

Furness, Mark

**Working Paper**

## Let's get comprehensive: European Union engagement in fragile and conflict-affected countries

Discussion Paper, No. 5/2014

**Provided in Cooperation with:**

German Institute of Development and Sustainability (IDOS), Bonn

*Suggested Citation:* Furness, Mark (2014) : Let's get comprehensive: European Union engagement in fragile and conflict-affected countries, Discussion Paper, No. 5/2014, ISBN 978-3-88985-595-4, Deutsches Institut für Entwicklungspolitik (DIE), Bonn

This Version is available at:

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Discussion Paper

5/2014

# Let's Get Comprehensive

## European Union Engagement in Fragile and Conflict-Affected Countries

*Mark Furness*

Let's get comprehensive  
European Union engagement in fragile  
and conflict-affected countries

Mark Furness

Bonn 2014

Discussion Paper / Deutsches Institut für Entwicklungspolitik  
ISSN 1860-0441



Die deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.d-nb.de> abrufbar.

The Deutsche Nationalbibliothek lists this publication in the Deutsche Nationalbibliografie; detailed bibliographic data is available in the Internet at <http://dnb.d-nb.de>

ISBN 978-3-88985-595-4

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## **Abstract**

The European Union is one of the world's most important actors in assisting fragile and conflict-affected countries, and has made engagement with 'fragile states' a top priority for its development policy. At the policy level, the EU's approach is in line with international best practices defined by the OECD's 2007 Principles and the 2011 Busan 'New Deal' for fragile states. At the operational level, the EU is developing a 'comprehensive approach' to the implementation of its policies. As is the case with most international actors that engage with fragile and conflict-affected countries, a multidimensional gap exists between the intentions expressed at the policy level and the reality of operations at the country level. This paper argues that three sets of factors intervene between the policy and the operations level: cognitive factors related to turning knowledge of partner-country political processes into appropriate actions; issue-related conflicts of interest and trade-offs; and actor-related factors concerning coordination and capacity. This paper discusses how these factors affect the implementation of the EU's policy frameworks with reference to three fragile and conflict-affected countries: South Sudan, Nepal and Liberia.



## **Acknowledgements**

Thanks are due to Stephan Klingebiel, Svea Koch, Kimana Zulueta-Fülscher, Christine Hackenesch and Herbert Wulf for comments on earlier drafts. Special thanks to those who, acting in a personal capacity, facilitated my field trips to Juba, Kathmandu and Monrovia, as well as numerous helpful people who passed on contacts and tips. Thanks also to the many officials and experts who participated in interviews for this paper. There are around 100 of you, and I hope that I have been able to do justice to your observations and insights. I gratefully acknowledge the support of the German Federal Ministry for Economic Cooperation and Development (BMZ) for financing the research project 'European Development Policy for a World in Transformation', within which this paper was written. The paper does not represent the position of the BMZ, and any errors or omissions are the author's responsibility alone.

Bonn, February 2014

Mark Furness





# Contents

## Abbreviations

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>International development engagement with fragile and conflict-affected countries</b>	<b>3</b>
<b>3</b>	<b>The European approach to fragile and conflict-affected countries</b>	<b>6</b>
<b>4</b>	<b>The operations level: three common challenges for translating policy into practice</b>	<b>12</b>
<b>5</b>	<b>The implementation level: EU engagement in 3 FCA countries</b>	<b>16</b>
5.1	South Sudan	17
5.2	Nepal	22
5.3	Liberia	27
<b>6</b>	<b>Conclusions</b>	<b>32</b>
	<b>Bibliography</b>	<b>37</b>

## Figures and Tables

Figure 1:	Three dimensions of state fragility	4
Figure 2:	Three challenges for translating policy into practice	13
Table 1:	South Sudan, Nepal and Liberia at a glance	17



## Abbreviations

ADB	African Development Bank
AU	African Union
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (Germany)
BOGs	Basic Operating Guidelines (Nepal)
CFSP	Common Foreign and Security Policy (EU)
CPA	Comprehensive Peace Agreement (Comprehensive Peace Accord in Nepal)
CSDP	Common Security and Defence Policy (EU)
CSO	Civil society organisation
DG	Directorate-General (EC)
DG DevCo	Directorate-General for Development and Co-operation – EuropeAid
DG ECHO	Directorate-General for Humanitarian Aid and Civil Protection
DG RELEX	Directorate-General for External Relations (until 1 Dec. 2010)
DFID	Department for International Development (United Kingdom)
EC	European Commission
EDF	European Development Fund
EEAS	European External Action Service
ERD	European Report on Development
EU	European Union
EUAVSEC	EU Aviation Security Mission (Juba Airport)
EU HOMs	EU Heads of Mission
FCA	Fragile and conflict-affected
FSPs	Fragile States Principles
G6	Group of Six (donor agencies in South Sudan)
G7+	Group of Seven fragile states (plus others)
GDP	Gross domestic profit
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany)
GNI	Gross national income
GRSS	Government of the Republic of South Sudan
HDI	Human Development Index
HR	High Representative
ICC	International Criminal Court
IDC	International Development Committee (UK House of Commons)
IMF	International Monetary Fund
IRAI	International Development Association Resource Allocation Index (World Bank)
JICA	Japan International Cooperation Agency
NEFIN	Nepal Federation of Indigenous Nationalities

NGO	Non-governmental organisation
NPTF	Nepal Peacebuilding Trust Fund
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PBTF	Peace Building Trust Fund (Liberia)
PUP	Private Use Permit (Liberian forestry sector)
SIDA	Swedish International Development Cooperation Agency
SPLA	Sudan Peoples' Liberation Army
SPLM	Sudan Peoples' Liberation Movement
SSR	Security sector reform
TFEU	Treaty on the Functioning of the European Union
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UN HLP	United Nations High-Level Panel on the Post-2015 Development Agenda
UNMIL	United Nations Mission in Liberia
UNMISS	United Nations Mission in South Sudan
USA	United States of America
USAID	United States Agency for International Development
VPA	Voluntary Partnership Agreements (Liberian forestry sector)

## 1 Introduction

In recent years, the international development community has become more focussed on fragile and conflict-affected (FCA) countries, which face greater obstacles to setting their development on a sustainable path than more peaceful countries. As overall global poverty falls, countries where violent conflict, high levels of violent crime, and weak public institutions are prevalent remain at the bottom of global development league tables (Collier 2009, World Bank 2011).<sup>1</sup> Since about 2000, a consensus on the broad principles of engagement with FCA countries has been emerging. Engagement needs to be conceptually holistic in terms of policy objectives, comprehensive in terms of instruments deployed, and more specifically tailored to the individual case than policy towards more politically stable developing countries (USAID 2005, ERD 2009, World Bank 2011, DFID 2011, OECD 2011a). However, despite the gravity of the problem, its apparent urgency, and the emerging consensus on what should be done, a multidimensional gap between the theory and practice of engagement with FCA countries has been widely noted (Chandler 2007, ERD 2009, OECD 2011 b, Faust / Grävingholt / Ziaja 2013).

The prominence of fragile states in EU development policy discourse has also risen in recent years. Recent reforms to the EU's external policy bureaucracy under the Lisbon Treaty have brought security and development policy together under one roof in the European External Action Service (EEAS), for which FCA countries are becoming a core area of activity. The EU attaches a high priority to fragile states for several reasons: many Europeans feel that their countries and the EU institutions have a moral responsibility to support people living in vulnerable countries, to prevent conflict and to promote good governance, and such feelings have sharpened as the development success of stable countries has left the poorest FCA countries behind. Fragile states are also important to Europe from an instrumentalist perspective: in Africa especially, engagements in peacekeeping, peacebuilding and statebuilding processes are considered to be in Europe's strategic interest for reasons of geographical proximity as well as the rising geopolitical and economic importance of the continent (European Commission 2007).

From a development aid perspective, it is likely that 'traditional' European Union aid programmes aimed at reducing poverty will be less focussed on stable countries, many of which are reaching 'middle income' status (Koch 2012). The EU – meaning, for the purposes of this paper, the Commission, the EEAS and the delegations as opposed to member states' bilateral engagements – has significant potential to make a positive difference in fragile states and situations. The EU's seven-year budget cycle provides a longer timeframe than member state agencies often enjoy, which is important in engagements where patience is required, even if the political pressure to show progress is often intense. The many policies and instruments it has at its disposal: humanitarian assistance, military and civilian crisis-response teams, basic service delivery, mediation,

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1 The term 'fragile state' is contested to the extent that there is no universally accepted definition (Mata / Ziaja 2009). Some countries that are recovering from civil or international conflict, experiencing peacebuilding and statebuilding challenges, and/or score highly on fragility indexes, do not consider their state institutions to be 'fragile.' Examples include Ethiopia and Rwanda. Others, such those that have signed up for the New Deal (including the three case countries covered in this paper) have accepted the term. The term 'post conflict' is also widely used, but in many countries conflicts may not have ended even if a peace deal has been signed, violence has subsided and peacebuilding is underway. For this paper, 'fragile and conflict-affected countries' is preferred.

election monitoring, development aid including general and sector budget support, institution-building expertise, support for justice and reconciliation processes, governance support and economic policy instruments can all be used at different times and in different combinations to support a fragile country's progression through the entire peacekeeping/peacebuilding/statebuilding process. The EU's global presence enables it to learn from diverse experiences and keeps it engaged in some of the world's hardest cases as 'donor of last resort.'

Against this background, this paper asks two research questions. These are analysed with reference to debates in research and policymaking circles about the principles, strategies and instruments the EU mobilises in FCA countries, and through a detailed look at EU engagement in three FCA countries: South Sudan, Nepal and Liberia.

1. Are the EU's objectives in line with international best practices when it comes to articulating its policy on engagement with fragile and conflict-affected countries?
2. What kinds of challenges arise as policy is translated into operations at the country level, and how does the EU cope with these complex challenges?

The paper is organised as follows. The next section provides an overview of the research and policy communities' efforts to define the state fragility problem and establish guidelines for external engagement. Section 3 outlines the EU's approach to FCA countries. Although the EU is a 'norm taker' rather than a 'norm maker' in this area, its policy-level approach is consistent with international best practices and has evolved in tune with the latest thinking.

Section 4 discusses three distinct types of challenge that the EU (and other international actors) face in translating policy into operations at the country level:

- *First, cognitive challenges:* While EU actors and officials are usually well informed about the political and economic challenges of the countries where they intervene and the conflicts they seek to help resolve, they face difficulties in translating this knowledge into action. This may result in technocratic approaches that do not sit well with political realities at the partner-country level;
- *Second, issue-related challenges:* the EU faces conflicts of interest, such as short-term economic interests versus the need for longer-term capacity building, political engagement versus developmental 'neutrality,' or the desire to promote democracy and the need to preserve stability. Resolving these requires making trade-offs, and the EU prefers the risk-averse approach of avoiding these rather than facing them head-on;
- *Third, system-related challenges:* European responses are often poorly coordinated at the country level, both with regard to coordination among EU and member state actors and the wider donor community, and with regard to the EU's engagement with partner-country governments and systems. This is particularly problematic in FCA countries, because country capacity, systems and political will are often too weak to push donors into improving coordination.

Section 5 examines EU engagement with three fragile and conflict-affected countries: South Sudan, Nepal and Liberia. The empirical analyses show that the three kinds of challenge are indeed ever-present. In general, EU officials at headquarters and in the delegations are aware of the three kinds of challenge, even if they do not necessarily conceptualise them in this way. They do their best to work through them pragmatically, taking advantage of opportunities as they arise. Nevertheless, the multidimensional policy-operations gap cannot be closed easily, given the background political factors influencing the donor engagement, the framework conditions of the specific engagement and the interests and capacities of the actors involved.

The final section draws conclusions about how the EU deals with the three challenges outlined in Section 4 and explored in the case studies. EU officials in Brussels and in the delegations are very well informed about the politics of the FCA countries they work with. They have not always been able to overcome several barriers to translating knowledge into effective operations. These include capacity constraints at the delegation level and some bureaucratic inertia on the EU side, both at the Brussels level and between EU and member state agencies. On the partner-country side, commitment to making EU programmes work has been inconsistent.

With regard to conflicts of interest and trade-offs, these emerge at several levels: between the EU and partner countries, between EU actors at the country level, and between sectoral interests at the country level. The most difficult conflicts of interest are those between European ideas about how statebuilding should be done, and partner-country elite preferences for solidifying power. These conflicts of interest cannot always be resolved, meaning that satisfactory trade-offs are sometimes impossible.

Finally, with regard to systemic factors, the EU and its member states have started to make improvements to sectoral coordination through joint programming, particularly in South Sudan. Member state and EU programmes are still not closely coordinated regarding aid allocations, budget cycles, programming, project duration, reporting and policy dialogue. At the country level, officials often lament the lack of coordination while recognising the limits to it. They get on with *ad hoc* coordination of programmes and projects and are often sceptical of externally imposed coordination mechanisms. Somewhat tautologically, there is a tendency to blame poor country-level coordination on the low capacity of partner-country systems.

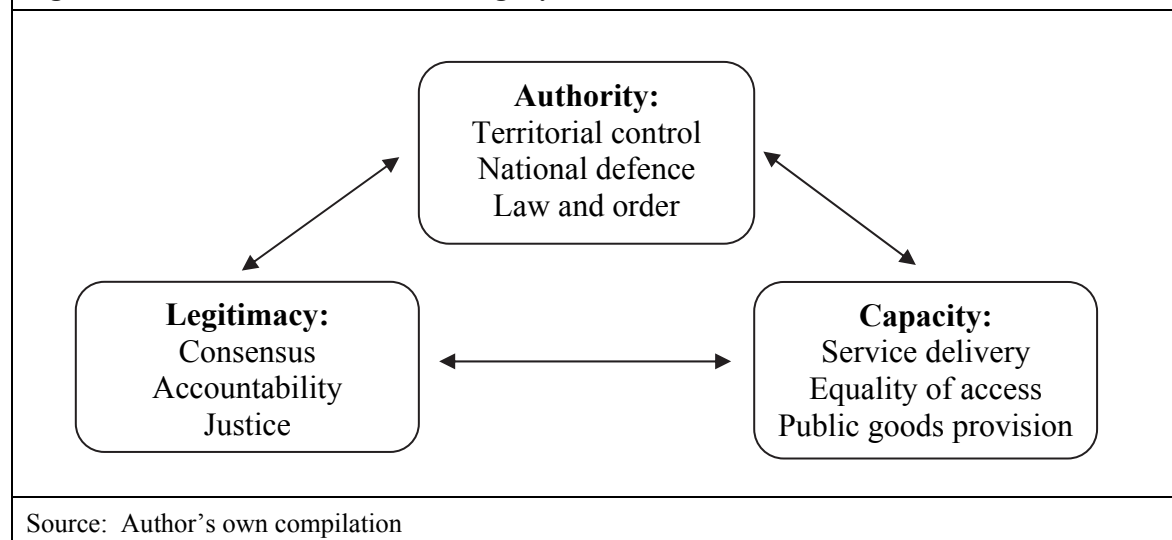
## **2 International development engagement with fragile and conflict-affected countries**

Conceptually, discussions around international engagement in fragile and conflict-affected countries are linked to wider debates about when and where international intervention to resolve conflict is needed. There is a strong link between discourses on state fragility and human security discourses related to the Responsibility to Protect. There are also links with peacebuilding and statebuilding literature, drawing on ongoing theoretical and empirical debates about governance and democratisation and the capability of external actors to support, incentivise or ignore (Zulueta-Fülscher 2013). From a development-research perspective, the question of how donors should engage with fragile states is framed by long-standing debates about the interdependence of security, humanitarian

intervention and development and the effectiveness of aid in conflict-affected countries (Duffield 2001; Howell / Lind 2009; Carment / Samy 2010). The conceptual debate has recently taken up questions of ‘resilience’ both as a means of coping with the consequences of fragility for populations and for ‘reducing’ fragility itself (Carpenter 2012; de Weijer 2013a, EC 2013).

### *Understanding fragility*

**Figure 1: Three dimensions of state fragility**



Questions about how to define and measure state fragility, how to predict when a country will descend into violent conflict, and what kind of engagement can best help to resolve conflict and prevent its reoccurrence are currently receiving a lot of scholarly attention, and the policy sections of development and foreign ministries and international development agencies are taking note as they try to improve the effectiveness of their engagements. There is an emerging consensus among the research community that state fragility has three interlinked dimensions: authority, legitimacy and capacity (Stewart / Brown 2010; Carment / Samy 2011; Werther-Pietsch / Roithner 2011; Grävingholt / Ziaja / Kreibaum 2012). These illustrate the multidimensional nature of state fragility and the fact that countries can perform better on one or two dimensions but remain seriously deficient elsewhere.<sup>2</sup>

The first dimension is a state's sovereign *authority* over the territory it controls. Fragile states are normally not in complete control over their territory, either because opposition groups or foreign powers control parts of it or because the state is too weak to prevent criminal gangs or local warlords acting with impunity in their local communities (Okumu / Ikelegbe 2010). The second dimension is the *capacity* of the state to deliver services to its

2 'Fragility' does not, of course, concern 'the state' only. Societal fragility, socio-economic marginalisation and inequality, and vulnerability to conflict go much deeper (Koehler et al. 2012, Kaplan 2013). The efforts of external actors in supporting the authority, capacity and legitimacy dimensions of the state and public institutions can help fragile and conflict-affected countries provide mechanisms for the often generational task of resolving – or at least learning to live with – deep societal tensions.



people. In the broader conceptual sense, state capacity can be seen as the ability to deliver public goods to all citizens regardless of social grouping. It is about equality of access to services, and equality of opportunity to benefit from citizenship (Stewart / Brown 2010: 10). The third dimension is the state's *legitimacy* in the eyes of its people: its ability to rule by consensus rather than by coercion. The legitimacy of a state is partly an outcome of its authority and capacity – it follows that a state that protects and serves its citizens without bias will be regarded by them as more legitimate than one which does not. Legitimacy is also partly derived from the extent to which ruling elites are accountable to their people in the democratic sense. This is often impossible in fragile states due to a lack of agreement about the legitimacy of the state itself: the core institutions that allocate political and economic power in a society (Faust 2010).

### *The evolution of international best practice*

Recognition that the interlinked dimensions of fragility pose complex challenges has inspired several high-profile international efforts to define standards for engagement in fragile states and a policy 'tool kit' for supporting peacebuilding and statebuilding processes. Several recent studies and reports have been conducted or sponsored by the European Commission (EC), the United Nations (UN), the Organisation for Economic Co-operation and Development (OECD), the United States Agency for International Development (USAID), the UK's Department for International Development (DFID) and the World Bank (WB), dealing with how to judge whether a state is fragile, how to design interventions, whether lessons can be learned that have wider applicability, and how best to monitor programmes, increase aid effectiveness and reduce the threat that poorly-governed countries are perceived to pose to the West (USAID 2005, ERD 2009, DFID 2011, OECD 2011a, World Bank 2011, UNDP 2012).

Arguably, the most comprehensive and influential international efforts to define policy prescriptions and benchmarks for effective engagement in fragile and conflict-affected countries are those of the OECD. The OECD's principles for good engagement in fragile states have been used as reference points by several of its members (OECD 2007).<sup>3</sup> The OECD's principles were, nevertheless, written by donors as a set of guidelines for donor engagements (Locke / Wyeth 2012). The role of FCA countries themselves in shaping the international process for defining principles and setting standards was formalised at the November 2011 Busan High-Level Forum on Aid Effectiveness. The self-selected G7+ group of fragile states and key development partners called for a 'new deal' for international engagement in fragile states. The document re-stated the importance of fragile states to the global development agenda and set out a practical, country-owned strategy for engagement based on three pillars: the peacebuilding and statebuilding goals, focussing on country-led solutions, and building mutual trust and strong partnerships.<sup>4</sup>

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3 The OECD calls on international actors to observe 10 principles in fragile states: 2 basic principles (take context as the starting point and do no harm), 4 peacebuilding/statebuilding principles (focus on statebuilding; prioritise prevention; link political, security and development objectives; and promote non-discrimination) and 4 practicalities (align with local priorities; agree on practical coordination mechanisms; act fast but commit to long engagements; and avoid pockets of exclusion).

4 See [www.newdeal4peace.org](http://www.newdeal4peace.org). The New Deal has been welcomed by the international community, but several concerns have been expressed: that it risks imposing a framework that may become a straightjacket for processes that are supposed to reflect local contexts; that implementing the New Deal will require much more mutual trust between donors and recipient countries than has previously been

The New Deal has received a lot of attention among observers and policymakers. The World Bank announced in mid-2012 that its country strategies for fragile states would focus on the peace- and statebuilding goals. Although the New Deal did not receive more than a passing mention in the recent UN High-Level Panel Report on the Post-2015 Development Agenda, the G7+'s contributions to international dialogue on peacebuilding, statebuilding and the security-development nexus have influenced discussions on the global development agenda to succeed the Millennium Development Goals from 2016 (UN High-Level Panel 2013: 61). United Nations Development Programme (UNDP) Administrator Helen Clark has described the HLP Report's recognition of the centrality of peace and good governance to the post-2015 global development agenda as a

*"possible paradigm shift in the way in which the international community could approach development"* (Clark 2013).

Taken together, these bilateral and multilateral initiatives, declarations of principle and official reports represent a comprehensive and growing body of knowledge and common sense to guide international engagement in FCA countries. Although the three dimensions of fragility have not yet been incorporated in official guidelines, these reflect an emerging normative framework for more coherent international engagement. Crucially, the official documents and guidelines represent an evolving consensus among donor, recipient and emerging countries that appears to have been arrived at in an amicable and consultative manner. The international community has recognised that fragile states require more financial and political investment; that while peacebuilding and statebuilding processes need to be supported, FCA countries need the decision-making space to resolve their own problems; that complex processes take time and international actors need to be there for the long haul; and that, because specific interventions may fail, expectations need to be managed.

While some have noted that the increasing take-up of these principles by donors and partner countries is starting to be reflected in better aid effectiveness results (Chandy 2011), scepticism that internationally agreed principles and guidelines are actually being implemented remains. In an assessment of the implementation of its own Principles, the OECD concluded that

*"performance... is seriously off-track. Overall, in the thirteen countries under review in 2011, international stakeholder engagement is partially or fully off-track for eight out of ten of the FSPs [Fragile States Principles]"* (OECD 2011b: 11).

### **3 The European approach to fragile and conflict-affected countries**

The EU does not drive the global fragile states agenda, but its policy frameworks have evolved in tune with international best practices. The EU has adopted the OECD's definition of fragile states:

*"Fragile regions or states lack the ability to develop mutually constructive relations with society and often have a weak capacity to carry out basic governance functions."* (OECD 2012; EuropeAid 2013)

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evident; and that, while emerging powers are officially involved in the Dialogue, they have not officially endorsed the New Deal (Locke / Wyeth 2012).

The EU can be described as a 'norm taker' rather than a 'norm maker' with regard to its engagement with FCA countries. The EU is not considered an intellectual leader on fragile states by the other major players. Rather, EU policy documents reflect internationally evolving principles, standards and codes of practice with a 'European twist.' The EU maps out the broad principles of its approach in a few key policy declarations: the 2003 European Security Strategy included state fragility as one of the key security challenges facing Europe (European Council 2003); the 2005 European Consensus on Development included state fragility among the areas on which EU development cooperation should concentrate (European Union 2006); and the 2007 European Commission Communication on Fragility launched an intra-EU discussion aimed at building a comprehensive strategy for engagement with fragile states (European Commission 2007). The Communication was followed by two November 2007 Council Conclusions documents which set a number of objectives for the EU's approach to the security-development nexus and its engagement in fragile states. The European Council expressed its intent to make coherent use of the many instruments at Europe's disposal in a 'whole-of-government approach,' promoting democratic governance and strengthening the capability of partner states to fulfil their key functions (European Council 2007a and b).

The EU's policy objectives can be summed up as the following:

- to support FCA countries through the whole peacekeeping, peacebuilding and statebuilding processes as preconditions for sustainable socio-economic development;
- to support partners in achieving the peacebuilding and statebuilding goals articulated in the New Deal;
- to hinder negative fall-out from conflicts that may present a security threat or humanitarian crisis for neighbouring countries and for the EU itself;
- to implement a 'comprehensive approach' which makes use of all of the EU's financial and institutional instruments to support partner countries' transition;
- to coordinate the activities of EU-level and member state actors at the country level as per commitments made in the 2005 EU Consensus and the 2007 Code of Conduct.

These objectives reflect international principles and best practices, while aspiring to make the most of the EU's perceived comparative advantages with regard to other international actors and its own member states. These include 'hard' advantages such as the EU's size, global reach, technical expertise, and civilian, military, diplomatic, financial, economic and human resources; and 'softer' resources such the EU's history as a peacebuilding project, its reputation as an honest broker without nefarious agendas, and its cultural and historical ties with many FCA countries.

### *The 2009 Lisbon Treaty*

The 2009 Lisbon Treaty's commitment to improve the coherence of EU external policies has particular significance for the EU's engagement in FCA countries. The Treaty explicitly named peace, conflict prevention and strengthening international security as

objectives of the EU's external policy.<sup>5</sup> The Treaty also created the EEAS, which assumed responsibility for the EU's international representation in January 2011. Managing security and development policy in fragile and conflict-affected countries has since become a central aspect of the Service's work (EEAS 2013). Formally, the EEAS incorporates agencies responsible for implementing the EU's Common Foreign and Security Policy (CFSP) and Common Security and Defence Policy (CSDP), and its role in programming the EU's development instruments have brought agents operating across the security-development nexus together under one roof (European Council 2010). Reforms to the Commission's DG DevCo included the creation of the fragility and crisis management unit, which works closely with the EEAS' development cooperation and conflict prevention units as well as with experts in DevCo's EuropeAid units responsible for financing country programmes in fragile states and African Union (AU)-led operations through the African Peace Facility (interviews January 2013).

As several analysts have noted, the post-Lisbon Treaty organisational and administrative structure has significant potential as a foundation for comprehensive approaches deploying the EU's arsenal of foreign policy instruments (Berger / Humuza / Janssens 2013, Furness 2013, Hellweg / Ivan / Kostanyan 2013). Cooperation has taken some time to bed in as the different organisations and individuals got used to their roles. The inclusion of responsibilities for development aid programming under the EEAS' mandate has not always been welcomed or seen as an opportunity by diplomats more interested in the 'high politics' of foreign relations and security diplomacy. Generally, however, officials working in the EEAS units that deal with developing countries and regions are positive about progress at the Brussels level on the security-development nexus and fragile states. As one EEAS official remarked, *"We are getting a broader idea of what development can do"* (interview January 2013).

### *The 2011 Agenda for Change*

The EU Commission's 'Agenda for Change' policy statement, published in October 2011, outlined the overarching objectives for EU development cooperation for the next decade or so. The document proposed four main priorities: inclusive and sustainable growth; democracy and good governance; security-development and state fragility; and differentiation between partner countries at varying levels of development. The document stated that the Commission *'should, in all regions, allocate more funds than in the past to the countries most in need, including fragile states'* (European Commission 2011a: 11). The Agenda's provisions on engagement with fragile and conflict-affected countries followed the OECD guidelines closely:

*"In situations of fragility, specific forms of support should be defined to enable recovery and resilience, notably through close coordination with the international community and proper articulation with humanitarian activities. The aim should be to maximise national ownership both at state and local levels so as to secure stability and meet basic needs in the short term, while at the same time strengthening governance, capacity and economic growth, keeping state-building as a central element."* (Commission 2011 a: 10)

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5 Article 21 (c) TEU.

Initiatives taken at the EU level in the context of the implementation of the Agenda for Change have further advanced the OECD Principles and the New Deal into EU policy on engagement with fragile and conflict-affected countries. When member states signed off on the Agenda at the May 2012 Foreign Affairs Council, they re-iterated the international community's guidelines:

*"The EU and its Member States shall pursue actions to implement the New Deal for engagement in fragile states, as set out in the Busan Partnership for Effective Development Co-operation."* (European Council 2012a: 3)

A second Communication on the EU's future approach to budget support proposed the development of '*state-building contracts*' with fragile states (European Commission 2011b: 6). For fragile states, state-building contracts were proposed as an innovative way of supporting capacity development in government agencies using budget support.<sup>6</sup> The expectation is that using budget support in fragile situations will prove a useful incentive for partner governments to improve their performance against transparency and good governance indicators.

### *The shelved fragility action plan*

In 2010, a draft EU Action Plan on Fragility was prepared based on experiences in six pilot countries: Burundi, Sierra Leone, Guinea-Bissau, Haiti, Timor-Leste and Yemen. The Action Plan was intended to clarify what role the EU level of Brussels institutions and EU delegations would have in relation to the EU's member states, particularly those with large presences in FCA countries. It was also intended to define the EU's role in relation to other actors, especially the UN, the World Bank and the United States.

Discussion among member state ministries, the Commission and the EEAS on the Action Plan stalled in late 2010 and the Action Plan was shelved. Senior officials in DG DevCo and the EEAS were reportedly reluctant to commit to the text, and the political will to push it through dried up. Officials who had seen drafts confirmed that the Action Plan was not revolutionary, but stressed aid effectiveness in situations of fragility and suggested ways to simplify procedures (interviews January 2013). Its shelving nevertheless attracted criticism from experts who argued that Europe's approach should be concretised into a unified strategy with clear political objectives, particularly in light of changes to EU external policy mandates and institutions brought about by the Lisbon Treaty (Castillejo 2011, Görtz / Sheriff 2012). A recent study for the European Parliament argued that the EU could take a major step towards realising its potential if it could define its peacebuilding and statebuilding role more clearly: Europe's overall objectives and the core areas in which the Commission and the EEAS delegations can add the most value (Gavas et al. 2013).

The fact that the Fragility Action Plan draft was not publicly released did not prevent the responsible units and individuals in the EEAS, DG DevCo and the EU delegations from

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6 Four eligibility criteria have to be satisfied: the existence of a national development strategy; a stability-oriented macroeconomic framework; a credible programme to improve public financial management; and publicly available budget information. For state-building contracts, these criteria are not applied as strictly as for budget support programmes under 'normal' circumstances. State-building contracts also imply that budget support is conditional on performance and can be withdrawn.

incorporating its most relevant and sensible provisions into policy and operations (interviews January 2013). In late 2012, the Commission released a policy paper on supporting resilience in crisis-prone countries that details the EU's policy frameworks for development cooperation focussing on peace and statebuilding, addressing climate change and disaster risk reduction, food security and disaster risk reduction (European Commission 2013). Some specific proposals made in the Action Plan draft, such as the establishment of an EU early warning mechanism to facilitate information sharing and preparedness, and the creation of a joint Commission/EEAS unit in charge of policy and operational support for security sector reform (SSR), were still being discussed two years after the draft was shelved (Keohane / Grant 2013). Several issues that arose in the context of the Fragility Action Plan remained in focus, as attention turned to the implementation level and the EU's 'Comprehensive Approach' to peacebuilding and statebuilding.

*Linking the policy and operations levels: The EU's 'Comprehensive Approach' to peacebuilding and statebuilding*

The 'Comprehensive Approach' is an expression of the EU's long-held ambition to develop 'whole-of-EU' approaches to complex external relations challenges. In arguing for a greater international role, EU officials have often pointed out that one of the Union's greatest added values is its ability to mobilise an array of instruments and capabilities that enable it to support partner countries (EEAS 2013). The Council Conclusions on the CSDP from July 2012 stated:

*"The Council looks forward to the development of a joint communication on the comprehensive approach by the European Commission and the High Representative. The Council underlines the importance of CSDP as an essential element for such a comprehensive approach." (European Council 2012b)*

The term 'comprehensive approach' was not coined in EU development policymaking circles but has emerged from discussions on the integration of civilian and military components in the CSDP (Johannsen 2011, Wittkowsky / Pietz 2013). The effort to broaden the perspective from crisis response to engagement with the longer term political and economic factors that make conflicts hard to resolve has brought socio-economic development processes into focus. A further development is the conscious effort to raise capacities in areas in which the EU can provide concrete support to peace processes, such as through mediation.

The ultimate goal of the comprehensive approach is to increase leverage across the EU's instruments so that they add up to more than the sum of their parts. However, the legal and bureaucratic intricacies of the EU system are such that decision-making and implementation processes that govern the way actors use instruments vary, and responsibilities lie in different parts of the policymaking system.<sup>7</sup> As Sherriff (2013) put

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7 These include financial instruments: humanitarian aid, the CFSP instrument, the ATHENA instrument for financing military missions, the Instrument for Stability and Peace, and the longer-term development aid instruments which constitute the lion's share of the EU's external relations budget. They also include the various EU-level actors who may become involved in an engagement: DG ECHO, the CSDP civilian crisis management structures and the EU military staff, the EU Special Representatives, the EEAS' policy units and regional and country desks, policy units in DG DevCo and DG Enlargement Neighbourhood, and many of the EU's global network of 139 delegations are directly or indirectly involved in supporting fragile and conflict-affected countries.

it: “Ask 10 people from across the EU institutions to define the comprehensive approach and chances are you’ll get 10 different answers.” A widely held view in Brussels is that clearer guidelines on how and when to use each instrument as an engagement proceeds would help actors better understand their roles and thus reduce the temptation to engage in turf wars (interviews January 2013).

A joint communication defining the EU’s ‘Comprehensive Approach to Peacebuilding and Statebuilding’ was to have been released in mid-2013, but was delayed, reportedly for the same reasons as the Fragility Action Plan (interviews June 2013). In December 2013, the Commission and the High Representative released their Joint Communication on ‘*the EU’s comprehensive approach to external conflict and crises*.’ This document provided a set of eight measures to enhance the coherence and effectiveness of EU policy in response to conflict and crises, but stopped short of outlining a comprehensive blueprint for supporting the entire peacekeeping/peacebuilding/statebuilding process. The Communication pledges to improve the EU’s capacity for analysis and conflict prevention in the first instance. In cases where conflicts turn violent, the EU should mobilise its various strengths and capacities, commit to long-term engagements, and take care to iron out potential incoherencies in its approach. The potential of the EU delegations for coordinating EU and member state activities at the country level is stressed and the comprehensive approach is linked to the EU’s emerging joint programming exercises. Cooperation with other European and non-European actors is prioritised also. The document is vague on one contentious issue, namely the need for ‘*a common strategic vision*’ shared by the EU institutions and member states (European Commission / HR 2013).

The Comprehensive Approach process is intended to provide important guidelines for policy design and implementation at the country level. In early 2012, EEAS, DG DevCo, DG ECHO and some delegation officials started work on policy guidelines for the use of financial and operational instruments, and developing conceptual tools (such as ‘conflict assessment tools’ and early warning systems) which can be mainstreamed into programming (interviews January 2013). These guidance notes were released publicly in November 2013. The instruments guidance note lists key questions that EU officials need to ask themselves when planning an intervention and stresses the need for in-depth information about conflict dynamics. A useful list of typical peacebuilding challenges that often require external support is provided. The document is candid about some of the obstacles that the EU faces in using its instruments, such as the limited time-scale of Instrument for Stability and Peace actions and the legal restrictions that the EU Treaties impose on supporting measures that have military implications.<sup>8</sup>

### *The EU delegations*

The EU delegations are key actors in translating the EU’s policy-level initiatives towards FCA countries into operations, and ultimately into outcomes at the country level. The European Commission has active development programmes in 43 countries classified by DFID as ‘fragile’ (House of Commons IDC 2012) and spends almost half of its aid budget in these countries (EuropeAid 2013).

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<sup>8</sup> See [www.capacity4dev.ec.europa.eu](http://www.capacity4dev.ec.europa.eu).

Following the Lisbon Treaty, the political mandate and logistical capacities of EU delegations have been increased, with the intention of lifting the EU's profile at the country level, both with the partner government and with regard to member state bilateral missions. The rather slim provisions on the delegations in the Lisbon Treaty (Article 221 TFEU) were given more substance by the July 2010 Council Decision on the EEAS (European Council 2010). Since then, the details of the delegation's enhanced roles have slowly become more defined. EU officials point out that, while the transition process is mostly technical, the technicalities are 'non-neutral' and at times involve difficult learning processes (interviews January 2013). One example of this is in the relationship between the delegations' operations and political sections. As a general rule, most operations section staff are Commission officials, many of whom have long experience in traditional development cooperation with its strong poverty eradication focus. Most are aware that their work cannot be apolitical, but some struggle with the more politicised role that the delegations are now expected to carry out. On the other hand, political section staff are usually EEAS officials with backgrounds in member state diplomatic services, the Council Secretariat or the former Commission DG RELEX. They do not always have in-depth understanding of development objectives and processes. In most cases, the individuals involved are aware of the potential for misunderstanding and open to learning from their colleagues. Nevertheless, the creation of political sections in the delegations has reportedly created tensions in some cases, particularly as the delegations' roles have increasingly included enhanced policy dialogue with partner countries (interviews January, February and April 2013).

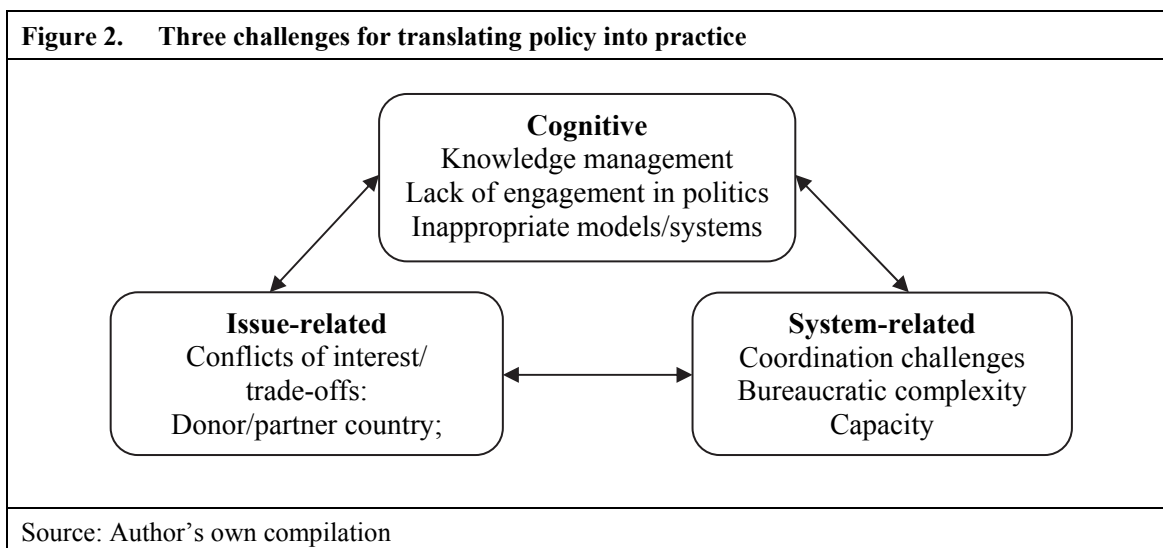
The delegations' role in FCA countries has several dimensions: at the policy level they have a formal function in preparing the EU's multiannual country strategies and annual programming. The delegation's country knowledge and interactions with partner-country governments, other donor organisations and civil-society actors feed back into decisions taken in Brussels about which sectors to focus on, what kind of instruments to use (for example whether to focus more on projects, contribute to trust funds, or use more budget support), and who to cooperate with. At the implementation level, the delegations have several functions: an incomplete list includes diplomatic representative of the EU, central coordinating platform for EU member states present in a particular country through the Heads of Mission (EU HOMs) meetings, participant in sector working groups, planner of EU-financed project implementation, overseer of individual programmes and projects, and interlocutor with international and local civil society (Hayes 2013). In order to properly perform these diverse roles, the delegations need to work through several challenges that intervene between the policy and the implementation level. Three types of challenge that pose particular hurdles in FCA countries are outlined in the next section and examined in more detail in the case studies below.

#### **4 The operations level: three common challenges for translating policy into practice**

FCA countries are difficult places to work and best intentions can easily be set aside when things go wrong or circumstances change due to political or economic shocks, or even the effects of a natural disaster. Things can also go wrong because changes do not happen quickly enough, conflicting groups are unable to work together, or because powerful



people take advantage of weak institutions to further narrow interests at the expense of everyone else. Accordingly, there is often a gap between what external actors, such as the UN, the EU, the World Bank, and bilateral actors such as the United States (US), the United Kingdom (UK), France, Germany, Japan, Canada and Australia, promise in their policy declarations and strategy papers and the practice of designing and implementing complex interventions and support programmes.



The peacebuilding and statebuilding literature debates several explanations for the policy-operations gap. These explanations can be grouped into three general categories: cognitive explanations around the availability, processing and use of knowledge and information; issue-related explanations that highlight conflicts of interest and difficult trade-offs; and system-oriented explanations that focus on actor capability and the challenges of working together. Although these categories overlap and are mutually reinforcing, they are also conceptually distinct and can be discussed in turn (Page 2008). These challenges arise in varying degrees with most development engagements and are not specific to fragile states. They are, however, sharper and arguably more difficult to resolve in FCA countries.

#### *Cognitive challenges: translating knowledge into action*

The OECD's Principles and the New Deal Peacebuilding and Statebuilding goals clearly state that external actors need to have a deep understanding of an FCA country's politics if their engagements are to be effective. Every fragile country faces a unique set of challenges and vulnerabilities, and every engagement involves hundreds of decisions about objectives, design, implementation and monitoring, most of which are affected by context. Contexts are invariably highly complex, especially outside capital cities and other urban areas where the state's presence tends to be replaced by other types of institutional organisation (De Weijer 2013b).

It is often argued that international actors lack sufficient specific, detailed understanding of the political situation or context in the countries where they intervene (Hout 2010; Allouche / Lind 2013). Poor understanding of conflict is perhaps a symptom of a wider issue in development policy circles, where many mainstream debates are still framed in

apolitical terms (Unsworth 2009), or even that aid agencies deliberately ignore the political dimension in a vain search for ‘politically neutral’ forms of engagement (Carothers / De Gramont 2013). When attempts are made to get to the roots of the fragility issue, disagreements about the nature of the problem – and what to do about it – sometimes emerge (Faust / Grävingholt / Ziaja 2013). Inadequate or inaccurate knowledge can also stem from poor quality data, especially on governance indicators when key institutions operate informally. Likewise, socio-economic data is often incomplete in countries where much of the economy operates underground.

Often, the problem is not of knowing what to do, but rather of knowing how to do it. Indeed, for the major development organisations, the issue is not usually so much lack of information as the difficulty of processing and translating knowledge into good policy choices and effective programmes (Clark 2013). This can lead to efforts to impose inappropriate institutional models, technocratic approaches to political problems, activities that exacerbate conflict situations and programmes that cannot adapt to changing circumstances (Andrews 2013). Difficulties with retaining institutional memory can create problems when it comes to using knowledge, especially regarding complex processes with deep historical roots.

A critique often levelled at the EU is that its approach is far from innovative – rather, the EU places overly heavy emphasis on technical aspects of governance such as public sector reform and public financial management (Hout 2010). Observers have suggested that the EU has been slow to react and to take up lessons learned by other international organisations, such as the OECD or the World Bank, on the need for better analysis of the causes of conflict and the question of how to move forward given the actors’ preferences and constraints (Collier 2009).

#### *Issue-related challenges: managing conflicts of interest and trade-offs*

International actors often experience conflicts of interest that can undermine engagements in fragile and post-conflict countries (Brinkerhoff 2009; Stewart / Brown 2010). These can manifest themselves in many ways, from direct conflicts between donor and partner-country economic or security interests to more subtle trade-offs between macro-level donor objectives such as peace and democracy (Grimm / Leininger 2012). Conflicts of interest often manifest themselves as specific trade-offs such as choices between initiatives in particular sectors, which, when not managed carefully, can undermine peacebuilding and statebuilding objectives. Some trade-offs, such as that between helping those most in need and improving aid effectiveness, are multidimensional and extremely difficult to resolve satisfactorily (Bold / Collier / Zeitlin 2009).

Perhaps the most significant trade-off that emerges from international engagement with FCA countries stems from the central importance of partner-country ownership of their own peacebuilding and statebuilding processes. The relationship is often tense, as can be seen in the difficulties between the international community and the Karzai government in Afghanistan or the Palestinian Authority in the Occupied Territories (Poggoda 2012). A partner government’s interest in entrenching its often fragile hold on power can clash with internationalist values, such as human rights or democratic governance. A partner-country’s interests in building infrastructure or focussing on a given economic sector may not square with the economic interests of donors. In fragile states, it is likely that conflicts

of interest on the partner-country side will be significant, such as those between elites and general populations, or between different social groups which had often been on opposing sides during the civil war (Jung 2012).

The partner government is the EU's primary interlocutor in developing countries. Nevertheless, the nature of the authority, capacity and legitimacy challenges experienced in FCA countries necessitates that external actors work with non-governmental partners as well. Local civil society organisations (CSOs) take many forms and have many functions. CSOs can serve as a public sphere, especially in countries where illiteracy is widespread or the media is compromised. They can act as important interlocutors between the state and citizens, whether as conduits of information or providers of services. They can have a crucial function in legitimising government or donor activities. The EU's official position is to work with and support civil-society actors for all of these reasons. But civil society comes in many forms, and not all of them are easy for Europeans to work with. Some civil-society actors defend values that are inimical to those promoted by the EU. Traditional African societies have long-established parallel governance structures, some of which are democratic and some of which rely on other systems, such as councils of elders or monarchical structures (Salih 2009: 154). In other cases, supporting CSOs can create problems with the government or the dominant elite, especially in less democratic settings.

Also significant are trade-offs between European interests expressed as values or principles and the reality of country-level operations. EU officials consider that a real strength of the EU is that it does not have 'other agendas,' such as the commercial interests or postcolonial ties that some member states may have. There is no national agenda, as the EU's 28+1 approach requires a common position to be formed, which is usually less politicised than those adopted by more unitary actors. The EU is, however, far from being a neutral actor, and its self-images of being both 'above the fray' and a 'model for the rest of the world' can manifest itself in a hectoring tone, which goes down badly with partners fully aware that the EU and its members are themselves far from perfect (Wallis 2011).

#### *System-related challenges: coordination and capacity*

The fact that many FCA countries are highly aid-dependent has raised questions about the effectiveness of aid and donor coordination in conflict-affected countries (OECD 2011a; Faust et al. 2013). Poor coordination is widely considered a problem at all stages of the process, from allocation and planning through to implementation at the country level. As Collier (2009) points out, donors have "*attempted to address the difficulties of failing states piecemeal.*" Coordination is arguably even more of an issue for the EU than for other donors, with the possible exception of the UN system. The EU must coordinate the activities of its constituent actors as well as engage in country-level coordination with other donors and with partner-country systems (Klingebiel et al. 2013). The complexity of the EU policymaking process sometimes reinforces inflexibility and Europe's ability to coordinate itself and with others (Orbie / Versluys 2008; Molenaers / Nijs 2011).

It has proved very difficult to make satisfactory progress on improving performance in this area. Many factors can undermine coordination, from a failure to appreciate the practicalities of implementing a programme that looked plausible on paper, to misunderstandings between headquarters and actors in the field, to time-lags caused by

decisions that must be taken by several organisations, to genuine differences of opinion about aspects of a policy or programme. Coordination can also fall victim to factors that are intrinsic to donors, such as siloing and turf wars between actors or even the different parts of a national or multilateral bureaucracy (Faust / Grävingholt / Ziaja 2013; Stepputat / Greenwood 2013). The resulting aid fragmentation poses a particular challenge to weak partner-country institutions and governments who are faced with a plethora of international actors, some of whom may be pursuing agendas at odds with peacebuilding and statebuilding priorities.

Poor coordination can also result from issues on the partner-country side, including poor capacity or lack of will (de Coning / Friis 2011), but also sometimes from the deliberate political decision to allow programmes to proceed in an uncoordinated manner. In some fragile countries, national development strategies are poorly articulated and it is hard for external actors to align with them. In other cases it is not clear which local actors to support, as many are by definition parties to the conflict. In other cases, the key factor is one of design, such as procurement procedures, coordination planning, the size of the budget, or monitoring. Often, key factors are ‘softer,’ such as the capability of the person(s) selected to manage a project, or the decision of a local leader to take part in a meeting.

Capacity is by definition an issue for FCA countries. It is nevertheless often cited as a reason why policies are difficult to implement. The issue is somewhat tautological: international actors have to intervene to support FCA countries because of low state capacity, and then this same lack of capacity is blamed for implementation failures and delays. In fragile and conflict-affected countries this is often experienced as the absence of essential services, such as clean water, electricity, primary healthcare, and basic education. Where capacity and willingness are lacking, the international community’s core focus should be on building these so that the partner country can take responsibility as soon as possible. Country partners need to be part of the management of technical assistance from the beginning and this role should increase over time (Basler 2011: 4). However, the EU often implements projects through partners and agencies that it has little control over. Local actors have been unable to play a bigger role, and reliance on large international NGOs and trust funds has not helped state-capacity-building.

## **5 The implementation level: EU engagement in 3 FCA countries**

This section discusses the EU’s engagement in three fragile and conflict-affected countries – South Sudan, Nepal and Liberia – with reference to the three explanations for the policy-operations gap outlined above.

The three case countries have been selected for four main reasons. First, they are all ‘typical’ fragile states: low income, small(ish) countries recovering from serious violent conflict. All three countries have major fragility problems on all three dimensions: authority, legitimacy and capacity. Lessons can be therefore learned from these three cases that are likely to be applicable to peacebuilding and statebuilding engagements in similar FCA countries. Second, in all three countries a formal peace agreement is being

<b>Table 1: South Sudan, Nepal and Liberia at a glance</b>			
	<b>South Sudan</b>	<b>Nepal</b>	<b>Liberia</b>
Independence	2011	1768	1847
Most recent violent conflict	2 <sup>nd</sup> Sudanese war 1983 – 2005	Nepalese civil war 1996 – 2006	2 <sup>nd</sup> Liberian civil war 1999 – 2003
Population (2013 est.)	11,090,104	30,430,267	3,989,703
Life expectancy at birth	62	69	57
Formal peace agreement	2005	2006	2003
GDP/capita (2012)	US \$1,000	US \$1,300	US \$700
Poverty % (nat. poverty line)	50.6 %	24.8 %	83.8 %
World Bank IRAI score	-	3.3	3.0
HDI (rank)	-	0.463 (157)	0.388 (174)
ODA-GNI % (2011)	7%	4.7%	53.6%
ODA per capita (2011)	US \$105	US \$33	US \$188
Sources: UNDP 2013; 2011 IDA Resource Allocation Index; World Bank World Development Indicators, Wikipedia Commons, CIA World Factbook			

implemented with the assistance of the international community.<sup>9</sup> The underlying conflicts remain present in all three countries and all will require international support for some time to address at times serious authority, capacity and legitimacy deficiencies. Third, the EU delegation has a prominent role in all three countries and the EU will most probably maintain country programmes in all three for the next decade at least. Fourth, there are contrasts between the EU-level and country-level framework conditions for the EU's engagement in these three countries that make comparisons of how cognitive, issue-related and system-related factors intervene between the policy and operations levels possible.

## 5.1 South Sudan

### *Background to the EU's engagement*

The Republic of South Sudan seceded from Sudan in July 2011 after decades of civil war ended by the 2005 Comprehensive Peace Agreement (CPA). Two and a half years after independence, the domestic political, economic and security context for development in South Sudan remains extremely difficult. The Government of the Republic of South Sudan (GRSS), dominated by the Sudan Peoples' Liberation Movement (SPLM) has had the unenviable (and unique) task of building a country almost literally from scratch. During the 2005-2011 CPA period, the SPLM's main focus was on achieving independence from the North rather than on preparing for life as a sovereign country. This emphasis is understandable, given that independence was never certain until Khartoum accepted the massive vote for independence in the January 2011 referendum. It nevertheless meant that

9 All countries have formal CPAs: either a Comprehensive Peace Agreement (Liberia and South Sudan) or a Comprehensive Peace Accord (Nepal).

the SPLM devoted little space to thinking about the country's longer term development priorities. Many things, from the provision of humanitarian aid, basic services and security to the drafting of the country's national development strategy, were taken over by the international community (Morton 2013).

From a security perspective, South Sudan is extremely fragile. Ongoing conflicts with the North mean that resumption of international war cannot be ruled out. Domestically, inter-tribal tensions over land and livestock have flared into occasional violence, especially in Jonglei State. Politically, South Sudan is effectively a one-party state, but the SPLM is split by factions whose power-bases are built on regional and tribal loyalties (Stigant 2013), raising fears that the country risks a dangerous conflict between its two largest ethnic minorities.<sup>10</sup> According to UN officials in South Sudan, the international community does not have a contingency plan for the case that the SPLM splits along tribal lines (interviews February 2013). These fears proved well founded in mid-December 2013, when the SPLM's internal feuds turned violent and quickly escalated into a devastating civil conflict that levelled the towns of Bor and Malakai, reportedly killing more than ten thousand people and causing many hundreds of thousands to flee their homes and take refuge in UN compounds and neighbouring countries.<sup>11</sup> A peace agreement between the rival factions was signed in Addis Ababa on 23 January 2014. Many observers have expressed scepticism that the country will be able to develop without lasting reconciliation between the rival factions and their tribal power-bases (interviews February 2013).

The economic context to the EU's engagement in South Sudan is defined by the long-running dispute between Khartoum and Juba over the transportation of oil from wells in South Sudan to the tanker terminal at Port Sudan on the Red Sea. According to the South Sudan Ministry of Finance, oil revenues provided around 98 per cent of the GRSS' budget, amounting to more than US \$8 billion between the signing of the CPA and independence (Hamilton 2010). Following the GRSS' decision to suspend oil exports in January 2012, South Sudan's GDP fell by 52%, forcing the GRSS to suspend capital investments and implement an austerity package.<sup>12</sup> The international community has invested heavily in supporting South Sudan's long-term economic diversification through aid-funded programmes aimed at developing the country's infrastructure and in particular its agricultural sector.

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10 'South Sudan plunged into political crisis as president dissolves the government in power struggle,' *Independent*, 24 July 2013. Political tensions between senior politicians – particularly President Salva Kiir Mayardit and Vice President Riek Machar, culminated in the sacking of Dr Machar, SPLM Secretary-General, Pagan Amum and several cabinet ministers on 23 July 2013. President Kiir is from the Dinka, South Sudan's largest ethnic group; former Vice President Machar is from the second largest group, the Nuer.

11 See David Smith 'South Sudan: the death of a dream,' *Guardian*, 20 January 2014; Nicholas Kulish 'Old Rivalries Reignited a Fuse in South Sudan,' *New York Times*, 31 December 2013; Daniel Howden 'South Sudan: the state that fell apart in a week,' *Guardian*, 22 December 2013.

12 *Sudan Tribune*, 27 July 2013. South Sudan suspended oil exports following a dispute over transit fees. Following a deal brokered by the Chinese government and African Union mediator Thabo Mbeki, exports were partially resumed in the Spring of 2013 but the games have continued, with Khartoum accusing Juba of providing shelter and support to rebel groups active in Sudan's southern provinces, and Juba claiming in turn that Khartoum has been backing rebels in South Sudan's eastern Jonglei state.

In preparation for South Sudan's independence, the EU upgraded its representation to a full delegation in May 2011 and inaugurated the European Union compound in Juba.<sup>13</sup> In addition to the EU delegation, the UK, France, Germany, Italy, Denmark and Spain have representations in the compound, while Sweden has an office in another part of town. The EU's engagement with South Sudan is based on the EU single-country strategy, which is aligned with the country's 2011-2013 National Development Plan.<sup>14</sup> The document identifies the principal sectors for EU and member state engagement as rule of law, health, education, infrastructure (mainly water and sanitation) and agriculture/food security. Several EU member states and ECHO are also committed to humanitarian assistance in South Sudan. All of the EU-level instruments, except military intervention, have been deployed in the country: an EU Special Representative for Sudan and South Sudan, the EUAVSEC CSDP mission at Juba international airport,<sup>15</sup> Instrument-for-Stability financed initiatives, a large humanitarian assistance programme and European Development Fund (EDF)-financed programmes and projects. The EU's response to the South Sudan crisis is likely, therefore, to be a real test for the Comprehensive Approach, which was articulated just as the violence escalated in December 2013 (European Commission / HR 2013).

### *Cognitive factors: political analysis and engagement*

EU officials in Brussels and in Juba are very well informed about many aspects of South Sudan's politics such as the internal conflicts in the SPLM and the dynamics of inter-tribal tensions. They are also well informed about the geopolitics of South Sudan's relations with Sudan and the interests of the other big players – especially China and the US – in the country and its development. Information comes from several sources: the office of the EU Special Representative for Sudan and South Sudan provides intelligence on regional geopolitics. The upgrade to a full delegation has increased the EU's capacity for political analysis and engagement at the ambassadorial level and through the delegation's political section. Several expatriate staff, such as the head of the ECHO office in Juba, some member state officials, and member state implementation agency staff, have long country experience which has benefitted new arrivals. Prior to the outbreak of violence in December 2013, officials did not only spend their days in the EU compound but engaged actively in information gathering and exchange, both in Juba and in the regions.

This does not mean that the EU delegation has always been able to translate knowledge into action. Some obstacles are structural: on the donor side, the Troika – the US, the UK and Norway – has been the main forum for political discussions with the SPLM. The Troika have seen themselves as 'midwives' for the new country and the US especially has significant leverage through instruments such as debt relief, as well as through the high-

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13 Previously the EU's Juba office, which was opened in 2009, was a branch of the delegation in Khartoum.

14 From an EU perspective the South Sudan joint strategy is a highly important document, as it is a pilot for joint programming of EU development cooperation through which the EU intends to organise division of labour at the country level.

15 The airport security mission ended somewhat unsatisfactorily on 17 January 2014. The GRSS contract with a Chinese construction firm to build Juba's new airport terminal was suspended in 2013 following the 2012 oil shutdown. The mission nevertheless claimed several successes, including the establishment of a civil aviation authority, improved capacities in the South Sudanese transport ministry, and improved security practices at the airport. See [www.euavsec.eu](http://www.euavsec.eu).

level engagement of Secretary of State John Kerry. The UK has a long history in South Sudan, while Norway supported the Sudan Peoples' Liberation Army (SPLA) through the Sudanese civil war. Troika members have expressed openness to expanding membership to include the EU, but it is not clear whether this represents a sincere commitment (interviews February 2013).

On the policy side, the EU's experience in South Sudan between independence and the violent breakdown of December 2013 provided a telling example of how rapidly changing political and economic circumstances can upset the best-laid plans. The EU was able to react to shifting circumstances, somewhat ironically by (unofficially) shelving its own joint strategy. The EU Single Country Strategy is aligned with the GRSS' August 2011 National Development Plan, which was itself based on the assumption that oil revenues would boost public revenue and enable ambitious development projects. When the GRSS shut off oil exports in January 2012, EU officials were "*amazed that they had shot themselves in the foot*" (interviews February 2013). The GRSS cancelled the meeting in Juba at which the Single Country Strategy was to have been presented, and EU donors shifted their focus to assisting the GRSS through the 'fiscal cliff' they were expected to face when petrodollar reserves ran out. The EU Joint Strategy was left to stand, partly in the hope that the oil crisis would be short-lived, but also because of the risk that a *de facto* suspension of the joint programming exercise for a pilot country might have had for the whole EU process. But joint programming was hardly referred to in the wake of the oil suspension, principally because revising and re-ratifying it would have taken too long, but also because the systems supporting it were not established enough for it to be the go-to crisis management framework. The oil shut off did, however, provide the EU with a unique opportunity to get into serious dialogue about institutions, governance fiscal reform, and accountability, with the added leverage that the country's increased aid dependence during the austerity period would provide (interviews February 2013). The tragic events of December and January 2014 have, of course, returned the EU's focus on South Sudan to the country's humanitarian crisis and efforts to achieve a ceasefire (European Council 2014).

#### *Issue-related factors: conflicts of interest and trade-offs*

The GRSS does not always do things the way that the EU and other international donors want them to. Although some country-level experts have questioned the commitment of elements of the GRSS to the task of building the state and developing the country (interviews January and February 2013), several factors stemming from the sheer magnitude of the GRSS' task shape its preferences with regard to the EU and the wider donor community. The country has two linked, and yet distinct, political systems: the government in Juba and the state capitals; and the tribal system which is more important to most of the population. In order to balance these systems and keep the peace, governance is organised domestically in such a way that everyone gets something. Accordingly, clientelism has been the preferred means of organising public procurement and government jobs. Most senior government officials are former soldiers who are not used to dealing with donors, do not have the technical expertise to oversee complex programmes and projects, and do not want to negotiate on sensitive issues where the EU has strong interests like human rights and rule of law. Many experts believe that the SPLM does not see the need to build legitimacy through public services, as it considers that, after such a long war, merely having peace is sufficient for many people (interviews



February 2013). Much of the public anger directed at the highest levels of the SPLM since violent conflict erupted in mid-December 2013 directly challenges this elitist view.

A stumbling block that may derail EU-GRSS relations is the GRSS's non-ratification of the Cotonou Agreement due to its references to the International Criminal Court (ICC). GRSS officials have argued that, if they had to ratify the Rome Statute because of Cotonou, they would have to arrest Sudanese President Omar al-Bashir were he to land in Juba, and this would damage their relations with Sudan. A more likely reason is that some SPLA generals may also be of interest to the ICC. A further issue related to the Cotonou Agreement itself is that it would mean conditions and obligations that the South Sudanese would likely find onerous. Preparations for joint programming under the 2014-2020 EU budget have proceeded under the assumption that the EU delegation will be able to use the 11th European Development Fund. If South Sudan does not ratify Cotonou, a different joint programming model, coordinated and financed bilaterally by the member states, will be needed. EU officials also believe that the delegation itself will be downsized if Cotonou is not signed, and the EU institutions' country presence may be reduced to a primarily humanitarian aid focus (interviews February 2013).

#### *Systemic factors: coordination and capacity*

Until the tragic events that began in of December 2013 set the country back several years, South Sudan's development landscape had favourable preconditions for donor coordination: although donor agencies have flooded in since independence, aid fragmentation is not considered to be as much of a problem as in many other countries where there are more donors with longer-established programmes, and large numbers of very small players doing 'good works'. As the donor community in Juba has grown, a so-called 'G6' has emerged, which includes the Troika plus the EU delegation, the UN Mission in South Sudan (UNMISS) and the World Bank. Other donors, including Canada, the UNDP, the African Development Bank (ADB) and some EU member states, join monthly meetings at various times, creating the 'G6 plus' and even the 'G6 plus-plus' configurations.<sup>16</sup> There are several interconnected donor forums and an increasing number of meetings, although coordination between them has not been as structured as many officials would have liked (interviews January 2013).

The international donor forums are linked to the South Sudanese aid architecture, but this is poorly developed. The GRSS' efforts to coordinate donors are detailed in its November 2011 Aid Strategy, aligned with the New Deal and the peacebuilding and statebuilding goals. This places heavy emphasis on GRSS ownership and donor use of country systems. The Strategy outlines the GRSS' aid coordination mechanisms, starting with an international High-Level Partnership Forum, a country-level Quarterly Government-Donor Forum, an Inter-Ministry Appraisal Committee and Sector Working Groups co-chaired by the GRSS and a lead donor. These are underpinned by the Aid Information

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16 Chinese presence in South Sudan increased between independence and the December 2013 crisis. Politically, China's main priority is to foster peaceful relations between Khartoum and Juba. Economically, China has a strong interest in ensuring that South Sudanese oil is exported from Port Sudan in the North. The Chinese ambassador has been active in pursuing both objectives. The Chinese government and investment banks have not yet become involved in major public infrastructure projects in South Sudan to the same extent as in other African countries, but Chinese construction companies have been involved in building hotels, office blocks, warehouses and residential compounds.

Management System, a database to which all donors are supposed to provide information on their activities (Republic of South Sudan 2011). Prior to the December 2013 crisis, the aid architecture was said to be working better in some sectors than in others: health and education were generally considered to be working reasonably well, to the extent that the GRSS were meeting regularly with donors to discuss planning, budgeting, monitoring and evaluation. In the education sector, nearly 2 million South Sudanese children are in school, a six-fold increase since the CPA (interviews February 2013). Security and rule of law are said to be poor, where initial meetings have not been followed up.

The EU has made a major effort to coordinate community and member state programmes through its joint programming exercise, but this has not, thus far, proved to be an effective coordination mechanism beyond information exchange. The EU delegation saw joint programming as an opportunity to demonstrate to the donor community and the GRSS the added value of the joint approach under EU leadership. Most EU member states, however, regarded it as an add-on to their bilateral engagement rather than as an overarching coordination mechanism. Some reportedly saw joint programming as a chance to get EU money to support bilateral programmes and agencies (interviews January and February 2013).

Poor capacity on the South Sudanese side is often cited as a reason why donor coordination has been patchy. Some officials argue that this is partly due to GRSS inability to use its potential leverage with donors strategically. Others question whether the GRSS has a strategy at all, and attribute this to the lack of unity within the government and the SPLM. As one official remarked, *“the government wants to move carefully, to discuss some things with everyone, some things with no-one”* (interviews February 2013). The country’s National Development Plan was not drawn up by the GRSS but by international consultants, resulting in contingent ownership. Administrative capacity is severely lacking, to the extent that many senior government officials lack computer skills and even basic literacy in some cases. Technical tasks in the ministries have been mostly carried out by international consultants financed by aid programmes. Some basic training courses for the staff of South Sudanese ministries and government agencies are available, but there is still a serious lack of IT training and other skills. These capacity deficits are, of course, likely to have been exacerbated massively by the tragic events of December 2013 and January 2014.

## 5.2 Nepal

### *Background to the EU’s engagement*

Since the Comprehensive Peace Accord ended Nepal’s decade-long civil war in 2006, the peace process has progressed slowly, with successes interspersed by frequent setbacks. The declaration of a Federal Democratic Republic of Nepal in May 2008 ended 240 years of monarchy, but it did not resolve the deep-rooted ethnic and class conflicts that pushed the country into civil war. Nepal’s war was extremely serious, especially regarding its socio-political causes and consequences. It was, nevertheless, not as destructive as the conflicts in Liberia and between the two Sudans. Unlike in the Africa cases, Nepal emerged from the Maoist war with a functioning and professional civil service in Kathmandu which could partner the international community although, in the regions,

state capacity is much lower and more contested. Nepal is still a fragile country, vulnerable to internal political shocks, external economic shocks, food shortages in some regions and the potential effects of natural disasters. Although extreme poverty rates have fallen sharply since 2003, Nepal has one of the highest levels of economic inequality in Asia (World Bank 2013b). Economic growth since the CPA has been slow, limiting the 'peace dividend' for ordinary people (Mallik 2012).

The main statebuilding issues for Nepal arise from the country's dysfunctional constitutional process. Nepal has held democratic elections and has managed to integrate the former Maoist rebels into the country's mainstream politics. Consensus remains fragile and formal steps forward are frequently postponed, while public frustrations are aired in wildcat strikes and protests in Kathmandu and other cities. As noted by the EEAS, "*A broad political consensus has not been achieved, nor has an efficient implementation framework been put in place*" (EEAS 2010: 6). Nepal's constitution-building process has come up against major divisions over the organisation of decentralisation and federalism. Political parties and organised social groups have not been able to reach agreement on several contentious issues, including the basis for federalism (whether states should be organised along ethnic, geographical or economic viability lines), and the type of electoral system (Hachhethu 2009).<sup>17</sup>

The EU opened a full delegation to Nepal in 2010. Its 2007-2013 country strategy allocates US €120 million in aid to Nepal. It is likely that the EU will allocate more aid to Nepal under the next EU budget in accordance with the Agenda for Change's intention to focus more on poor and fragile countries and end aid programmes to middle income countries, especially in Asia and Latin America. The EU delegation is involved in three sectors: education, peacebuilding and economic cooperation. Most of the EU's aid is disbursed through two large programmes – a contribution to the Nepal Peacebuilding Trust Fund (NPTF) and an education budget support programme. The delegation is also responsible for overseeing a large number of smaller projects, mostly related to governance in the peacebuilding sector. Efforts in the economic sector, dubbed 'trade,' focus on integrating Nepal into the international community. Nepalese observers have recognised the EU's major contribution and praised the EU's constructive interventions in support of conflict resolution, democracy, rule of law and human rights (Hachhethu 2009). The EU deployed 120 observers for the constitutional assembly elections in 2008 and has subsequently supported the constitution-building process. The EU delegation in Nepal has been regarded as a model for EU engagement in other FCA countries (interviews March and April 2013). Although some voices criticise the EU for not pushing hard enough, its work in Nepal appears to be providing a positive contribution to change in the country without risking major reversals.

### *Cognitive factors: political analysis and engagement*

Lots of things happen in Nepal that surprise donors: the Maoists, for example, have become part of the system in ways that few Westerners expected. The failure to reach

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17 The constitutional process has, nevertheless, been conducted in a reasonably civilised manner in comparison with other post-conflict countries. Even the wildcat strikes are well organised, with prior announcements that warn people to stay off the streets, and police assistance for striking groups and protestors.

agreement on the constitution in May 2012 was a watershed moment for many diplomats in Kathmandu, who realised only then the importance of the regions outside the capital (interviews March 2013). Nepali political parties have proved adept at giving different messages to the international community and to their own supporters, especially on issues like federalism, where donors were led to expect a deal even though elite political party members considered it unpalatable (interviews March 2013). These experiences have led to risk-averse behaviour on the part of donors who have tended to avoid areas where problems may arise, and rather pick easy to explain stories. According to some experts, this goes a long way towards explaining the tendency of many donors to prefer smaller projects in sensitive governance sectors, which are easier to focus and monitor, and affect less people if they have to be closed down (interviews March 2013).

International embassies rely on information from local staff and look to hire the best and brightest available. The result is that most local staff are from the dominant Brahmin-Chhetri caste. This does not, of course, necessarily mean that donor agencies are misinformed or misled about local issues involving indigenous or Dalit groups. Many local staff have chosen to work for foreign embassies and aid agencies precisely because they want to engage with these issues. But the background of foreign embassy and aid agency staff is widely considered to be an issue for their understanding of the country's socio-political intricacies. As one (Western) interviewee remarked, "*Nepalis with Harvard PhDs don't speak local languages*" (interviews March 2013).

The EU delegation is, nevertheless, very well informed, including through its local staff. EU delegation staff say that the delegation's resources have doubled since it opened in 2010. One benefit of funding smaller projects in the governance sector is the information the delegation receives from implementing NGOs and local partners. The UN is a further source of information for the whole donor community, particularly regarding the impact of projects and programmes in regional areas. There is a lot of awareness of the sensitivity of key processes, such as voter registration (especially female), and it is clear from comments made by EU and other donor agency officials, and local experts, that the EU delegation and the wider European community have learned from some chastening experiences (interviews March 2013).

Few Nepalis have a detailed understanding of the EU. For many people, the EU delegation is interchangeable with DFID, Germany's GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) or even non-EU members Norway and Switzerland. One Nepali expert said that when many of his compatriots are asked about the EU they start to talk about the 'Scandinavians,' which they take to include Norway, the UK and the Swiss, but not the United States, Japan and – interestingly enough – Germany, which is considered to be a major donor and often discussed separately from the 'EU group.'<sup>18</sup> Also included in the EU group are a large number of Scandinavian NGOs in Nepal – including Norwegian NGOs – which are active in most sectors (interviews March 2013).

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18 Germany is widely considered to have refrained from joining the rest of the EU's 'radical agenda.' It is probable that German contributions to the restoration of important historical sites in Nepal have had the unintended result of providing a buffer of legitimacy that has forestalled criticism by Nepali elites.

*Issue-related factors: conflicts of interest and trade-offs*

Nepalese society is made up of more than 100 caste and ethnic groups.<sup>19</sup> The 'high-caste' Brahmin/Chhetri groups have dominated the country for hundreds of years. Although most people recognise that society needs to become more inclusive, the ancient socio-political structure is entrenched and unlikely to change rapidly. One NGO staffer remarked that "*Nepalis are good at talking about inclusiveness, but walking the talk is different*" (interviews March 2013). The leaders of the main political parties, officials in the bureaucracy, media and academia are virtually all Brahmin/Chhetri and have more in common with each other than they do with the rest of the population. The interim constitution requires that the civil service has quotas for people from lower caste backgrounds, but some organisations – including the national human rights commission – have been unable to fill their quotas. This deep-seated tension is reflected in the national debate about federalism: a deal is necessary for the conclusion of the constitutional process, but this requires agreement between the political parties and indigenous groups.

The Nepali caste system has proved a minefield for the Europeans. The main conflict of interest for EU donors has arisen from their support for inclusiveness, indigenous groups and lower castes. There is a perception among some sectors of Nepali society, particularly the intelligentsia, that the EU has involved itself in issues that have created animosity and misunderstanding in certain communities. European calls to respect freedom of religion have been seized upon by right-wingers and EU donors have even been criticised in the press for 'proselytising Christianity.' Some Nepalese even blame the Europeans for the failure of the constitutional process, because promotion of inclusiveness led to disharmony that caused the process to founder on the federalism issue (interviews March 2013).

Mistakes have certainly been made. The most high-profile recent example was the May 2011 scandal when aid to the Nepal Federation of Indigenous Nationalities (NEFIN) was stopped after the umbrella organisation for 56 ethnic minority groups started using violence to enforce strikes. Nepali intellectuals accused donors of "*implanting ethnic divides*" and promoting rights but not responsibilities (interviews March 2013). DFID was the donor most caught up in the scandal, but the EU delegation, which had also been funding NEFIN indirectly, was also tainted. The European donors swiftly withdrew funding for NEFIN, but the accusation that 'Europeans' were fomenting conflict by trying to empower minorities stuck.

The NEFIN scandal has led to more risk-averse behaviour with regard to social inclusion and caste issues. Donors have started to move away from a discussion of inclusiveness centred on ethnicity or class and started to talk in terms of wealth quintiles. EU delegation officials acknowledge that the NEFIN affair led to a realisation that a mixed approach is likely to be more successful. As one official said, "*Maybe we're a bit more sensitive to issues and we try to explain more what the EU funds and what it doesn't.*" (interviews March 2013).

The conflict of interests around inclusiveness has created unpalatable dilemmas for donors between 'hard' objectives in the infrastructure, education and health sectors, and 'soft' objectives in the areas of socio-political participation and human rights. Many Nepalis in

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19 The ethnic communities are divided into four main groups: Hindu Brahmin/Chhetri 'high castes', indigenous Janajatis, Madheshi peoples from the plains and Dalits (Hachhethu 2009).

government and academia argue that the donor community, including the EU, should focus less on inclusiveness as such, and more on improving the living standards of marginalised people. One Nepali interviewee remarked *“instead of giving lots of rupees for constitution-building, we should invest in 100MW of hydropower”* (interviews March 2013). From the point of view of one senior government official, the EU and other donors are not helping Nepal create jobs but are rather supporting political processes. This view is also shared by several experts in the donor community, who argue that the government needs support in delivering peace dividends to citizens, in the form of schools, clinics, water treatment plants, roads and bridges, at least until there is more will to “do the soft stuff” (interviews March 2013).

The EU delegation has been mostly successful at avoiding controversies, even if this has created the appearance of an unwillingness to accept risk. One local expert remarked that *“the Euros have to go out the door, so the donors look for safe things to do”* (interviews March 2013). The delegation has been wary of sensitive local governance issues and has preferred to engage at local level through grassroots projects. The delegation’s careful approach to political issues is (perhaps unsurprisingly) seen as a positive on the Nepalese side – government officials regard the Europeans as core development partners, while the Chinese, Indians and Americans are seen as less reliable and more political (interviews March 2013).

#### *Systemic factors: coordination and capacity*

Compared to other FCA countries, donor coordination in Nepal functions in a manner acceptable to most observers. One expert from outside the official scene described the main incentive as a *“need for safety in numbers”* (interviews March 2013). Perhaps more important is the Nepalese government’s capacity to coordinate donors, especially around the NPTF. The Nepalese government has a strong expectation that donors will honour their coordination commitments expressed in the 2005 Paris Declaration on aid effectiveness, the OECD Principles and the Busan New Deal (interviews March 2013).

Donor coordination in Nepal is mostly organised by the UN, which hosts regular meetings of the International Development Partners Group and prepared the Basic Operating Guidelines (BOGs), a copy of which hangs on nearly every donor agency wall. The BOGs have been signed by the UN, the European Commission, all of the major EU bilateral donors, Japan, Australia, Canada and the Association of NGOs in Nepal.<sup>20</sup> Despite the BOGs, some donors, such as the Japan International Cooperation Agency (JICA) and USAID, reportedly do their own thing, while the Asian Development Bank was described as ‘opaque’ by one interviewee (interviews March 2013). Several experts noted that USAID money is not programmed through Nepal’s country systems. The NPTF acts as a common forum for the government and donors. The Swiss Ambassador chairs the NPTF from the donor side, and has insisted that this implies a coordinating function. The donor community accepts the Swiss lead, as does the Nepali government. Coordination on the NPTF is generally regarded to be working well by both donors and Nepali government officials (interviews March 2013).

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20 Some donors reportedly use the BOGs as benchmarks for deciding whether to fund politically active local NGOs.

Coordination among EU donors is close but *ad hoc*: the delegation works with DFID on a number of files, including education, elections and the NPTF. Cooperation with BMZ and GIZ takes place with regard to Nepal's peacebuilding programme and technical support for the NPTF. Since 2010, DFID funds have supported the Commission's contributions to the education sector, while DFID has received Commission funds to implement climate change initiatives in Nepal. (EuropeAid 2012: 101). Nepali government officials regard intra-EU coordination as coherent and sector-wide, especially with regard to European contributions to the NPTF and the EU's role in the education sector. A further perception among Nepali experts is that, while the European donors are not harmonised, they do communicate what they are doing among each other and with local partners, and that they try not to compromise what other donors are doing. EU HOMs meetings are chaired by the EU ambassador, and the Delegation takes the lead on certain issues, such as working groups on human rights and elections. Switzerland and Norway also attend the EU HOMs meetings. The two non-EU European countries are considered 'like-minded' and their participation is welcomed by the EU Delegation. EU HOMs meetings were described as 'quiet' by some officials (interviews March 2013).

The EU Delegation in Nepal is not universally regarded as an easy partner to work with. It has the reputation of having lots of money but Byzantine processes. One Nepali interviewee remarked that it is *"too hard to get a few million Euro out of them."* NGO staff in Kathmandu complained that information is not always clear, and demands can be expressed impolitely. At one project launch meeting EU officials reportedly upset several Nepalis present with impatient answers to questions and brusque instructions to 'read the manual' (interviews March 2013). Nepali officials nevertheless compare dealing with the EU Delegation to dealing with the UN, World Bank or the International Monetary Fund (IMF), which are more useful in certain areas than smaller bilateral donors, but even less easy to deal with than the EU. Nepalis note that the EU system has become more bureaucratic since the Lisbon Treaty ended the six-month rotating presidency, although they can now get all of the information they need from one office. EU Delegation staff approach this issue with good humour, sympathising with Nepalis about how bureaucratic things are in Europe, and commiserating that requests and proposals take time to process (interviews March 2013).

### 5.3 Liberia

#### *Background to the EU's engagement*

Liberia is a small country of only four million people but receives a lot of attention from the international community. This is partly due to the driving force of Liberia's President Ellen Johnson-Sirleaf, who has been a prominent multilateralist and darling of the international community.<sup>21</sup> The President has set Liberia the goal of being free from ODA within a decade and a middle income country by 2030 (USAID 2013). Liberia's post-conflict reconciliation and justice processes have also received a lot of Western attention,

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21 While there is some disquiet about President Johnson-Sirleaf's appointment of her sons to key strategic positions, there is also a certain acceptance of her explanation that she needs people she can trust. The donor community is looking ahead with anxiety to the 2017 election, when Johnson-Sirleaf's time in office will end.

particularly the arrest and ICC proceedings against former President Charles Taylor. International investment in Liberia has re-started, following an uncertain period around the 2011 elections. The World Bank notes that Liberia's medium-term economic prospects are good, with a predicted annual growth rate of 7%, but the country remains vulnerable to external shocks (World Bank 2013a). Oil has recently been discovered and the major international oil companies are very interested in the country's potential. Experts note that, despite the potential for a boom that would provide the country with the lift it needs, systems are not in place to ensure that revenues are managed equitably (interviews April 2013).

Liberia's civil wars were particularly nasty and destructive. The wars are often said to have 'destroyed everything except the brewery' in a country once regarded as one Africa's success stories. In such a small country, nearly everyone has personal experience of the violence, which left communities with deep sociological and psychological wounds that will take decades to heal. The security situation in the border areas towards Côte D'Ivoire is particularly fragile. The border itself is porous and not well controlled, and bands of former soldiers and mercenaries are active there. Several peacebuilding issues remain highly challenging, including the national reconciliation process, gender equality and land rights (United Nations Peacebuilding Commission to Liberia 2013). The international community has been reluctant to push too hard for the prosecution of alleged war criminals. For the EU, such prosecutions are considered part of a national reconciliation process that the Delegation can support, but not go beyond (interviews April 2013).

While most experts understand the magnitude of Liberia's challenges, many express frustration with the country's sluggish progress. Ten years after the CPA, the President still hand-picks the holders of every important post in the country. The country's model of government has not changed, dominance remains with the elites that have always had it, and the people who have always been poor are still poor. Most people who could leave the country during the wars did so, creating not only a brain drain but also a legacy of a divided society where elites have dual citizenship and houses in the United States, Europe and elsewhere in Africa. Returning Liberians with good educations often take consulting jobs with international donors, implementing agencies and NGOs, which pay much better salaries than public sector positions. As one embassy official remarked, "*the middle level just isn't there*" (interviews April 2013).<sup>22</sup>

Although the EU's presence in Liberia is small compared to that of the United States and UN, the EU Delegation is universally regarded as a valuable partner by actors in the donor community, by the Liberian government and by local civil society organisations. The EU leads on the PRS2's governance pillar, and focuses on support for the electoral cycle, support for civil society and its budget support for public financial management is widely praised by donors as an example of a well-functioning programme (EU Delegation to Liberia 2012, interviews April 2013). Several member states are also present in Liberia: Germany's main interest is in infrastructure and the energy sector; France's main interest is geopolitical with regard to the country's borders with Côte D'Ivoire and Guinea. The

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22 For poorly educated local people, there are few job opportunities. A recruitment drive by the Liberia army in April 2013 created queues of thousands of young men in central Monrovia, some of whom waited for several days to sign up. Meanwhile, the recent scandal over the failure of an entire senior high school year to pass the national university entrance examination is an indicator of the state of the education system. See '*Liberia University to admit some failed students*,' BBC News, 27 August 2013.



UK contributes to the health sector pooled fund and the World Bank-administered infrastructure Trust fund. Sweden has the largest member state presence, focussed on peacebuilding support.<sup>23</sup>

*Cognitive factors: political analysis and engagement*

The EU delegation is widely considered to have excellent knowledge of the country, its people and its politics. EU member state officials say that they rely on the Delegation's political section for information and analysis (interviews April 2013). Several interviewees compared meetings organised by the EU delegation to discuss conflict issues favourably to those organised by the UN. In particular, one member state official mentioned a meeting organised by the Delegation on the root causes of conflict in Liberia where local people were invited to discuss their concerns with the donors. The delegation team is regarded as engaged, sensitive and accessible. One Liberian CSO leader compared the Delegation's willingness to consult with that of USAID, with whom he only ever meets contractors (interviews April 2013).

EU Delegation officials also make a point of keeping abreast of developments in sectors that the EU is not involved in. The EU does not contribute to the Peace Building Trust Fund (PBTf), but delegation officials follow proceedings closely and attend most of the PBTf meetings. With regard to the crucial security sector reform process, the EU has not been involved in the Justice and Security Hubs that the Liberian government is establishing in regional centres to provide coordinated and decentralised security and justice services. But EU officials are following the hubs' development closely in case the EU decides to engage. The question of whether to support them reportedly arose during discussions on priorities for the 11th EDF and discussions about what to support with state-building contracts (interviews April 2013). Other donor agency officials support an enhanced role for the EU in the justice sector, particularly in light of the United Nations Mission in Liberia (UNMIL) drawdown. Liberian government officials say that the EU's contribution to the regional justice and security hubs could potentially be 'huge', especially if it were to team up with the United States in the security and justice sector (interviews April 2013).<sup>24</sup>

The EU delegation sees itself first and foremost as a development actor in Liberia, rather than as a political player. Accordingly, its approach is to engage in *policy*, rather than *political*, dialogue with the Liberian government. Delegation officials say that cooperation

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23 Spain has one diplomat in Monrovia but no development programme, while Ireland has a small Irish Aid office but no diplomatic representation.

24 The hubs are considered a potential model for other fragile countries (Keane 2012). The hubs are presenting considerable cognitive challenges to the donor community and the Liberian government, both with regard to the hubs concept itself and how they will function (Sherif and Maina 2013). There are logistical questions related to location and access in rural areas, which can probably be resolved given time and experience. More difficult are the questions about how decentralised the hubs will actually be. There is a strong chance that the hubs will be seen as an imposition of Monrovia's power – and by extension the power of the Americo-Liberian elite – on regional areas. For local chiefs, this is a serious issue, as they stand to lose local autonomy. A further major question is whether people from tribal areas will trust the hubs, given that the official justice system can be slow and inefficient, as well as alien to people used to traditional justice systems. There is certainly potential for the hubs to be sources of trouble, especially if there is a violent incident.

with the government is open and they do not feel there is anything that they cannot discuss, including good governance and human rights.<sup>25</sup> Several interviewees from the international donor community (including EU member state embassies), the local NGO community and the Liberian government were critical of the Delegation's approach because they felt the EU could have more political leverage on issues like resources, corruption and governance, but that the delegation's caution limited its potential. The delegation does not, however, aspire to a role similar to that of the UK in Sierra Leone or France in the Central African Republic, where a major external actor has both a political agenda and a key development role in the country. In Liberia, the United States has that role but, according to many local and international experts, has also been reluctant to push it (interviews April 2013).

*Issue-related factors: conflicts of interest and trade-offs*

The EU has been very active in assisting Liberia with governance in the forestry sector, but the implementation of EU policies has been beset by conflicting interests. Several donors are concerned that reforms in the sector are going backwards. Voluntary Partnership Agreements (VPAs) have been ratified by the European Parliament, but the ratification process has not moved forward in Liberia. Policing these agreements is a major challenge, and timber is still being illegally exported. The Liberian justice sector does not have the capacity to control the sector effectively, especially with regard to investigating breaches and prosecuting transgressors.

Local CSOs say that the EU has made a positive contribution in the forestry sector and was instrumental in bringing civil society, government and donors around the table. But the EU has not used its leverage to push the issue with the Parliament and Ministers (interviews April 2013). Since most of Liberia's timber exports go to Asia, concerns have also been expressed that the EU only cares about what is being exported to Europe and not the whole sector (interviews April 2013). VPAs only apply to timber exported to Europe, although Liberian CSOs are advocating that they set the standards for domestic and other international markets (interviews April 2013).

A second conflict of interest has arisen around the issue of EU support for local civil society organisations. Liberian civil society has an important role and is a core constituency for the government. Local CSO representatives say that they have learned to be fair and to have evidence when they challenge the government, and in doing so several have created space where the Government has to listen to them (interviews April 2013). The country has a mostly free and vibrant press and the government is generally open to criticism and new ideas, meaning that the potential for CSOs to make a real contribution is greater in Liberia than in more closed societies (Africa Governance Initiative 2013). Civil society organisations act as important watch-dogs: the scandal over forestry sector Private Use Permits (PUPs) was blown open after a CSO investigation in 2012 (Global Witness 2012).

Most international donor agency staff recognise that the weakness of local CSOs needs to be addressed and several have made this a high priority. USAID, for instance, has pledged

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25 Political dialogue under Article 8 of the Cotonou Agreement recommenced in 2012. The follow-up meeting has been delayed, reportedly due to organisational difficulties on the Liberian side.

to provide more support for local CSOs to accept funding directly under 'USAID Forward' (USAID 2013). The EU Delegation is also well aware of the issue, which has been discussed extensively with local CSO leaders (interviews April 2013). The EU Delegation has a budget for supporting local CSOs, but some of the EU's funding criteria, such as the requirement that CSOs have previously managed large projects, are too onerous for Liberian CSOs to access funds. The online registration process alone is beyond the physical capability of the Liberian internet. Standards of financial capacity and other criteria are set far too high for local CSOs, while delegation staff are not able to give feedback on proposals. In the forestry sector, delegation staff reportedly encouraged four local organisations to submit a joint proposal, but officials have expressed frustration that they cannot do more to help local CSOs (interviews April 2013). There is, however, little that the delegation can do about the situation. The call and proposed model for funding CSOs has been established by Brussels and changing any of the criteria would be a major task that would require ratification at various levels.

### *Systemic factors: coordination and capacity*

Donor coordination in Liberia is mostly *ad hoc* and neither its form nor its function seems to satisfy anyone at the country level. Some key peacebuilding processes are not well coordinated, risking parallel processes. Decentralisation, the withdrawal of UNMIL and the Justice and Security Hubs are intrinsically linked issues but are treated separately, by the EU and by other donors in Liberia. Staff from several donor agencies admit that there are things that other donors are doing that they do not know about (interviews April 2013). USAID officials said that they do not have much formal interaction with the EU delegation and member states, and the Europeans say they do not always know what the Americans are planning to do. American officials say that the EU could be doing a lot more on organising donor collaboration (interviews April 2013).

There is no formal forum to coordinate development cooperation, and coordination varies from issue to issue through technical, sector-level working groups, sometimes but not always including Liberian representatives. Despite intensive and fruitful cooperation on specific issues, the system is not structured enough to have an impact at the political level. Donor country officials say that the Liberian public sector is difficult to coordinate with: The Liberian Ministry of Finance asks donors for a quarterly report, and donors can meet with the ministry, but it is the President's office that takes the main decisions. Some donor agency officials put this down to the weakness of the Liberian government but say that the onus to improve is on the donor community, because "*this is what they do for a living and the Liberian government doesn't know what it looks like*" (interviews April 2013). There is a need for more donor coordination around strengthening the capacity of the Liberian government and administration. USAID's 'Human and Institutional Capacity Development' programme has several initiatives operating and there have been efforts to coordinate this with EU, Swedish International Development Cooperation Agency (SIDA) and World Bank capacity development initiatives. Country-level donor agency staff say that programmes are often distracted by minor things, like ministerial re-organisations and payroll issues (interviews April 2013).

The EU has a large budget in Liberia and many believe that it could and should play a more prominent role. Indeed, Liberia is an unusual case for the EU in that there is no member state that is a former colonial power and who runs the show, and member state

presences are very small.<sup>26</sup> One member state official noted that the EU cannot do anything unless it has a mandate, but for certain aspects of coordination it does not need one. The official pointed out that the EU Delegation has 12 diplomats and several other staff, and it could increase its efforts in organising lower-level coordination meetings, for instance among administrative staff on issues like payment levels for local staff and so on (interviews April 2013). Few coordination meetings take place below the HOMs level, partly because EU Delegation officials are aware of the lack of member state capacity and try to limit the number of meetings and exercises they ask the member state representations to get involved in.

EU joint programming for Liberia has reportedly been postponed in the short term, although the potential for a joint EU country strategy has been noted (Hacking and Gerbrandij 2013). Country level officials point out that joint programming needs further discussion at headquarters level, partly because of the challenge of synchronising programmes and projects, but also because several member states do not have sufficient time horizons. The magnitude of the coordination task at the country level and the difficulty of coordinating the EU exercise with the Liberian government were also mentioned as factors. A further reason was that the programming process for the 11th EDF was already well advanced when joint programming came on to the table, and nobody wanted to start the process again (interviews April 2013). For now, a joint document based on the national development strategy is planned as of 2017, and Norway and Switzerland will be part of the exercise.

## 6 Conclusions

The EU clearly possesses strengths as an external actor engaging with fragile states and situations. Its size means it has diplomatic weight and the ability to engage in several countries and crises at once, which its member states acting individually cannot do to the same extent. Its instruments enable it to support the entire peacekeeping/peacebuilding/statebuilding process, and it can address various priorities – security, diplomatic, or economic – at key times. The European institutions carry less historical baggage than member states and people in the countries where they work often say that they have fewer reasons to suspect the EEAS' or the Commission's motives. The EU has built a strong international reputation as an effective humanitarian actor and it has valuable expertise in the governance area. Its longer budget cycles and willingness to use budget support in risky environments potentially provide partner-country systems with predictable and valuable support. Although there are limits to how far its relevance stretches beyond Europe, the experience that European countries went through in building domestic and supranational institutions following World War II and the Cold War can both inspire and instruct efforts to build state authority, capacity and legitimacy elsewhere. The EU and its delegations have made and are making positive contributions to peacebuilding, statebuilding and socio-economic development in all three of the case countries explored in this paper.

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26 The lack of EU member state capacity, and EU delegation mandate, to process Schengen visas for Liberians has become a major issue. Liberians have to fly to Abidjan or Accra – a trip that costs time and money. This issue has been raised by Liberians in various forums, including by President Johnson-Sirleaf personally.

As discussed in this paper, three types of challenge that intervene between the policy and operations levels undermine the EU's effectiveness and potential to support FCA countries through their peacebuilding and statebuilding processes. Evidence from the EU's engagements in South Sudan, Nepal and Liberia suggest that these challenges interact to create a multidimensional policy-operations gap. This gap has proved very difficult to close, not least because the EU (and most other international actors in FCA countries) do not conceptualise these challenges or try to deal with them in a constructive and comprehensive manner. Indeed, many issues – especially those requiring trade-offs – are avoided or worked around for fear of the fall-out that may occur if they are faced honestly. These findings have important implications for policy debates on international engagement in FCA countries. While the risk-averse approach (or the path of least resistance) is certainly the right one in many instances, more care to limit the creation of future moral hazard situations needs to be taken. Meanwhile, focus on the partner-country's socio-economic development must be maintained, even if there are times when other priorities appear to override this.

### *Cognitive factors*

In all three case countries, officials at the headquarters level in Brussels and the member states are very well informed and understand (as well as outsiders *can* understand) the domestic politics of the country. They are also aware of the strategic implications of the country's politics and the significance of this for the EU, its member states, non-EU donors, key external actors such as the United States or China, and for the country's neighbours. They are also aware of the sometimes delicate politics among EU donors around the intervention itself. Knowledge management is an issue, and institutional memory can be lost through staff rotation at both country and headquarters level, but as a rule new officials are well briefed and do not take long to come up to speed.

However, understanding the nature of a problem does not mean that an appropriate solution is available and can be quickly implemented. Moreover, although in FCA countries, local knowledge is essential, uncertainty cannot be eliminated entirely – many experts acknowledge that it is sometimes impossible to know in advance if an initiative is going to work. Often, the main cognitive issue is not the lack of knowledge itself, but difficulties in translating knowledge into effective programmes and projects that address specific problems and are adaptable enough for when circumstances change, as they inevitably do in FCA countries.

While the criticism that the EU's approach to fragile states is 'too technocratic' and neglects political-economy factors at the heart of conflicts is easy to make, the issue is more complex. Many of the tasks that the EU undertakes in fragile states are of a technical nature, from organising service provision to monitoring elections to providing know-how on institutional design. Furthermore, the consequences of a more politicised engagement also need consideration. While external actors need to be aware of sensitive political issues in a conflict-affected country, and of whether their actions are harmful, they must also be very careful about attempting to influence the politics of a country, especially if this involves taking sides. Getting too close to a partner-country's politics risks the legitimacy of the engagement and any political settlement that emerges. While the EU and its delegations have been reasonably successful in maintaining a balance between 'political' and 'technocratic' approaches in all three case countries studied for this paper,

the tensions that arose around European donor support for ethnic and caste inclusiveness in Nepal serve as a reminder that the balance is a delicate one.

### *Issue-related factors*

Conflicts of interest sometimes prevent the EU and the delegation from acting on something that officials consider they should act on. There are two main types of conflict of interest that arise to greater or lesser extents in all three case countries: the first are conflicts between the EU's preferences for peacebuilding and statebuilding in accordance with internationalist institutional and governance norms, and partner government/elite preferences for how they want to solidify their position (and sometimes their genuine conviction about what they believe is in the best interests of their country). The second are intra-EU conflicts of interest around the role of the EU vis-à-vis member states. In both cases most actors are aware of the need for trade-offs and, at the country level, a pragmatic approach that tries to avoid clashes and make the most of opportunities is taken.

There are major questions around the issue of ownership in all three cases. All three partner governments regard the EU as a valuable partner but are reluctant to *own* what the EU is doing in their countries. This is especially the case in South Sudan, where the SPLM has proved ready to delay the delivery of a peace dividend to its people while relying on donors to pay salaries and provide basic services. In Nepal, cooperation on the NPTF has worked well, but the EU has been caught up in controversies around support for inclusiveness programmes that are not in the interests of established elites. In Liberia, relationships have been easier and discussions more open but, as in the other two cases, the EU has taken a risk-averse approach to trade-offs.

At the intra-EU level, difficulties arise in reconciling member state preferences for bilateral policy with a greater role for the Commission and the EEAS. Intra-EU conflicts mean that there may not be a clear European position, or that differing member state positions may undermine what the EU delegation is trying to, either with the partner government or with the wider donor community. This kind of situation can be exacerbated by the complexity of a fragile situation and the difficulty of charting a coherent course through it. The experience of the South Sudan joint programming exercise indicates that EU member states are not yet ready to empower the EU delegations to act on their behalf or even to coordinate their activities. This position is consistent with EU subsidiarity principles, and, as indicated by the cautious approach of the EU delegations in Nepal and Liberia, is respected by EU-level agencies even in countries where national interests do not appear to be at stake.

### *System-related factors*

The standard of donor coordination varied among the three countries and between sectors at the country level. In all three cases, officials lamented the state of donor coordination, although it was clearly more developed in Nepal than in the two African cases. In all three cases, efforts are being made to improve the situation. Donor coordination was not as dysfunctional as it is often made out to be in any of the three countries – in all three there are functioning mechanisms. These are, nevertheless, sector-specific and tend to not be in politically sensitive sectors.

Three factors stood out with regard to coordination:

- First, country-level officials often blamed the poor capacity of the partner government for lack of coordination. This is certainly an important factor – coordination works better when the government is able to coordinate donors, as was evident to some extent in Nepal, and is shown more clearly in countries like Rwanda. However, it is somewhat disingenuous for donors to blame poor partner-country capacity for their own coordination difficulties. Donors (including EU donors) are not working hard enough to coordinate their own programmes and projects (a process that is highly transaction cost-intensive), and they are not doing enough to support increased partner-country capacity, both through the use of national systems and through technical assistance to improve those systems. In South Sudan and Liberia especially, much could be achieved through greater investment in computer literacy courses and other basic skills training.
- Second, country-level officials are well aware of the limits of coordination and tend to take a very pragmatic approach. Coordination efforts are kept as simple as possible and are made when opportunities arise. Coordination meetings can be extremely time consuming. Those meetings that take place tend to be on the level of exchange of information, but there are many instances where donors say that they do not know what others are doing.
- Third, the role of the EU delegation in coordinating the activities of other EU donors is limited. The Lisbon Treaty lifted the profile and increased the mandates and capacity of the delegations, but this is only slowly materialising into a central coordinating role. This is partly due to the pragmatic choice to not challenge member state primacy (the delegations' mandate to do this is not clear or widely accepted anyway, including by the delegations themselves), partly due to pragmatic recognition of the limits of possibility, and partly due to capacity constraints at the delegation level.

The three countries studied exhibited some interesting variations that may provide some insights as to models of EU donor coordination in FCA countries: in South Sudan, the delegation had a central role conveyed by joint programming but was unable to exercise it completely, due to ambiguous member state buy in, changing circumstances, and weak engagement from the South Sudanese. The UK, in particular, has acted as a brake on EU ambitions in South Sudan. In Nepal, the EU delegation is integrated into a more broadly 'European' donor coordination, with the Swiss and (to a lesser extent) DFID at the centre. This system works reasonably well, not least because of the greater capacity and professionalism of the Nepalese bureaucracy. In Liberia the absence of a large member state has created space for a greater coordinating role by the delegation. EU member states and other donors say that they want the EU to do more. This opportunity does not, however, appear to have been fully taken up by the EU.

There are important conclusions for the role that the EU delegations are likely to play in the EU's efforts to develop its 'comprehensive approach' to peacebuilding and statebuilding in FCA countries. In most cases, the EU delegation is the logical centrepiece of more closely coordinated EU and member state operations at the country level involving a wide range of policy tools and instruments. Although it receives its mandate

from member states and is wary of mixing in policy areas that member governments feel are their own preserve, there is a sense that the EEAS and the Commission have been overly cautious about pushing for a stronger coordinating role. Working together, there is much that the EEAS and the Commission could do to carve out a more central role for the EU and its delegations that member states and other international actors could line up behind.



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