allocations should be considered. It may however be problematic in case of "difficult partnerships", when fragility is "voluntarily" originated in actions by the partner government.

Donors face conflicting priorities between spending objectives, the need to be seen to act quickly and the difficulty of doing this well in rather difficult environments. Spending unwisely and ineffectively can increase fragility, particularly when needs do not correspond to capacities, and extra funding is provided without paying enough attention to developing local capacities, for which flexible mechanisms are required.

Even if adapted procedures are necessary, the EU cannot simply assume that greater freedom and lighter procedures in using external action instruments would alone make them more effective. Specific managerial skills and donor organisational settings adapted to very special situations are also necessary. The objective should be to establish accelerated procedures that guarantee transparency and accountability, but also contribute to a management-by-results oriented approach to situations of fragility, while adapting instruments to the specific objectives of each situation.

A range of additional organisational aspects must also be tackled to address situations of fragility: specialised structures, and appropriate staffing in Headquarters and Delegations, clear mandates, regularly updated assessments and analysis, better coordination in Headquarters and closer cooperation with other international actors and donors are issues of crucial importance.

The EC and EU Member States have at their disposal a wide range of instruments. Substantial efforts are still necessary to better link and articulate in practice all possibilities offered by Humanitarian aid, by the Cotonou Agreement, by the Development Cooperation Instrument (DCI), by the EU Enlargement and the European Neighbourhood Instrument (ENPI), by the thematic programmes, by the Stability Instrument, by the Common Foreign and Security Policy (CFSP) and the European Security and Defence Policy (ESDP) mechanisms, but also EU Member States' bilateral aid and other donors' instruments.

The devolution ("deconcentration") process, the reform of the external aid instruments in the context of the Financial Perspectives 2007-2013, the integration of situations of

fragility and post conflict in the 10th EDF Governance Profiles and Governance Incentive Tranche for ACP countries, the ongoing work to make better use of articles 72 and 73 of the Cotonou agreement, as well as the experience gained in the area of peace and security are examples of the progress made at EC level to deal more effectively with the wide range of situations of fragility.

For discussion

- Should "fragility" be part of the aid allocation criteria, with a view to increasing or stabilising country allocations in situations of fragility? In which way does your organisation integrate "fragility" in this context?
- What specific lessons can you draw from the use of current implementing modalities and approaches (projects, contributions to trust funds, macroeconomic support and management by non-state actors or by the UN) in situations of fragility?
- Which specific aspects of both the programming process and the procedural requirements to mobilise funds should be adapted to better respond to fragility? What is the approach of your organisation regarding this question?

4. NEXT STEPS

This public consultation is particularly important for the EC contribution to the EU strategic approach to fragility. The next steps to follow will be a debate at an informal EU Development Ministers meeting (21.09.2007) and a formal debate in the General Affairs and External Relations Council (19-20.11.2007).

The EC is preparing a Communication, based on the existing policy frameworks including in particular the ongoing work in the OECD/DAC. The Communication will draw lessons from EU experience of engagement in situations of fragility, and will develop a methodological guidance to be more responsive, quicker and more flexible in such situations. It will contribute to addressing fragility in the context of the EU's external action (Commission and Member States together) while recognising the increased risks, and will identify its key deliverables.

For discussion

- Which conclusions can be drawn from EU engagement in specific situations of fragility, such as DRC, Liberia, Guinea Bissau, Zimbabwe, Afghanistan, Haiti, the Balkans, and other?
- What should be expected from EU partnerships (global/multilateral, regional/continental), including in particular the Joint EU-Africa Strategy, when it comes to addressing fragility?