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**ANNEXES TO THE  
COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE  
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Towards an EU response to situations of fragility  
- engaging in difficult environments for sustainable development, stability and peace -**

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## 1. OECD/DAC PRINCIPLES FOR GOOD INTERNATIONAL ENGAGEMENT IN FRAGILE STATES AND SITUATIONS ADOPTED

### Preamble

A durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people. International actors can affect outcomes in fragile states in both positive and negative ways. International engagement will not by itself put an end to state fragility, but the adoption of the following shared Principles can help maximise the positive impact of engagement and minimise unintentional harm. The Principles are intended to help international actors foster constructive engagement between national and international stakeholders in countries with problems of weak governance and conflict, and during episodes of temporary fragility in the stronger performing countries. They are designed to support existing dialogue and coordination processes, not to generate new ones. In particular, they aim to complement the partnership commitments set out in the Paris Declaration on Aid Effectiveness. As experience deepens, the Principles will be reviewed periodically and adjusted as necessary.

The long-term vision for international engagement in fragile states is to help national reformers to build effective, legitimate, and resilient state institutions, capable of engaging productively with their people to promote sustained development. Realisation of this objective requires taking account of, and acting according to, the following Principles:

### The basics

- (1) **Take context as the starting point.** It is essential for international actors to understand the specific context in each country, and develop a shared view of the strategic response that is required. It is particularly important to recognise the different constraints of capacity, political will and legitimacy, and the differences between: (i) post-conflict/crisis or political transition situations; (ii) deteriorating governance environments, (iii) gradual improvement, and; (iv) prolonged crisis or impasse. Sound political analysis is needed to adapt international responses to country and regional context, beyond quantitative indicators of conflict, governance or institutional strength. International actors should mix and sequence their aid instruments according to context, and avoid blue-print approaches.
- (2) **Do no harm.** International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. In each case, international decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations. Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. Increased transparency concerning transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector is a priority.

## The role of state-building and peacebuilding

- (3) **Focus on state-building as the central objective.** States are fragile when state<sup>1</sup> structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. International engagement will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the legitimacy and accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peacebuilding. Secondly, strengthening the capability of states to fulfil their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation. Support to these areas will in turn strengthen citizens' confidence, trust and engagement with state institutions. Civil society has a key role both in demanding good governance and in service delivery.
- (4) **Prioritise prevention.** Action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security. International actors must be prepared to take rapid action where the risk of conflict and instability is highest. A greater emphasis on prevention will also include sharing risk analyses; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening indigenous capacities, especially those of women, to prevent and resolve conflicts; supporting the peacebuilding capabilities of regional organisations, and undertaking joint missions to consider measures to help avert crises.
- (5) **Recognise the links between political, security and development objectives.** The challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent. Importantly, there may be tensions and trade-offs between objectives, particularly in the short-term, which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short-term, to lay the foundations for progress against the MDGs in the longer-term. This underlines the need for international actors to set clear measures of progress in fragile states. Within donor governments, a "whole of government" approach is needed, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. This should aim for policy coherence and joined-up strategies where possible, while preserving the independence, neutrality and impartiality of humanitarian aid. Partner governments also need to ensure coherence between ministries in the priorities they convey to the international community.
- (6) **Promote non-discrimination as a basis for inclusive and stable societies.** Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equity, social inclusion and human rights. These are

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<sup>1</sup> The term "state" here refers to a broad definition of the concept which includes the executive branch of the central and local governments within a state but also the legislative and the judiciary arms of government

important elements that underpin the relationship between state and citizen, and form part of long-term strategies to prevent fragility. Measures to promote the voice and participation of women, youth, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.

### **The practicalities**

- (7) **Align with local priorities in different ways in different contexts.** Where governments demonstrate political will to foster development, but lack capacity, international actors should seek to align assistance behind government strategies. Where capacity is limited, the use of alternative aid instruments (such as international compacts or multi-donor trust funds) can facilitate shared priorities and responsibility for execution between national and international institutions. Where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors should consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Where possible, international actors should seek to avoid activities which undermine national institution-building, such as developing parallel systems without thought to transition mechanisms and long term capacity development. It is important to identify functioning systems within existing local institutions, and work to strengthen these.
- (8) **Agree on practical coordination mechanisms between international actors.** This can happen even in the absence of strong government leadership. Where possible, it is important to work together on: upstream analysis; joint assessments; shared strategies; and coordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among donors, delegated co-operation arrangements, multi-donor trust funds and common reporting and financial requirements. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities. In the case of countries in transition from conflict or international disengagement, the use of simple integrated planning tools, such as the transitional results matrix, can help set and monitor realistic priorities.
- (9) **Act fast ... but stay engaged long enough to give success a chance.** Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same time, given low capacity and the extent of the challenges facing fragile states, international engagement may need to be of longer-duration than in other low-income countries. Capacity development in core institutions will normally require an engagement of at least ten years. Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors must improve aid predictability in these countries, and ensure mutual consultation and coordination prior to any significant changes to aid programming.
- (10) **Avoid pockets of exclusion.** International actors need to address the problem of "aid orphans" states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low. This also applies to neglected geographical regions within a country, as well as neglected sectors and groups within societies. When international actors make resource allocation decisions

about the partner countries and focus areas for their aid programs, they should seek to avoid unintentional exclusionary effects. In this respect, coordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.

## **2. INTERNATIONAL DISENGAGEMENT FROM CENTRAL AFRICAN REPUBLIC (CAR)**

CAR has suffered from geographical isolation, various military coups and a high level of insecurity. Seventy percent of the population lives under the poverty line and CAR ranks 172nd out of 177 on the Human Development Index. Fiscal revenue is very low (around 8% of GNP as against 20% on average for sub-Saharan countries) and the economic situation has sharply worsened over the last two decades. Due to political and economic instability, the country has accumulated internal (public wages) and external arrears.

Years of political and economic instability have resulted in a gradual downgrading of international engagement in the CAR, with many western countries closing their embassies and withdrawing bilateral assistance. In 1990, net disbursement of ODA amounted to \$302 million on average, against \$181 million in 1995 and \$57 million in 2003.

As of the end of 2006, the CAR has been able to re-engage with the international financial community and made notable macroeconomic progress. In view of these positive developments, the CAR government, with the technical support of UNDP and the World Bank, has prepared a series of meetings and consultations with development partners to outline its reconstruction programme for the next three years. The first meeting in this series of consultations took place on 26 June 2007 in Brussels. It was the first of its kind since the establishment of the current government following the free and transparent elections of 2005. It will be followed by a round table in autumn 2007, hosted by the European Union, with the support of UNDP and the World Bank.

Key issues to be addressed in CAR in order to increase the level of international assistance are insecurity and weak governance.

Insecurity takes various forms depending on the area. It is especially acute in the northwest of the country. It is linked both to violent robberies and assaults and to rebel attacks aggravated by the very often disproportional reaction of the national army. Populations flee their villages – often burned down – and try to find or build shelters in the forest. Therefore, access to vulnerable populations is often impossible. Security Sector Reform has become a priority.

The long period of instability has led to very acute weakening of governance and state management systems. Recent efforts to restructure central administrations with the support of international donors can be observed. Still, the state structures are nearly absent outside of the capital.

Addressing insecurity and weak state management structures is necessary to consolidate international engagement, provided that donors ensure availability of qualified staff, effective coordination systems, plus flexible procedures allowing timely aid implementation and continuity of support over a substantial period of time.

### 3. HAITI – COORDINATED SUPPORT FOR A FRAGILE STATE

A long period of political instability, institutional crises and economic decline after the departure of President Duvalier in 1986 was followed by flawed elections in 2000 and reached its peak with the outbreak of violence and bloodshed that led to the departure of President Aristide in February 2004. In close coordination with the international community an interim government committed to organise free and fair elections was sworn in on 17 March 2004 following an extensive consultation process based on a plan developed by CARICOM and the Organisation of American States (OAS). A democratically elected government was installed in 2006.

Four main issues had to be addressed in order to help the interim government succeed in bringing about democratic change and to lay the foundations for developing and implementing a sustainable development strategy: (1) stabilising the security situation; (2) reinstating democratic rules and procedures; (3) rebuilding state capacity and structures so that the government can exert authority and deliver public services; (4) tackling poverty and disproportionate income disparity as possible root causes for the political and violent conflicts.

Following consultations under article 96 of the Cotonou Agreement with Haiti over the flawed elections of 2000, the EU decided in February 2001 to modify the scope of the EC cooperation activities with Haiti and not to make fresh financial resources available until activities aimed at improving respect for democratic principles had been taken. The issues addressed during the consultations remained the subject of an enhanced political dialogue and progress was reviewed on a regular basis. The OAS also engaged Haiti in political discussions and adopted a resolution recommending under which terms elections should be conducted.

With the arrival of the interim government in 2004 the political dialogue was intensified and expanded to human rights, the rule of law and governance issues. The interim government and donors defined an international strategy for assistance to address short-term needs and to assist the administration with the organisation of elections. In July 2004, the European Commission, the World Bank, the Inter-American Development Bank and the United Nations convened the International Donors Conference. An “Interim Cooperation Framework” was adopted. It covers four areas: political governance and national dialogue, economic governance and institutional development, economic recovery and access to basic services.

Meanwhile, in early 2004 the United Nations deployed a stabilisation mission to contribute to a secure and stable environment, to support the political and constitutional process and to assist with the promotion and protection of human rights.

In view of the steps taken by the interim government to improve the situation, the EU decided in September 2004 to alter the appropriate measures so that activities related to the objectives and priorities contained in the Interim Cooperation Framework could be supported.

From 2004, the EC committed €256.8 million from EDF and EC budget lines to a wide range of rehabilitation and development activities ranging from transport, education, health, agriculture, food security and fisheries to conflict prevention, election support and trade policy. In addition, Haiti benefits from DIPECHO Action Plans and ECHO Food Aid Decisions.



Simultaneously to the preparation of a Poverty Reduction Strategy 2007-2009, the authorities and the Commission programmed the 10th EDF (2008 – 2013), from which Haiti will receive around €250 million in grants to tackle structural poverty. As part of the programming exercise the delegation engaged the authorities in a dialogue on good governance and the preparation of a reform plan to improve performance.

Following a transition period, and under the auspices of MINUSTAH and OAS, democratic presidential and legislative elections were successfully organised in 2006. MINUSTAH was recently successful in reversing the deteriorating security situation in the urban shantytowns, and state authority has been considerably improved, but not consolidated.

The situation in the country remains fragile and precarious. Progress is slow and the likelihood that economic growth will contribute to reduction of poverty in Haiti is reduced by the enormous income distribution gap. Sustained support from the international community is required to continue to help the country to introduce the necessary reforms, rebuild state capacity and structures, and deliver basic services. It is expected that it will take years before this gradual transition to reliance on Haitian structures is completed.

Engagement in Haiti shows that:

- Consultations under Article 96 of the Cotonou Agreement made for a structured political dialogue based on clearly identified problems, benchmarks and a calendar for addressing them. It proved possible to accompany the interim government in implementing activities aimed at reinstating democracy and rebuilding state structures in a flexible manner by adapting the appropriate measures as a function of changing country circumstances.
- The deployment of a UN stabilisation force, the willingness of the interim government to return democratic standards and the installation of a democratically elected government opened a window of opportunity for change and for donors to move together to ensure a well coordinated and coherent response. Joint programming of the 10th EDF and other donors' resources has, however, not led to a joint response strategy and division of labour.
- Delivery of results, particularly in rebuilding institutional capacity and the provision of basic services, has been below expectations, disbursement slow and the whole strategic cooperation planning has been delayed: timeframes to prepare and implement programmes have been underestimated.
- With the adoption of a 10th EDF Country Strategy Paper based on longer-term development priorities and activities, the EC will be moving away from the flexible approach that characterised the use of the 9th EDF.

#### **4. ENGAGEMENT IN EXTREMELY DIFFICULT PARTNERSHIPS**

##### **4.1. Myanmar**

For most of the time since its independence in 1948, Burma/Myanmar has seen civil wars, with government forces battling communist insurgents, ethnic rebels and drug warlord militias. Burma/Myanmar represents today a complex post-conflict challenge, similar to other war-torn societies elsewhere. Violations of human rights and fundamental freedoms are widespread.

After many years of restrictive measures (“sanctions”) imposed on the military regime, most observers agree that these actions have failed to move the country towards the desired transition to a legitimate, civilian government. On the contrary, the measures have contributed to hardening the stance of the regime and to the isolation of a population which suffers from bad economic and political governance. The internationally imposed restrictions include the prohibition for IFI to engage substantially in Myanmar and a US economic and financial boycott. The utterly inadequate provision of external development assistance – as compared to other poor countries – has contributed to worsening the situation. The limited assistance – mostly implemented in the form of small-scale projects dispersed over many sectors – has not been integrated into a strategic development framework. Even if projects have had a positive impact on the direct beneficiaries, it is difficult to prove their long-term sustainability and impact on the country's overall development.

The EU Common Position on Burma/Myanmar (initially from 1996) has been strengthened and extended several times, as the military regime failed to make significant progress in areas of EU concern. Until 2004, EC assistance for Burma/Myanmar was mostly limited to humanitarian aid. The current version of the Common Position allows for a more systematic approach to assistance and invokes the government's responsibility to attain the MDGs.

In line with the Common Position, EC interventions in Burma/Myanmar are limited in scope, and are channelled through the UN system or through international NGOs, sometimes in cooperation with local actors. This approach has contributed to some improvements in selected areas but overall EC assistance has so far been more reactive than proactive.

The restrictive measures in place and the limits of assistance under the EU Common Position, which keep the non-humanitarian and development programmes suspended, do not allow for a comprehensive LRRD strategy to be developed and implemented. However, LRRD is sought through close coordination with the other different thematic and specialised Commission instruments operating in Myanmar (EIHR, AUP, HIV/AIDS, Food Security) although this is somewhat constrained by the financial mechanism based on calls for proposals.

An operational presence contributes to coordination with implementing partners, local stakeholders and major donors operating in Burma/Myanmar. The opening of the DG ECHO Yangon office in October 2005 has certainly helped to this end.

Some lessons learned from engagement in Myanmar can be summarised as follows:

- In specific areas of intervention a policy dialogue with the competent authorities is needed and possible, and can lead to positive results. For the future it will be indispensable to proactively seek a sectoral policy dialogue with the authorities as well as consultations with other stakeholders. For such a policy dialogue, an operational presence of the Commission (apart from the ECHO office) is very much needed.
- The need to build social capital and to support civil society is tremendous, since most local organisations are in their infancy and lack knowledge, networking capacity, resources and contacts to the outside world. Isolating the population – through deliberate measures or otherwise – is both counterproductive and against the very principles of assistance.
- The lack of effective government action towards reducing poverty in Burma/Myanmar necessitates a pragmatic donor approach, with achievable targets and focussing concerted

efforts on the poorest and most vulnerable populations. If restrictive measures against the regime are in place, they should not impact negatively on the already isolated population.

- Donors need to take a long-term approach to work in Burma/Myanmar. In the past there has been a mismatch between short-term ad hoc interventions and the long-term objective of poverty reduction. Donors could facilitate the work and planning of implementing partners by entering into multiannual partnerships wherever possible. Most importantly, and as demonstrated in the recent past, policy change is only achievable through continued and patient advocacy by NGOs and the UN, and that requires a medium- to long-term horizon.

#### **4.2. North Korea (DPRK)**

DPRK is one of the most isolated countries in the world. Its economy is in woeful shape. It is a one-party state with an extremely poor human rights situation. Officially, Pyongyang considers itself to be still in a state of war with the USA and there is no full and formal peace treaty ending the Korean war in 1953. The Six-Party Talks (North and South Korea, the USA, China, Japan and Russia) were launched in 2003 to negotiate a comprehensive solution to concerns about DPRK's nuclear programme and other related matters. The humanitarian situation in DPRK has stabilised since the late 1990s but remains extremely fragile, as shown by renewed flooding in August 2007.

There is no co-operation with DPRK under any long-term development strategy; only substantial short- and medium-term operations of humanitarian character financed or implemented through resident EU NGOs (operating in DPRK as EU Programme Support units), UN agencies and IFRC. *De jure* NGOs do not exist in the country. In addition to humanitarian assistance and food aid, the EU has in the past also supplied agricultural inputs and equipment. DPRK is heavily dependent on external assistance for modern medicines as well as for food supplies (annual cereal deficit which exact size remains unknown, is currently covered by food aid and concessional imports from China and South Korea) and agricultural technology.

There is no household survey and access to baseline data, such as water quality, under-five mortality or crop assessments, is difficult as this is considered to be sensitive information. Programming requires dialogue with the local and national counterparts in which the Government cooperation body within the Ministry of Foreign Affairs has a key coordination role. There are different counterparts for resident EU NGOs (Korean European Cooperation Coordination - KECCA) and international organisations (NCC).

Overall monitoring of EC contributions can be considered to be satisfactory (food aid, fertilisers and other agricultural supplies...) but the difficulty to access the population is limiting impact evaluations. Access to the field has been gradually improving since April 2006.

As access to the country's regions remains limited, the main positive result would be the contacts maintained with the country authorities (national but also local), as well as the (limited) information on the humanitarian, social and economic situations prevailing in the countryside reported by the implementing partners. Humanitarian partners need to obtain *a priori* authorisation for assessments, monitoring and evaluations.

Any change in EC policy towards a development co-operation with the country is fully dependent on the national and international political environments; in particular on progress in resolving the nuclear issue and on the opening of the most secluded country in the world. This could possibly lead to updating of the 2002 Council conclusions restricting co-operation with DPRK.

If formal development cooperation were established, major changes within the country will be needed to achieve minimum results (CSP, sector policies, acceptance of technical assistance and additional EU NGOs, etc.). It must also be noted that the impact of the recent floods in August 2007 clearly shows DPRK's vulnerability to natural disasters.

### **4.3. Zimbabwe**

Since 2000 the political, economic and social situation has constantly worsened. Due to serious violations of essential elements of the ACP/EC partnership, the EU adopted appropriate measures after consultations (Article 96 of the Cotonou Agreement) and restrictive measures under CFSP. Other donors have also suspended or scaled down their cooperation.

Since February 2002 there has been no progress, nor commitments on the five issues identified in the consultations. On the contrary, the current state of affairs in Zimbabwe and the lack of positive evolution does not justify any lifting or even easing of the appropriate measures. Furthermore, such a decision would not obtain the necessary agreement of most Member States.

No proper political dialogue (Article 8 of the Cotonou Agreement) has been developed. It has been reduced to discussions with the NAO and ministry lines on project implementation, on the Annual Reviews and the 10th EDF programming process.

Lack of outcomes from any attempt to have an exchange with the government of Zimbabwe on political issues of concern can be linked to blocked positions on both sides concerning previous conditions for re-engaging dialogue: Zimbabwe requesting the prior lifting of EU measures and the EU requesting positive steps from the government in areas of concern for the EU.

Key issues are:

- To take any opportunity to launch a political dialogue. The EU should confirm its willingness to continue making use of the opportunity provided by the ongoing 10th EDF programming exercise to carry on the dialogue and make progress in the near future towards a situation where resumption of full cooperation becomes possible.
- Deepening and formalising strategic thinking among donors on planning for the future and conditions for re-engagement in a coordinated way and following some agreed principles for good international engagement.

The EC has led a pilot exercise in relation to the OECD/DAC Principles. In this context, donors considered five principles to be of specific interest for Zimbabwe: 1) take the context as the starting point; 2) move from reaction to prevention; 3) focus on institutional development of state institutions; 4) align with local priorities; 5) agree on a practical coordination mechanism between international actors.

Donors have demonstrated their ability to take coordinated action. Some working groups have been set up in the “pilot exercise” and have worked well in part, being chaired by UNICEF on orphans and other vulnerable children (OVC), by UNAIDS on HIV and Aids and by the EC Delegation on Food Security. Especially the programme on OVCs has attracted a number of donors and this is a good example of practical work based on the OECD principles. One point that has to be underlined in this exercise is the poor donor-government dialogue, particularly with regard to human rights and democracy on the one hand, and the relatively good technical policy-level dialogue with regard to social policies on the other hand, this being characteristic of the Zimbabwe case.

The conclusions on international engagement in Zimbabwe can be summarised as follows:

- The dialogue with the government of Zimbabwe needs to be hauled over the present “entrenched and stalemated” positions.
- Need for some flexibility on both sides to adopt a gradually more positive attitude and enhance mutual confidence between partners to share information and assessment on the way forward, so as to overcome the current difficult partnership between the EU and Zimbabwe (to change perceptions and build common understandings and lines of action).
- Need to increase EU/EC assistance, to cope with escalating needs, and to continue the “planning-for-the-future” exercise (short- to medium-term recovery actions). This would enhance the EU’s leverage and provide it with an entry point for further discussion on political issues with Zimbabwean and regional interlocutors.
- Need to strengthen “harmonisation with government” as part of the pilot exercise. This will be of crucial importance in preparing future donors’ active long-term engagement in Zimbabwe.
- The increasing poverty and social hardship in Zimbabwe combined with the continued demise of economic and social institutions demands careful assessment in order to prevent further socioeconomic collapse and consequential social conflict.

## **5. GENDER ISSUES IN SITUATIONS OF FRAGILITY**

Some of the key gender issues to consider are the following:

- advancing the protection of women’s rights in conformity with international law: eliminating discrimination in the letter and application of all laws (family laws, property and succession laws, nationality laws, adopting a law addressing violence against women);
- ending impunity for crimes against women and creating an environment of accountability, reconciliation and tolerance: establishing more gender-sensitive justice and transitional justice mechanisms and providing victims with reparations and rehabilitative services;
- rehabilitation and reform of the judicial infrastructure, institutions and processes to enhance the involvement of women and their access to justice;
- increased participation of women as voters and candidates;

- promoting women in political decision-making and government bodies;
- increased participation of women in the peacemaking process and the negotiation of peace agreements.

The EC entered into a Partnership on Gender Equality for Development and Peace with the UN, UNIFEM and ITC/ILO that focuses on i.a. effective implementation of UN Security Council Resolution 1325 on Women, Peace and Security, by developing technical resource materials to support in-country and regional capacities and expanding capacity in terms of gender-equality advocates and experts.

## **6. LINKING RELIEF REHABILITATION AND DEVELOPMENT (LRRD)**

### **6.1. Introduction**

#### *6.1.1. LRRD strategy*

LRRD is not an aid instrument in itself. It provides a strategic policy framework within which the Commission's aid instruments and those of other donors and agencies can be made to work better together in an interlinked manner to ensure sustainability and cost-effectiveness in aid delivery. Effective LRRD requires close coordination and information exchange, starting from the design stage of aid through to actual implementation of operations. LRRD is also about having a clear division of labour according to the specific added value of each aid instrument. Coordination mechanisms and division of labour among donors at an early stage should be fostered.

#### *6.1.2. LRRD experience so far*

From a humanitarian perspective, LRRD has demonstrated its importance in providing the strategic framework for phasing in medium- and long-term aid instruments. This reduces the risk of relief-aid dependency and helps to mainstream humanitarian concerns into government policy planning and resource allocation. But experience has shown that there are still too many situations where short-term humanitarian aid is maintained when longer-term aid instruments would be more appropriate and cost-effective. While time is sometimes needed to put in place the budget commitments to provide long-term assistance, once this is done development aid departments should make more use of accelerated procedures to mobilise this aid rapidly. The move from humanitarian to development phases – especially in conflict-affected countries – may be neither quick nor linear. This makes critical the need for a mix of the different instruments and the coherence between them. The EC budget lines have demonstrated that they are a particularly useful linking instrument (along with sensitive and adaptable programming as well as timely and flexible emergency procedures as described below). In this context it should also be mentioned that recent global initiatives (e.g. the water facility with its emergency component) are aimed at fulfilling particular needs related to MDGs.

From a development perspective, LRRD has also been helpful from the very beginning of a crisis in restoring local ownership of the aid process, in giving priority to local capacity building and institutional strengthening and in restoring confidence and stability as long-term planning and resource allocation replace short-term emergency assistance. But it is important that lessons are learned and that disaster risk management is built into development planning

in a permanent and sustainable way, so as to reduce the risk of a repetition of the conditions which lead to the need for emergency aid. Development planning needs to include more analysis of the risk of disasters and build in mitigation and prevention measures to reduce the impact of disasters where possible.

Implementing an LRRD approach also requires sustained mid- and longer-term rehabilitation funding. In this context, the quality of involvement with local authorities when working at decentralised level and when participating in trust funds needs to be improved. Trust funds managed by international funding agencies require careful evaluation. Experience shows that they are not always able to implement rehabilitation and reconstruction priorities as rapidly as expected, especially when local government authorities are not involved in the decision-making and project implementation procedures. The need to harmonise donors' flexible procedures has been highlighted, especially in the Sudan context.

### *6.1.3. New steps on LRRD*

Major efforts continue to ensure that the LRRD approach works more efficiently.

The 10th EDF for African, Caribbean and Pacific (ACP) countries provided a good opportunity for Country Teams to agree on how aid instruments could be interlinked in a "road map" so as to respond to critical needs in a structured and rational way. This was particularly successful with regard to the Sahel countries and the Horn of Africa. Good progress was also made regarding countries like Liberia (see case study below) or the Central African Republic where rehabilitation was identified as a major concentration sector in the CSP. Many of the 10th EDF CSPs now contain clear references to humanitarian concerns. These are not just in the classical sectors such as food security, but are also expressed in a more innovative way in terms of social safety nets or within general budget and sector support programmes, where input and impact performance indicators can be designed to ensure steady progress in national efforts to achieve the MDGs and sustainable development. This now needs to be translated into concrete operations and commitments in the National Indicative Programmes with the governments concerned. The same approach will be used in the next programming cycle for the ALA (Asia and Latin America) countries. The CTMs and the regular information exchange mechanisms provide further opportunities for the fine-tuning of the CSPs to allow flexibility to adapt to a fast changing environment and the reallocation of budgets between sectors where necessary.

The implementation phase of aid in situations of fragility requires extensive analysis and management of risks. A set of guidelines will be sent to Delegations in countries considered to fit the description of "fragile situation"; it explains how to use the more flexible and accelerated procedures allowed under the Cotonou Agreement and the Implementing Rules of the General Budget.

Of particular interest is the recent positive experience in improving the close dovetailing of humanitarian and development aid instruments in the Sahel and in the Horn of Africa. Lessons learned from the Niger crisis in 2005 and from the impact of droughts in Eastern Africa show that the simultaneous use of various instruments and approaches (community-based interventions supporting coping mechanisms, sector support through trust funds, institutional capacity building) has led to a comprehensive response. These experiences are being evaluated to provide inputs for the development of a policy framework matrix and guidelines for a similar approach in other situations.

## 6.2. Transition towards Stability and Development in Liberia

The war in Liberia ended in 2003. Since then, after two years of transitional government and five years of EC-funded development and humanitarian assistance amounting to €200 million, a more encouraging situation is gradually developing, in a still fragile context, under the leadership of the new President, Ellen Johnson-Sirleaf. Given the wide-ranging impact of Liberia's conflict on all sectors, Liberia is now struggling to ensure the success of its transition to stability and development, and the continuing support of the two main donors (EU and USA) will be a key factor of success in this endeavour.

The main problems to be addressed are: infrastructure completely destroyed, extreme poverty, economic and political instability, state incapability to provide the population with basic services (health, education), insecurity, etc.

Since 2003, ECHO has mainly been providing basic services to displaced people in camps, assisting the return process, including protection, and supporting sectors such as health, water and sanitation and food security. Humanitarian assistance will continue in 2007, although at a reduced level, while in parallel EC development cooperation activities will take over under the 10th EDF in the areas of basic infrastructure (water, electricity and roads) and provision of basic social services (health and education), as well as governance (institutional support and capacity building). The programmes to be funded under the 9th EDF have all been committed, and the 10th EDF is now being programmed under a new approach encompassing all LRRD sectors rather than two focal sectors.

However, despite a credible and effective Head of Government, governance and administration capacity remain extremely weak: the prolonged conflict has led to a significant outflow of human and financial resources, and both central and local authorities are unable to operate or manage basic services. In order for any type of LRRD activities to be successful, a stronger partnership with the government, particularly at county level, will be required, and this cannot be achieved without the return of the local administration in the field and the implementation of effective capacity building and institutional rehabilitation programmes.

A good synergy between different EC-funded instruments, as well as other donors' interventions in the area of DDRR and security, has been a very positive lesson learned in Liberia, and could potentially help in ensuring a successful transition.

However, without strong and sustained involvement of the Commission on the ground, there is a significant risk of failure in the link between humanitarian and development programmes. This would mean losing the benefit of the previous years of EC funding and the credibility of our action, while falling back into instability. The government will not be able to manage a comprehensive aid package on its own (there is no NAO in Liberia), and under the present situation all programmes will still need to be managed directly under a project approach, in a flexible manner. In situations of fragility, trust funds with international organisations cannot substitute for dialogue with the partners, and a solid and effective Commission role in managing its assistance will remain necessary.

Recommendations:

- Availability of adequate and timely human and financial resources (in particular, human resources deployed in the field should be commensurate with financial commitments:



nowadays this is not the case and, unfortunately, the EC is gradually losing influence, visibility and credibility).

- Flexibility of approaches (LRRD interventions need to adapt to an evolving situation and cannot be forced into a rigid strategy), timelines (achieving results often takes more time than expected), and procedures (need to be able to react quickly).
- Presence of stabilisation factors or measures (peace agreement, establishment of a government committed to peace and democracy, peacekeeping forces, reconciliation process).
- Political will to support the government, to work gradually through local institutions and partners, and to follow up despite (expected) difficulties on the way.
- Continuity of the support over a substantial period of time in identified priority areas in order to ensure sustainability: do not reduce assistance or redeploy human resources as soon as the first signs of stability are showing; institution- and state-building takes time.
- Internal coordination and timely implementation of the various EC instruments.
- Quality of dialogue and external coordination with other donors and government partners: donors should ensure local ownership of coordination mechanisms as early as possible, and avoid encouraging internal competition between ministries.

## **7. SECURITY SECTOR REFORM/DISARMAMENT, DEMOBILISATION, REINTEGRATION**

### **7.1. EU involvement in ACEH**

For several decades Aceh remained a conflict zone, with the government deploying primarily a security approach against insurgents in a resource-rich, but otherwise poor and vulnerable, province of Indonesia. While international attempts to address the Aceh conflict began earlier, European involvement in Aceh started in December 2002, with the Commission co-chairing the Tokyo Preparatory Conference for Peace and Reconstruction on Aceh. In November 2004, the new Indonesian government re-launched the process and abandoned the security-only approach. The EU agreed on a mandate for former Finnish President Athisaari, which the Commission financed. The tsunami of December 2004 gave Aceh and the peace process international publicity. In the peace negotiations, the EU, in partnership with five ASEAN nations, was identified as the suitable candidate for the crucial and sensitive issue of monitoring the implementation of the Helsinki MoU (signed on 15 August 2005). In parallel to the Council-led Aceh Monitoring Mission, the Commission developed a support package for the peace process. It covered support for local elections, strengthening local governance (police and justice) and reintegration of former combatants.

From a conflict perspective, it was obvious that the security-only approach by former Indonesian governments had not worked, and that any comprehensive peace deal would need to include the external monitoring of its implementation, and external support to help in reconciliation and economic recovery in the province of Aceh, which had suffered from the tsunami as well. This recognition by Jakarta and the former rebel movement was crucial.

From a European perspective, the objective of an EU contribution to a lasting peaceful settlement to the conflict in Aceh was to help Indonesia regain internal stability and indirectly stabilise the region. The Commission has a clear interest in sustaining the commitment vis-à-vis Aceh and Indonesia beyond the AMM.

Implementation of the MoU progressed according to schedule, with the decommissioning of arms, demobilising of combatants, the withdrawal of some troops and the amnesty of political prisoners. By mid-2006, the government adopted a special autonomy law for Aceh. The Aceh Monitoring Mission was widely perceived as a successful stabilising factor, as were the components of the Commission's support programme. The latter culminated in assistance for organising local elections and observation thereof by an EU team. The reintegration of former combatants, economic governance and respect for the rule of law clearly remain big challenges.

Aceh offered some examples of good practice:

- With full Indonesian commitment to peace, a dialogue was maintained at the highest political level with the EU institutions.
- The Commission and Council worked very well together on the ground, offering a truly comprehensive support package for the peace process. This comprehensive approach, including monitoring, financing a number of programmes and observation of elections, is fully recognised as the only viable approach. It combined pragmatic assistance in the implementation of the peace agreement with a contribution to creating political legitimacy through elections.
- The Commission opened a technical office in Banda Aceh (“Europe House”) to supervise its programmes and to offer a public place for dialogue. It makes the long-term vision of the Commission's involvement in Aceh very visible.

Remaining challenges include the need:

- To respond quicker to inter-institutional problems regarding responsibility and financing modalities in conflict situations.
- To include human rights and gender awareness components right from the start.

## **7.2. Sierra Leone – Multi-Donor Trust Fund for Disarmament, Demobilisation and Reintegration Programme (DDRP)**

The DDR programme was initiated by the government of Sierra Leone with financial assistance from donors. The major donor agency was the World Bank, with it providing funding for a Community Reintegration and Rehabilitation Programme whose main objective was to support the peace process and expedite the return to stability to Sierra Leone through supporting two initiatives: one that helped reintegrate demobilised combatants into social and economic life (Training and Employment Programme – TEP) and the other that sought to restore basic infrastructure and social services in the communities most affected by war (Emergency Recovery Support Fund – ERSF). A trust fund was set up with other donors' contributions (European Commission, Netherlands, Germany, UK, Norway, Canada, Switzerland, Sweden, Italy and Denmark).

The development of the DDR programme advanced in parallel with the political process and was heavily influenced by the successes and failures. Political issues such as amnesty for rebels, and technical issues such as timeframes for demobilisation linked the DDR programme to the peace agreement.

The DDR eventually disarmed 72 000 fighters, well above the 45 000 it planned to serve. This was done through the creation of 16 demobilisation centres in all 12 districts in the country and seven interim care centres. It is also important to note that over one million people benefited from 269 projects implemented by NCRRR and partners in all sectors.

The demobilisation of combatants was key to opening up previously inaccessible areas to humanitarian organisations and returning IDPs and refugees. It also enabled the government to re-establish government services in affected areas, and it facilitated the free flow of people, goods and services within the country and helped get the collapsed economy moving again.

The TEP was well targeted and was rapidly implemented despite a slow start. Employment success rates and the social integration of ex-combatants were also acceptable. In parallel, the Emergency Recovery Support Fund was the largest rehabilitation programme in Sierra Leone, with rapid implementation, and an important component of projects selected linked to the communities' priorities.

On the other hand, the overall weakness of the project, problems related to the weak emphasis on the capacity of the implementing partners as well as cooperation with sector ministries were noted. Moreover, weaknesses regarding the impact on demobilisation of foreign children were noted.

The example of Sierra Leone can be used to draw important general lessons for future engagements in disarmament and demobilisation programmes.

- The overriding lesson is that the DDR can complement a peace agreement, but it cannot lead the political process.
- While DDR technical considerations should be integrated into peace agreements, flexibility is needed to avoid unrealistic timetables, commitments and expectations.
- Issues of amnesty, truth and reconciliation proceedings and/or war crime tribunals should be discussed early on in the peace process.
- Treating all fighting factions equally reinforced the peace policies of negotiated settlement, neutrality of the D&D process and reconciliation.
- Peace and DDR cannot be implemented in the absence of security for the disarming parties and international personnel.
- Mass information campaigns are essential in disseminating the details of the peace agreements and getting the message through to the rank and file of the rebel groups.

### **7.3. Afghanistan**

After more than 20 years of conflict and isolation, Afghanistan has made progress over the last five years. Since the fall of the Taliban in late 2001, it has recovered from being a failed state and has managed to establish a new constitution, a government committed to political,

economic and social development, and a democratically elected President and Parliament. Over 60 000 former combatants have been disarmed, and 3.5 million refugees have returned home. The number of functioning health clinics has increased by 80%. Nearly two thousand schools have been built or rehabilitated, and over six million children are in school – more than a third of them girls.

However, Afghanistan's challenges remain formidable. In this respect, the question of security increasingly affects the functioning of the Afghan state. The continued insurgency in the south and the ever-present threat from terrorism are of prime concern, having a corrosive effect on the democratic and development processes. Added to these is the undermining effect of corruption and criminality which affects all levels of society and economy. Embedded as it is in Afghan life, the drugs trade is the major threat to any rule of law in the country. Together with the insurgency – and linked to it in many ways – the drugs trade continues to destabilise Afghanistan. The country's security, reconstruction and political challenges are inextricably linked.

In broad economic terms, the opium trade dominates the economy, contributing over 60% of total GDP in 2006. Poppy is the most profitable crop for farmers and provides income for many poor labourers; no alternative can compete economically, and poppy has often been a low-risk choice in many regions, particularly in the southern provinces. But the opium trade also fuels insecurity, corruption and indebtedness, and represents a major challenge to the legitimate reach of government and the rule of law. Afghan political will to tackle the problem has been evident in recent years, although little has been achieved in terms of dealing with drugs trade corruption.

Drugs-related criminality, warlords and the continued presence of the Taliban are all ongoing threats to both political transition and economic development. Reflecting the importance of security as a precondition for sustainable development, the government of Afghanistan adopted a special Millennium Development Goal (MDG) on enhancing security. In this vein, progress in reforming the security sector has been substantial if uneven.

A new Afghan National Army has been built up with some success and reforms of the police are underway. Both are still not near full capacity in terms of target levels of personnel and it will take years of investment and training before foreign troops are not needed to maintain basic security. That said, Disarmament, Demobilisation and Reintegration (DDR) of former combatants has made progress, though a large number of illegal armed groups remain. A new reconciliation programme has the potential to improve security but is a very sensitive issue.

Progress in the justice sector has been even more difficult, delaying the establishment of a credible law-and-order system. The justice sector today possibly represents the single biggest challenge in terms of building up a sense of security and trust in government in Afghanistan. It is difficult to see how the fragility of the state in Afghanistan can be tackled in the long term without establishing a robust and accessible system of justice.

Finally, much work needs to be done in building regional relationships, in particular with Pakistan, where the border regions remain largely undeveloped and beyond the reach of the authorities on both sides. The narcotics industry and security not only need to be addressed in-country but also regionally, through integrated border management and regional cooperation.

Through its annual assistance programmes the EC is addressing many of the issues of security and rule of law in Afghanistan. First and foremost is support for the Afghan National Police

and the justice sector for which €200 million has been allocated for the next four years, 2007-10.

The Afghan National Police (ANP), through the Law and Order Trust Fund (LOTFA), has already received EC funding of €135 million from 2002-6 and a further €70 million is planned for 2007-8. These funds have paid for police salaries but the contribution has not been without conditionality. It is crucial that the necessary reforms of the police force proceed and that the Ministry of Interior itself is reformed. In this respect, the new EU police mission under the ESDP will provide an important operational complement to the already substantial EC support for the ANP's budget.

Linked to the police is the whole question of justice. Perhaps a mistake all donors have made to date in Afghanistan is to have separate efforts in the police, prosecutorial and justice sectors. There has to be a more holistic approach which what the EU is striving toward through all its programmes.

The Commission embarked on a new justice programme in 2007 to set in place the institutional reform framework for the judiciary and prosecution service. This programme is covering pay and grading, recruitment systems and disciplinary procedures for all judges and prosecutors. EC justice experts are working in all the key justice institutions – the Ministry of Justice, Supreme Court and Attorney General's Office – in developing new personnel structures.

Today only around 50% of judges in Afghanistan have any form of degree be – that in secular or Sharia law – and systems of recruitment need to be addressed. Without new systems in place in the judiciary – covering recruitment, remuneration and accountability – corruption and incompetence cannot be tackled and the culture of impunity will continue.

Commission programmes are also covering regional security issues, in particular the strengthening of capacity in border management. New border posts have been or are being built at the Pakistan, Uzbekistan and Tajikistan borders. Border management training programmes have also been carried out on the Afghan-Iran border in a €3 million regional programme.

Customs facilities and border guard posts are being installed with the aim of not only controlling the flow of illicit goods, crucially narcotics, but also increasing much-needed customs duties for the Afghanistan government budget. In all, €20 million is earmarked for assisting the Afghan Customs Department up to 2010, with the provision of training and equipment as well as border facilities.

In conclusion, the emphasis of the future EC assistance programme will be to increasingly focus on building up governance and the rule of law at provincial level. Whilst it has been accepted that it was necessary to build up central government functions in the first phase of reconstruction post 2001, there is now a growing awareness that the fragile Afghan state can only be successfully addressed by targeting resources at the provincial and district levels, especially in terms of getting government working and the rule of law functioning. As such, future EC assistance, whilst continuing to support police and justice reforms at national level, will also seek to have greater engagement of these processes at provincial level.

## **8. CIVIL SOCIETY INVOLVEMENT IN SITUATIONS OF FRAGILITY**

### **8.1. Introduction**

Non-state actors play a prominent role in conflict-affected areas, fragile situations and processes of institutional deterioration or of state failure, in particular in terms of basic social services delivery (education, health, savings and even security). Due to their proximity to the field and their constituencies, they can more easily reach the most vulnerable groups and deliver education, health and income-generating services in a flexible manner and thus substitute for failing public services no longer able to fulfil their mission.

Non-state actors also play a very important role in conflict management and peace building in terms of substance and not only as a channel for service delivery. The EC has been and will continue to be very active in supporting them in this role. NSAs can first of all monitor and report on human rights violations that are often indicative of fragility situations and advocate putting an end to them. During the conflict in Nepal, for example, the vigilance of civil society had a preventive and mitigating effect on the worst human rights violations and abuses perpetrated by all sides to the conflict. Grassroot women's organisations and local NGOs constitute, for instance, valuable mechanisms for confidence-building within local societies and make it possible to reach the whole population. Persistent and non-violent pressure by civil society for peace and conflict mitigation can also be critical for reaching peace agreements, for initiating peace processes and preparing for constituent assemblies. The role of women's organisations in peacebuilding processes, as acknowledged in UN Security Council Resolution 1325, should also be fully implemented. Grassroot women's organisations and local NGOs constitute a valuable mechanism for confidence-building within local communities. As for traditional leaders, the respect and authority they usually enjoy within their communities should also be used in conflict-resolution processes.

Understanding and accepting that conflict and differences are normal components in a society that do not have to lead to violence is crucial in a situation of fragility and for peacebuilding. The population can then contribute to stabilisation and normalisation instead of further fuelling the root causes of the fragility. Therefore, information and explanations concerning the root causes and the responses thereto constitute an important element, but are unfortunately too often neglected. The role of the media in peacebuilding and reconciliation processes should therefore be highlighted. Often considered by the population as neutral, the media can spread information about the peace process and offer alternative paths to conflict mediation that can have a strong impact on the population and their perception of the process.

In addition to their role as providers of social services in fragile situations, non-state actors may also play an important role, and require support in situations of transition where public institutions become stronger and start to exercise their public power again. In such circumstances, favouring strong support for NSAs and neglecting the strengthening of public capacity could become an unsustainable strategy. This can undermine government credibility and consequently perpetuate state fragility. The transition requires state and non-state actors to redefine and agree upon a new sharing of responsibilities between them. In such a context NSAs should rather be helped to become real agents for development and partners in policy dialogue and implementation. They can contribute to improving governance by entering into partnerships with local authorities and helping to set up a more community-driven development. Confidence between the different parties should be built in as much as possible so as to ensure that the public institutions are able to capitalise on the experience gained by

NSAs. At local level, NSAs often contribute to instilling more participation and consultation attitudes.

To support NSAs in fulfilling these different roles, the EC should aim to identify in the most precise way the actors that will best accompany the process aimed at coping with fragility. A mapping analysis is essential beforehand to identify the best approach. In long-lasting fragility situations, support should, as far as possible, be designed to cover a longer term and be of an institutional nature (sharing lessons learned, capacity to represent a given constituency, strategic planning, capacity to advocate, ability to negotiate and enter into compromise situations, lobby and enter into partnerships and networks, etc.). Support for more advocacy-oriented activities should be built into support programmes in order to let NSAs become independent partners with their own voice, but able to contribute to development together with public institutions.

## **8.2. Supporting civil society in Nepal**

- (a) Promoting Indigenous and Tribal Peoples' rights through implementing the principles of International Labour Organisation (ILO) Convention No 169

Social exclusion of indigenous peoples in Nepal (40% of the total population), along with other marginalised groups, has been acknowledged as a major cause of conflict and instability in the country. There are 59 recognised groups of indigenous peoples in Nepal. Demands made by the indigenous peoples' movement have mainly focused on issues of governance and political representation.

This project was initiated in response to efforts by indigenous peoples' organisations to promote ratification and implementation of ILO Convention No 169, which is the only binding international legal instrument that specifically protects and promotes indigenous peoples' rights. In addition, the potential of the Convention as a comprehensive development framework for guiding programmes related to indigenous peoples is also being explored, particularly in the context of employment, occupations and 'decent work'. Sustained lobbying and orientation sessions have resulted in a resolution being passed by Parliament, directing the government to ratify the Convention.

The project has so far facilitated:

- national dialogues and awareness-raising for ratification and implementation of ILO Convention No169
- development of a decent work agenda for indigenous peoples
- coordination with donors on the potential of C.169 as a framework for development of indigenous peoples in Nepal
- development of training materials and training courses
- research on indigenous people's issues in Nepal undertaken by trade unions

- (b) Radio Nayaa Baato Nayaa Paailaa (Treading Upon A New Path)

Edutainment (i.e. a mix of education and entertainment) has proven to be an efficient format which attracts, maintains and informs large audiences, including in remote and otherwise

isolated places. Soap opera is chosen as the best radio format because it makes for strong character identification over time, is entertaining, very popular, can carry on a story indefinitely, and can subtly convey a range of topics which are difficult to communicate in other formats. It offers positive role models for the audience (often youth), encourages positive behaviour and offers positive alternative ways of dealing with conflict.

An international NGO and a local media NGO in Nepal have been broadcasting a radio soap opera, *Nayaa Baato Nayaa Paailaa* (Treading Upon a New Path) since 2006. The show is broadcast three times weekly on national and local radio stations, targeting approximately four million young people in seventy-five districts, including those living in the worst conflict-affected areas. The youth-orientated programme is about young people from different ethnic and caste backgrounds living together in the same village in the midst of war. Together they seek to promote peace in their own communities. Through the use of drama, the programme addresses the root causes of conflict and equips the listeners with the necessary tools to manage the conflict's impact on their lives. There is also an audience feedback/discussion part of the programme.

The project has established an interactive space for gathering the audiences' responses to the programmes and disseminating the results of activities as they develop. The soap has, however, a strong potential for making a difference and reaching its goal; it has proven to be extremely popular among young people in particular, and thus the information it is disseminating is definitely reaching the people. Similar programmes in Angola and Burundi, amongst others, have proven to shape listeners' behaviour and attitudes towards a non-violent, non-adversarial response to conflict. Through the characters in the story, the soap opera encourages young people to overcome the ethnic divide, build relationships across ethnic and caste lines and take on leadership roles in building peace in their communities.

### **8.3. Support to civil society in Somalia**

Somalia has existed as a "failed and fractured state" for the past 16 years. All the attempts over this period to bring peace and stability to Somalia have failed. Decades of prolonged conflict and cyclical famine caused by recurrent drought and flood have displaced an estimated 370,000 Somalis and resulted in the exile of another one million. Notwithstanding the significant ongoing turmoil and difficulties, there is broad consensus within the international community that the current transitional process is the best opportunity since 1991 for making progress towards a stable Somalia.

In such a situation, where there has been an absence of central Government, engagement and support to Non-State actors is particularly important and dovetailed programmes have been developed for Somalia. The Commission following comprehensive assessment of Somali civil society identified three main areas lessons learnt of EC support to Non-State actors. Firstly, their role as agents for the civil society has been strengthened by supporting their capacity as well as their legitimacy to do so. Secondly, efforts were placed on getting local actors to work together towards a common platform, with a harmonised agenda. And thirdly, the civil society representatives, in most of Somalia, needed crucial support to become the agents for dialogue in the future. This could not take place without supporting existing links between segments of the society (modern and traditional) and seizing the opportunity for new joint avenues.

The EC support has particularly focused on developing NSA capacity in delivering social services. This has enhanced NSA credibility to play an added role in advocacy for the community, including on issues related to conflict management. Gradually, such organisations



are being enabled to play an increased role of advocacy for the benefit of the community at large. When coupled with a strengthened role of traditional elders, this provides an opportunity for the voice of communities to be heard and their shared interests to be protected.

EC programmes have provided assistance towards both the technical and organisational capacity of civil society groups in order to support their role as agents for development, and in their representational function and have strengthened NSAs coordination mechanisms, aimed at unifying NSAs voices.

## **9. SUPPORT TO JUSTICE IN SITUATIONS OF FRAGILITY – RWANDA**

After the genocide and the massacres of 1994, the judiciary was destroyed and there was a pressing need for justice. The objectives for EU action in this field are summarized in EU common positions adopted by the Council: "recovery after the genocide and promotion of national reconciliation", "rebuilding and development", "protection and the promotion of human rights and fundamental freedoms", and "the transition towards democracy".

In addition to the few cases judged by the International Criminal Tribunal for Rwanda (ICTR), set up by the Security Council of the UN in October 1994, the justice of the genocide was ensured initially by the ordinary courts, which applied the law on the genocide adopted in 1996.

The judiciary was unable to judge 125,000 people accused of participation in the genocide, the prisons were overcrowded, avoiding impunity and providing justice to survivors and their families was urgent. The government drafted a law aiming to set up a participative and community justice system called *Gaçaça* inspired by Rwandan traditional justice, with some elements of the "Truth Commissions" of South Africa. Competences have been distributed between the *Gaçaça* tribunals and the ordinary justice according to the typology of crimes.

The international donors, in particular the EC, the Netherlands, Belgium, Austria, Switzerland, the United States, the UNDP and AID, support the *Gaçaça* process and more generally the reform of the justice system.

The Community contribution was channeled through the Budget Support Programmes, SAP 1 (1999-2000) and SAP 2 (2001-2002), targeted on expenditures related to the implementation of the *Gaçaça* process. In complement, a € 7.2 million project "Support to the rule of law, to human rights promotion and to national reconciliation" contributed to reinforce technical capacities of institutions in charge of coordinating and monitoring the justice of the genocide (Ministry of Justice, Supreme Court), to facilitate interaction between civil society organizations involved in the monitoring of the *Gaçaça* process and both the National Union and Reconciliation commission and the National Human Rights Commission, as well as between the *Gaçaça* jurisdictions and the ICTR, and, finally to support NGOs initiatives on national reconciliation. Additional financial resources have been devoted to support civil society, particularly through thematic programmes.

### Main conclusions

- The strong political will of the Rwandan government to engage into the coordination of the transitional justice efforts and to support reconciliation played a leading role in the success of the Gaçaca process, fully owned by the country.
- The EC approach was positively assessed. Using different aid modalities (projects and budget support) and financial instruments (geographic and thematic) was fruitful. EC financed interventions contributed to make operational and improve the judiciary at all levels (ICTR, Gaçaca and ordinary justice), to build institutional capacities, to strengthen civil society and to facilitate national reconciliation and dialogue within civil society.
- This approach contributed to strengthening the rule of law in the Rwandan culture, to improve access to justice, to end impunity and to more equitable trials.
- Civil society involvement, both in the Gaçaca and the national reconciliation processes, led to strong national ownership. An even stronger support for civil society involvement is advocated for by those monitoring the processes.

## **10. BASIC SERVICE DELIVERY IN SITUATIONS OF FRAGILITY**

### **10.1. Introduction**

Countries in a situation of fragility are most often off track to meet MDGs. Donors are reluctant to fund basic services in states where governance is poor, and many of these countries are donor orphans in the health and education sectors.

Improving service delivery is a key priority in improving health and life prospects, but it is also at the core of reducing fragility. Governance can be improved and the risks of fragility mitigated through the supply of basic health and education services. Access to basic services guaranteed by the state is crucial in renewing the social contract between a government and its citizens, and in building the legitimacy of government. The re-establishment of health and education services can be a point of entry for broader donor engagement in improving service delivery and governance, and basic service provision can contribute to ‘turnaround’ through building on community initiatives.

The EC and many EU Member States are actively involved in international forums and networks/task teams addressing health and education issues in fragile states. The OECD/DAC Fragile States Group has a specific Service Delivery work stream. The EFA-FTI has a Task Team on fragile states exploring various ways of how the FTI could support these countries to achieve MDG2. The Inter-agency Network on Education in Emergencies (INEE) has pushed for education as the fourth pillar of humanitarian relief, including continuity and early planning for transition to a post-emergency environment. ECHO’s staff working document on children in emergencies also includes education as a priority area. The High Level Forum on the Health MDGs addressed health issues in fragile states. A health-in-fragile-states network of policymakers (including the EC), practitioners and researchers was recently created to build a consensus on effective policy and practice for health in fragile states.

The challenges of ensuring basic service provision in countries in situations of fragility differ according to the phase of fragility. The overriding imperative is to re-establish or maintain equitable basic service provision whilst doing no harm and ensuring that future state capacity and credibility is not undermined.

Successful examples in deterioration phases include the provision of basic services through civil society or *de facto* government, where working with *de jure* government is not possible or too risky.

In the transition phase, it is important to work at both delivery of basic services and on increasing government capacity and governance systems at the same time (see case study on Southern Sudan). Successful examples are (i) Afghanistan, where provision of basic health services is contracted out to NGOs on behalf of the government, whilst government capacity and stewardship are increased, or (ii) Angola, where, after this imperative was realised, progress is now much faster (see case study below).

The modalities of support for basic services in fragile states will need to balance the humanitarian imperative with building up state capacity and shifting from contracting-out to contracting-in and a gradual move to on-budget predictable aid.

## **10.2. Supporting the Education System in Southern Sudan**

Since the signing of the Comprehensive Peace Agreement (2005), Southern Sudan has had to start rebuilding its education system from scratch, while re-establishing broader government and public management systems and other basic services.

The challenges in re-establishing basic services such as education are enormous: few trained teachers, school buildings or management systems and lack of education infrastructure. Support for education has to address the demands caused by rapid enrolment increases while also providing support for longer-term systems development and capacity building. This process has proven harder and slower than hoped, yet expectations remain high.

EU MS have supported UN agencies and NGOs, building on their established operational links with the SPLM and local authorities. The EU has also provided large-scale support for a World-Bank-administered Multi-Donor Trust Fund to enable the scaling-up of quick-response initiatives in education and other basic services. It is also supporting emerging government systems for education within broader governance reform, strengthening the process of decentralisation and capacity throughout the system.

Within the agreed development framework for post-conflict Sudan, working through NGOs (with their ability to mobilise communities and provide technical support for schools and teachers) and UNICEF (which has supported the MOEST to establish programmes and coordinate support from a wide range of development partners) has proven to be effective. EU support for education has been increasingly harmonised through emerging coordination and dialogue forums, use of pooled funding mechanisms, joint missions and the EC's presence in Juba with the Joint Donor Office.

Nonetheless, progress has been far slower and coverage more restricted than expected; despite enrolment increases, many children remain out of school and schools lack basic infrastructure, materials and qualified teachers. Despite high levels of political commitment, understaffing has led to capacity shortages which cannot be met by technical assistance. Massive logistical challenges arising from lack of infrastructure, the rainy season and heavily landmined areas have also hampered progress.

The experience in Southern Sudan shows that short-term quick impact initiatives, delivered through a variety of mechanisms and partners, and strategic systems building for longer-term

sustainability are interdependent and must proceed together. The re-establishment of education is both dependent on and a key driver for improved governance systems, including the emerging decentralisation process, establishment of public finance management systems and civil service management.

The work of NGOs and UN agencies on the ground, in some cases predating the CPA, forms a critical basis for scaling up efforts. Now that GOSS, MOEST and state-level systems are being established, there are increasing opportunities to work with national rather than parallel structures. Linking short-term humanitarian support with longer-term system-building is critical for scaling-up services yet hard where the education system has more or less collapsed during the years of conflict. The necessary systems and infrastructure for delivering aid need to be put into place quickly from the start and a degree of opportunism is needed to get initiatives moving quickly. However, it is also recognised that working closely with emerging national systems takes time and cannot be rushed.

#### Recommendations

- optimise engagement during emergency/conflict period
- ensure early identification of support mechanisms that will enable a mix of support for both quick-impact initiatives and medium-/longer-term systems and capacity development
- as part of this, identify roles to be played by key stakeholders in this process, with support from UN agencies and NGOs facilitating emergence of government systems
- learn lessons from this experience of an MDTF
- identify and develop response strategies for developing governance systems that are critical to functioning of service delivery, including teacher recruitment and pay

### **10.3. Supporting Basic Health Services Reconstruction in Angola**

After 30 years of civil war, access to basic health services in Angola is very limited. The general health status of the population is low (MMR and U5MRs are both very high, as is the incidence of malnutrition). Despite the peace accord and rising revenues from the increasing price of oil, the country has not yet put in place an effective health system which is capable of providing basic health care for all the population. EC support at first concentrated on addressing institutional and policy issues, but it was only after demonstrating concrete results in the provision of basic services in the provinces that sufficient acceptance and credibility was gained to allow meaningful work with the government.

As soon as the Peace Accord was signed in 2002, the EC allocated €25 million to support the definition of health policy, health systems planning, human resource development for health, an essential drugs programme, blood products provision plus direct support for five provincial health directorates. This programme faced difficulties from the start: the aims of the project were too ambitious and did not take into account the weak capacity of the administration, the complexity of the political environment nor the rejection of external assistance by some members of the Ministry of Health.

Although at central level, it was difficult to progress on some important policy aspects (e.g. the approval of a long-awaited national pharmaceutical policy), the EC's continued support

for particular teams within the Ministry of Health, such as Health Planning and Human Resources, and the continued support for the five provincial health directorates began eventually to show some tangible results. The credibility and trust thus gained permitted establishment of a better relationship between the EC technical assistance and both the national and provincial health authorities, which has now begun to contribute to institutional improvement in the Ministry of Health.

Continuing support for the health sector will focus on decentralisation, and strengthening of the provincial and municipal health directorates, so that they are able to deliver a basic package of quality health care in an equitable manner. To this end international donors have progressively coordinated their support for the Ministry of Health and its provincial directorates.

There are a number of lessons to be drawn from the experience in Angola:

- The priority is to guarantee access to a good-quality basic health care package. The quick provision of this service not only improves the health situation but also increases the legitimacy of the government.
- Concrete results within the population allow better relations with the national authorities and facilitate capacity building of the Ministry of Health.
- Even though there is a perceived urgency to re-establish basic services, initial programmes in the transition phase need to take into account the complex political environment and ensure local ownership at all levels.
- Coordination of responses is essential. If the local authorities are not able to do this then an intermediary is required. This role is often played by UN agencies.

## **11. ENVIRONMENT, NATURAL RESOURCES AND FRAGILITY**

### **11.1. Introduction**

The particularities of the geophysical environment play an important role in many fragile situations. Environmental vulnerability and stress, which can take the form of long episodes of drought, periodic flooding, extreme weather events and degraded or contaminated natural resources is already a reality for many fragile states, compounding the problems they face and impeding development by placing additional strain on already overstretched governance structures and resources.

Ecosystem services are crucial to ensuring the survival of many of the world's poorest and most marginalised populations. Access to water and arable land, to forests for food, fuel and shelter, and to fisheries resources are natural substitutes for basic services that should normally be provided by the state. When they are degraded, depleted, contaminated or destroyed either intentionally or as a result of a natural disaster, the result can be devastating – particularly in the context of fragility, which is characterised by weak coping mechanisms. This reliance on the natural environment, while not exclusive to peoples in fragile situations, can prove to be a matter of life and death if the government is unable or unwilling to step in and where international aid has not succeeded in addressing this gap.

Some of the consequences include famine, migration, disease, and competition over access to and control over increasingly scarce natural assets. This is especially true where there is real or perceived inequality in terms of who reaps the benefits derived from these assets. Competition can pit communities against each other, or local populations against private sector actors involved in the distribution or exploitation of resources. Populations who had hitherto been relatively self-sufficient are forced to seek new options to ensure their livelihoods. This can result in a struggle for control over state structures, the legitimacy of which are often dubious in fragile situations. Where conflict resolution mechanisms are weak or non-existent, there is an increased risk of violent conflict.

On the other hand, an abundance of valuable resources can prove equally problematic in contexts of fragility. Whereas natural resource wealth should contribute to economic development and improve the well-being of citizens in resource-rich countries, weak governance of lucrative natural resources has fuelled conflicts over access to and control over them, and over the distribution of profits deriving from their exploitation. Here too, in the absence of alternative livelihood options or safety nets, marginalised groups may turn to illicit activities, from trading in endangered species to unregulated artisan mining to ensure their survival. This in turn has negative environmental spin-offs.

The tsunami of December 2004 revealed how a single natural disaster could wipe out years of developmental progress. Some, however, credit this unexpected catastrophe with having stimulated cooperation among opposing groups to find a settlement to years of conflict in Aceh, Indonesia. While the concept of environmental peacemaking is still in its infancy, there are examples of how cooperation around environmental issues such as shared access to natural resources have had positive impacts in fragile situations. Regional cooperation involving some of the world's Least Developed Countries – and among traditionally hostile nations and peoples – has contributed to tackling shared environmental problems, including through the development of transboundary peace parks or shared river basin management. Environmental concerns are sometimes perceived as being among the few issues that suspicious or hostile parties within or between states are able to discuss.

The implications of environmental drivers and features of fragile situations need to be fully integrated into strategies to address fragility with a view to ensuring sustainable development.

## **11.2. Fragility and natural resource abundance – Angola**

The peace agreement of April 2002 put an end to almost three decades of war, fuelled not least by Angola's rich natural resources. Angola requested international assistance through the holding of a donor conference (a first donor conference was held in 1995) to tackle the challenges of reconstruction. Donors emphasised that a number of prerequisites needed to be met to ensure a successful outcome for such a conference, namely the presentation of a Poverty Reduction Strategy Paper and the conclusion of an agreement with the IMF. Angola did not accept these prerequisites and turned to other sources to meet its financial needs. Its oil wealth ensured that these sources were quickly found: the estimated amount of government non-concessional loans with China was about USD11.8 billion in 2004 and 2005.

Thus, the donor community's stance on holding a donor conference did not succeed in convincing the government to enhance its good governance efforts. As with other resource-rich countries, the scope for influencing the government of Angola in general and on governance issues in particular is limited. The relatively low weight of EU aid by comparison

with the state budget is one relevant factor in this context, as is the strong interest and presence of key international players like China and the USA.

In EC cooperation annual reviews the issue of transparency of public finances, and notably the country's adherence to the EITI, was repeatedly raised with the government and also included in the review documents (such as MTR and ETR conclusions), but the latter was rather non-committal on this issue and there was no notable progress. Under the 10th EDF the allocation of the "incentive tranche" on the basis of a governance programme provided a further occasion to address governance issues. While the additional financial allocation did not provide much of an incentive for the government, given the size of its own resources, it still presented an acceptable governance programme. Public finance issues and notably a commitment related to the EITI were, however, not included in the programme. Still, in the review process of the governance programme, the issue of EITI could well be on the agenda, as some commitments become obsolete and new ones must be added.

This notwithstanding, there have been some positive developments as regards EC/Angola dialogue on governance issues in as far as "governance and support for institutional and economic reform" have been agreed to be one of the focal areas of the 10th EDF EC/Angola cooperation strategy. This will also provide the opportunity to follow up on the programme "Support for the budget and planning process", which was agreed under the 9th EDF and provided an important entry point into discussing Angola's budget organisation and management with the government. Furthermore, there is now a fairly positive statement on the government's stance towards EITI in the draft CSP/NIP: "The Government has indicated its interest in participating in the Extractive Industry Transparency Initiative (EITI), taking a first step by organising an international conference on oil-revenue management in May 2006."

As part of the regular political dialogue (Cotonou Agreement, Article 8) governance issues and in particular EITI were discussed. But here, too, there have been no tangible consequences. The political dialogue has lost impetus in recent years and efforts are being made to revitalise it, thus making it possible to come back on this issue more effectively as well.

Finally, the APRM could and should also provide an entry point for these discussions, Angola joined the APRM in 2004 but has not yet undergone the review process.

It is undeniably very challenging to pursue governance issues in such a complex environment. The EC's approach followed under the 10th EDF cooperation strategy, to support Angola in particular through institutional support and capacity building, could, however, contribute to this task, in particular if relevant institutions are strengthened, such as the national parliament, the court of auditors or others.

## **12. BUDGET SUPPORT IN POST-CONFLICT FRAGILE SITUATIONS**

In the past, the EC provided budget support in several fragile, and notably post-conflict, situations with a view to achieve the stabilization of the macro-economic situation, the financing of urgent recurrent expenditures, the strengthening of public finance management systems and the reintegration of the partner country into the financial international community (typically via debt arrears clearance operations). The main objective of these interventions therefore was to achieve goals which are not well-suited to project aid. Budget support did

contribute to the achievement of these goals while being provided within the legal provisions set out by the Cotonou Agreement, even if improvements are necessary in a number of areas.

In all of the cases covered, the decision to consider a budget support operation was taken within the framework of an international effort usually led, politically or financially, by a Member State (like Portugal for Guinea Bissau or France for CAR) or an International financial Institution. In most cases, however, operationalising such a decision was slowed down by complications in the programming of funds unrelated to the instrument of budget support per se (Art. 96 procedures, NIPs still to be signed or in need of reprogramming to reflect the new reality and its priorities). When funds eventually became available, typically following mid or end-term reviews, the lengthy administrative process clearly delayed their actual commitment.

Eligibility for Budget Support is set out in the Cotonou Agreement: a well defined national policy and strategy, a stability oriented macroeconomic policy and a credible and relevant programme to improve public financial management must be in place or under implementation. Eligibility criteria were assessed rigorously and approached in a dynamic manner, taking into consideration the initial situation and focusing on the authorities' planned and, as reforms unfolds, actual efforts to stabilize the macroeconomic situation, improve public financial management and set in place a proper poverty reduction strategy. The assessment of the initial situation and the monitoring of change were carried out in close consultation with the IMF (for the macroeconomic picture) and the World Bank (for public financial management) with great flexibility as per the specific diagnostic tool utilised in each individual situation.

The specific objectives of each budget support operation varied from case to case but the EC was able to mobilize budget aid in all the different stages of a post-conflict recovery process. Objectives included: assistance to social rehabilitation, crucial financial (and political) financial and political collaboration with the Bretton Woods Institutions, and support towards debt relief. More generally, all programmes contributed to securing the mobilisation of the international community, directly or indirectly financing decisive expenditures (salaries, delivery of basic services) and securing strategic reforms (PFM, public service, DDR/SSR).

The actual design of budget support programmes also varied from case to case as operations were tailored to manage the risks and target the goals specific to each situation. Typically, however, this has implied a progression from a single fixed tranche, "one shot" arrangement (disbursed on approval) to a series of annual programmes as a fragile macroeconomic situation began to stabilise. In the initial phases of support, conditionality is typically focussed on the basics elements of macroeconomic and public financial management. When these are particularly weak, funds are targeted to specific pre-audited budget lines (wage and debt arrears). When the process of recovery is more established and reforms evidently progressing, EC programmes become pluri-annual, do not target specific budget lines and include variable tranches linked to PFM measures and/or poverty related indicators.

Despite flexibility in design, however, the experience shows that implementation has not always been smooth for various reasons. A first set of issues relates to the weak performance of partner governments in key areas of eligibility such as macroeconomic stabilisation and public financial management reform. Problems in implementation need to be addressed in terms of their origin, particularly where they relate to issues such as capacity constraints in partner governments or staff shortages in Delegations.



Experience clearly shows that effective international coordination has greatly facilitated the design and implementation of budget support operation in fragile situation. In particular, a strong coordination with the EU Member States involved, along side with the Bretton Woods Institutions, appears as most useful in all key steps from the preparation of the overall intervention strategy to the assessment of the key fields (macro, public financial management etc.) and the monitoring of change.

The overall experience of EC budget aid in post-conflict countries supports further use of the instrument in such situations. It also suggests some possible ways to gain further effectiveness. These include measures in the areas of staff and training (strengthening of delegations, specialised training etc.), coordination (stronger mechanisms on the ground, regular HQs joint review of cases etc.), and administrative procedures (to better ensure the rapid commitment and disbursement of funds).

### **13. JOINT EU PROGRAMMING IN SITUATIONS OF FRAGILITY – SIERRA LEONE**

Sierra Leone is an example of how various instruments are used depending on the circumstances.

During the transition period donors participated in a Multi-Donor Trust Fund to support the Disarmament, Demobilisation and Reintegration Programme (DDRP) linked to two initiatives: the Training and Employment Programme – TEP – to reintegrate demobilised combatants, and the Emergency Recovery Support Fund – ERSF – aimed at restoring basic infrastructures and basic social services. Participants in the Trust Fund are the EC and a number of Member States plus other donors.

Now that the situation in the country is stabilising, more structural and longer-term support is required. The preparation of the Country Strategy Paper (CSP) for structural support by the European Commission under the 10th EDF for the period 2008-2013 was not only the start of the planning for this longer-term support, it also formed the catalyst for cooperation between the UK's DFID and the EC on a joint analysis of the country context and a joint country strategy in response to Sierra Leone's Poverty Reduction Strategy.

The joint analysis obviously pays particular attention to aspects of fragility. Based on that analysis the joint EC/DFID response strategy proposes supporting two focal sectors: (i) good governance and institutional support, and (ii) rehabilitation of priority infrastructure. Support in these sectors will be complementary and is based on the comparative advantages of each donor.

Joint financial planning remains somewhat of a challenge as budgetary cycles are not synchronised.

A certain degree of complementarity with the current aid programmes of other Member States already exists. During implementation of the strategy there is a potential for further strengthening complementarity as other Member States join in. The CSP is a flexible instrument: during the implementation stage it can be adapted via the annual and mid-term reviews to take into account programming by other (EU) donors embarking on more structural support for Sierra Leone.

The lessons that can be learned from the process in Sierra Leone are:

- Donors should ensure complementarity of activity in order to avoid duplication and overlap, and to improve clarity and effectiveness of interventions. A harmonised approach by donors helps the partner country to reduce the transaction costs and also enables it to respond better to the donors' requirements.
- The flexibility of the CSP instrument is an asset, as it keeps open the possibility for other (EU) donors to join in when reviews are held.
- At the same time more work needs to be done on synchronisation of programming cycles in order to enhance foreseeability of donor support.

## **14. THE EUROPEAN DEVELOPMENT FUND AND SITUATIONS OF FRAGILITY**

### **14.1. Aid allocation criteria**

Situations of fragility have not been explicitly taken into account in the EDF10 aid allocation criteria. However, some key determinants of fragility are the level of income/poverty, growth perspectives and natural resource endowment. Needs have been receiving an important weighting in the EDF10 aid allocation criteria, including through:

- an income-per-capita variable which give priority to low-income countries and is more digressive for high-middle income countries, while ensuring that no disincentive to growth is built in;
- explicit integration of factors which hamper growth and growth prospects, with a potentially destabilising impact: demographic growth, HIV/Aids, growth volatility resulting from all kinds of internal or external shock;
- explicit integration of other factors recognised as potentially contributing to fragility: landlockedness, geographic isolation and geographic profile (population density and urbanisation);
- performance-based indicators are “softened” by taking into consideration the level of aid dependency and the non-sustainability of natural resource exploitation.

The EC has taken up its mandate of ensuring a global presence without leaving out donor orphans. However, in situations of (rapidly evolving) fragility, it is not the cyclical aid allocation criteria as such which are critical, but the flexibility offered by the various financial instruments to respond to evolving needs, taking into account aid absorption capacity. Coordination among donors and alignment with local processes are equally necessary.

### **14.2. Flexibility in the EDF**

#### *14.2.1. Articles 72 and 73 of the Cotonou Agreement*

Firstly, it must be recalled that all activities financed from the EDF and the General Budget have to be implemented on the basis of the respective Financial Regulation that lays down a system of control, with checks and balances, to ensure that a number of general principles are respected at all times. These principles include: (i) transparency and equal treatment in the award of grants and contracts, and (ii) economy, efficiency, effectiveness in the use of Community funds. Application of the rules and procedures defined by the respective Financial

Regulations ensures that these principles are respected, and thus offers a significant degree of protection, both for the Commissioner in relation to his political responsibility as well as for the Authorising Officers at the various levels who assume financial responsibility for the use of public funds.

Nevertheless, the Financial Regulation entails the application of procurement rules that are better adapted to crisis and post-crisis situations. This includes the possibility of using the negotiated procedure for procurement contracts and direct award for grant contracts.

The Financial Regulations and the Cotonou Agreement do not recognise the concept of “fragile situations” as such. Instead they operate with the concepts of crisis and post-crisis situation, with the overriding principle being that the application of more flexible procedures must be “time-and-place”-bound. It is not possible for the Commission to declare that a “fragile situation” prevails in a country and thus allow the application of flexible procedures that are not limited in time, geographical scope and the nature of the interventions funded. Instead, the Commission must continuously review whether the conditions on the ground still justify the application of flexible procedures.

The Commission has in recent years authorised the use of flexible procedures in a number of countries, including DRC (eastern part), Haiti, Sudan, Liberia and Afghanistan. In most cases such flexibility is linked to specific programmes (e.g. LRRD in Eastern Congo), in other cases it has been granted for all programmes in a given country (Afghanistan) for a limited period of time. In all cases, the application of the agreed flexible procedures is subject to regular review and renewal if justified.

The possibility of using flexible procedures extends also to post-crisis countries/regions. In this case, the flexible procedures could be used for activities that would include transitional measures leading to medium- and longer-term development. The Cotonou Agreement allows a degree of interpretation as to whether a country/region could be considered as being in a post-crisis situation, but any decision has to be programme-specific, time-bound and specific in geographical reach. The decision could be extended after review, but should not go on for years.

The Commission is currently preparing a set of guidelines clarifying the eligibility criteria for accessing and for managing funds for humanitarian and emergency assistance under Articles 72 and 73 of the Cotonou Agreement where such assistance cannot be financed from the Community’s budget. The aim of these guidelines is to provide a harmonised approach between EDF and BUDGET in countries in a situation of fragility, and to give practical information on how to implement the flexible procedures authorised under Article 168(2) of the Implementing Rules of the General Budget in a context of crisis or post-crisis.

#### *14.2.2. Use of B envelopes under the 10<sup>th</sup> EDF*

The ACP-EC Partnership Agreement states that allocated resources comprise an allocation for programmable aid (the ‘A-envelope’) and an allocation to cover unforeseen needs (the ‘B-envelope’). This B-envelope can, for example, be mobilised for emergency assistance where such support cannot be financed from the General Budget of the Community, so as to contribute to internationally agreed debt relief initiatives or to mitigate adverse effects of instability in export earnings.

Since the revision of the ACP-EC Partnership Agreement in 2005, the Community may, in order to take account of special needs such as post-crisis situations, increase a country's allocation. Guidelines will be developed to further clarify the circumstances under which 'special needs' can be evoked to increase of the 'B-envelope' for unforeseen needs under Articles 72 and 73 of the ACP-EC Partnership Agreement covering humanitarian and emergency assistance.

**15. ENLARGEMENT - STABILISATION AND ASSOCIATION PROCESS (SAP) IN THE WESTERN BALKANS; INSTRUMENTS AND LESSONS LEARNED:**

The enlargement policy is presently addressed to the Western Balkans and to Turkey, facilitating their readiness for eventual accession. The contribution of the SAP policy (Stabilisation and Association Process) to the stability in the Western Balkans is a good example, possibly offering lessons to be learned. The Thessaloniki Agenda (2003) and the Salzburg Communication (2006) outline the process and identify the instruments required to pave the way for eventual EU membership. Strengthening of regional cooperation is one of the conditionality's under the SAP; the Western Balkans therefore have a strong incentive to deepen regional cooperation and thereby foster reconciliation and stabilisation. Some measures taken and lessons learned in the Western Balkans might be relevant in the context of this Communication.

The prospect of EU accession is a particularly strong incentive for any (potential) candidate country to show the required "political will" and adopt - at times unpopular - political and economic reforms; the pre-accession instruments are tailor made and not all the lessons learned in the preparation for accession can be taken on board as the fragile states are in a different situation from the one of candidate or potential candidate countries. In the context of this Communication, the following lessons learned could be of relevance:

- clear targets/benefits for the country (and its people) are needed in order to maintain internal support and commitment for the required reforms;
- during the process, conditionality needs to be combined with rewarding a country for steps taken;
- difficult issues, e.g. fight against corruption and organised crime, structural economic reforms etc. need to be tackled early in the reform process ("soft doctors make dirty wounds").

This leads to a unique mix of policy instruments for each country to fill in gaps, to push for reforms and to reward where progress has been made. The following instruments and policies developed in the enlargement process - appropriately adapted - could be considered outside the enlargement context:

- unilateral trade measures (asymmetric trade agreements);
- stimulation - where appropriate - of regional cooperation, providing for the possibility of local/regional ownership of the process;
- civil dialogue/stimulation of cooperation among social partners, NGO's, universities, etc.;
- access to (parts of) community programs such as Erasmus Mundus;

- probably only for a limited number of cases: "TAIEX" (Technical Assistance and Information Exchange) and "Twinning": both instruments deal with institution building aiming at a more modern and efficient administration - while "TAIEX" concentrates on short term activities meant to improve the understanding of the acquis, "Twinning" provides for long term seconded Member State experts who are assigned in the corresponding ministries in the (potential) candidate countries to help achieving a particular task.

## **16. FRAGILITY AND MULTILATERALISM – THE UN PEACE BUILDING COMMISSION (PBC)**

Over recent years, concerns regarding fragile situations and the risk of conflict therein, plus the potential spillover effects at regional or even global level, have had several consequences at international level: greater attention to coherence (debate within recipient and donor countries and donor and concrete measures to improve coherence, including the establishment of the Peacebuilding Commission), a commitment to both peacebuilding and state-building goals as a prerequisite to laying the basis for long-term progress concerning the MDGs, a strengthened role for regional organisations/institutions in dealing with conflict and fragility (e.g. the AU), as well as a rise in international peacekeeping expenditures (UN peacekeeping, as well as peacekeeping under the lead of notably the EU, the AU and NATO). Given the number and the complexity of situations of fragility in the world, it is clear that donors cannot act in isolation, and that to provide a coherent and effective response, good coordination between multilateral and bilateral partners on engagement in fragile situations is critical to success. The multilateral framework can promote agreement around key principles for engagement, but also provide a context for coordination of action, thus fostering coherence as well as efficient use of resources.

The UN Peacebuilding Commission (PBC) was set up at the end of 2005, in response to a growing recognition that international peacebuilding efforts have lacked an overall strategic approach and coherence. It commenced operational activities in June 2006, and is currently working with Burundi and Sierra Leone.

The purpose of the PBC is to bring together all relevant actors to marshal resources and advise on and propose integrated peacebuilding strategies for post-conflict peacebuilding and recovery, to ensure support for peacebuilding efforts from recovery through to laying the foundations for sustainable development, and to improve coordination and keep the international community's attention focused on the recovery and peacebuilding of the country for a longer time span. During its first year of activity the PBC has met the objective of keeping countries in a post-conflict situation (so far Burundi and Sierra Leone) on the international community's "radar screen", and bringing the country and all major actors together around the formulation of a peacebuilding strategy. An integrated peacebuilding strategy for Burundi was adopted in June 2007 (the strategy for Sierra Leone is yet to be finalised). The work of the PBC is an important step towards broadening the donor base and mobilising additional resources for peacebuilding (and identifying gaps and potential overlaps in donor-funded activities). The division of labour between the field and New York has worked well, priority being given to the field for developing the country analysis and strategy, and strategies are built on existing strategies/frameworks and programmes for the countries in question, notably the PRSP/PAP. The concept of integrated peacebuilding strategies, and their added value compared to traditional development frameworks, remains to be tested in the implementation phase. The EC has been able to make concrete contributions to the PBC,

based on its presence in the countries in question and active involvement in the development of peacebuilding strategies, as well as more generally on the basis of its worldwide field presence and experience.

Some prospective conclusions to further enhance the work of the PBC are summarised below:

- The PBC has placed national ownership at the centre, and this is essential to the success of such strategies, but the PBC could also further develop its competence of providing advice to the country concerned, as much as its advice to the UN system.
- It is also essential to ensure that all relevant stakeholders, including civil society, are involved in the country-specific work of the PBC from the outset (this has been uneven).
- The PBC has to find a way of demonstrating real added value by identifying peacebuilding gaps without becoming too involved in development issues already covered by donors/programmes.
- The adoption of a framework peacebuilding strategy should be considered the beginning of a process that will last several years. In this respect, the PBC could usefully agree on a timeframe for implementing the strategies, and agree on how to monitor progress without putting additional burdens on the countries concerned (i.e. find ways of using existing monitoring mechanisms used for other existing frameworks such as the PRSPs).
- As regards the EC, through its active participation in the work of the PBC it should ensure that there is coherence with its own work in fragile post-conflict situations. The PBC will, however, only be able to address peacebuilding challenges in a very small number of countries, with limited capacity for taking on new countries in addition to Burundi and Sierra Leone, which are likely to remain on its agenda for a considerable number of years yet.
- It is therefore evidently necessary to (continue to) ensure that there is good country and donor (multilateral and bilateral) coordination on support for peacebuilding in countries that are not on the agenda of the PBC. UN resident coordinators are natural focal points for such coordination.
- The EC, through Commission Delegations, and EU Member States' representations have a significant contribution to make through the EU's wide presence and broad action in support of peacebuilding.