

# Trade, aid and conflict in the Horn of Africa:

The role of the EU-ACP Cotonou Partnership Agreement



**Benson Ochieng**

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## Acronyms

<b>ACP</b>	African, Caribbean and Pacific	<b>MESP</b>	Micro-Enterprise Support Programme (Kenya)
<b>CEWARN</b>	Conflict Early Warning and Response	<b>MTCS</b>	Medium Term Competitive Strategy (Uganda)
<b>CFSP</b>	Common Foreign and Security Policy (EU)	<b>MTEF</b>	Medium Term Expenditure Framework (Uganda)
<b>COMESA</b>	Common Market for Eastern and Southern Africa	<b>NEPAD</b>	New Partnership for Africa's Development
<b>CSO</b>	civil society organisation	<b>NGO</b>	non-governmental organisation
<b>CSP</b>	Country Strategy Paper	<b>NIA</b>	National Impact Assessment
<b>DDR</b>	demobilisation, disarmament and reintegration	<b>NIP</b>	National Indicative Programme
<b>DRC</b>	Democratic Republic of Congo	<b>NRM/A</b>	National Resistance Movement/Army (Uganda)
<b>EAC</b>	East African Community	<b>NSAs</b>	non-state actors
<b>EC</b>	European Community	<b>PEAP</b>	Poverty Eradication Action Plan (Uganda)
<b>EDF</b>	European Development Fund	<b>PMA</b>	Plan for the Modernisation of Agriculture (Uganda)
<b>EEC</b>	European Economic Community	<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>EPA</b>	Economic Partnership Agreement	<b>RIP</b>	Regional Indicative Programme
<b>ERS</b>	Economic Recovery Strategy (Kenya)	<b>RNF</b>	Regional Negotiating Forum
<b>ESA</b>	Eastern and Southern Africa	<b>RSDP</b>	Road Sector Development Plan (Uganda)
<b>ESDP</b>	European Security and Defence Policy	<b>RSP</b>	Regional Strategy Paper
<b>EU</b>	European Union	<b>SPLM</b>	Sudanese People's Liberation Movement
<b>FRONASA</b>	Front for National Salvation (Uganda)	<b>UFM/A</b>	Uganda Freedom Movement/Army
<b>FUNA</b>	Former Uganda National Army	<b>UNLF</b>	Uganda National Liberation Front
<b>GDP</b>	Gross Domestic Product	<b>UNRF</b>	Uganda National Rescue Front
<b>IDPs</b>	internally displaced persons	<b>UPC</b>	Uganda People's Congress
<b>IGAD</b>	Inter-Governmental Authority on Development	<b>UPDF</b>	Uganda People's Defence Force
<b>IOC</b>	Indian Ocean Commission	<b>WTO</b>	World Trade Organisation
<b>LRA</b>	Lord's Resistance Army (Uganda)		

# Executive summary

**THE COTONOU PARTNERSHIP AGREEMENT** (Cotonou), signed in June 2000, provides the basis for co-operation between the European Union (EU) and the African Caribbean and Pacific (ACP) countries in three main areas: aid, trade and political dialogue. Cotonou contains explicit commitments to prevent and manage violent conflict, which apply to all three areas. This study examines the extent to which the EU's commitments to conflict prevention are actually being taken on board in the implementation of Cotonou within the Horn of Africa.<sup>1</sup>

Both aid and trade co-operation under Cotonou have the potential to play a positive role in preventing violent conflict in the Horn of Africa. Development assistance can be a powerful tool for conflict prevention if it is targeted to address the factors that increase the risk of violent conflict, such as poverty, poor governance and inequality between groups. Similarly, increased trade can reduce the risk of conflict, for instance by deepening regional integration and economic ties between states. However, both development and trade co-operation have the potential to exacerbate violent conflicts, if they are not implemented in a conflict-sensitive manner. For instance, development assistance that is not equitably distributed between conflicting groups could exacerbate tensions or it could free up state resources for military expenditure. Similarly, trade liberalisation could shift the relative advantage of one social group over another, intensify competition over scarce resources as a result of shifts in commodity prices, increase exposure to external shocks, or facilitate the trade in small arms or high-value commodities that could be used to finance conflict.

In order to investigate the role of EU development co-operation in conflict prevention, the study examines the cases of Kenya and Uganda. In particular, it analyses the extent to which conflict and security-related issues are addressed in the EU's Country Strategy Papers (CSPs) and Regional Strategy Paper (RSP) covering the Horn, which set out the EU's priorities for development co-operation in the region. It also examines the extent to which conflict prevention is seen as a priority in the trade dimension of the partnership. In particular, it examines the extent to which conflict issues are being taken into account in the ongoing negotiations of Economic Partnership Agreements (EPAs), which are new trade deals between the EU and blocks of ACP countries that are supposed to come into effect in 2008.

The paper proposes five criteria for assessing the extent to which conflict is being addressed in the implementation of Cotonou in the Horn. The first criterion is the extent to which conflict and security issues are identified as strategic or programme priorities within the CSPs and RSPs. The second criterion, which is related to the first,

<sup>1</sup> For the purposes of this paper, the Horn of Africa is defined as the IGAD member states: Djibouti, Ethiopia, Eritrea, Kenya, Somalia, Sudan and Uganda.

is the extent to which European Development Fund (EDF) resources have been allocated for conflict- and security-related programmes. The third criterion is the extent to which conflict prevention has been mainstreamed across all sectors, not only those specifically concerned with 'security' issues. This is crucial as development interventions in all sectors (eg infrastructure and health) may increase or decrease the risk of conflict, and therefore need to be implemented in a conflict-sensitive way. The fourth criterion is the extent to which conflict issues are being taken into account in the EPA negotiations, in particular, how the impact of new trade arrangements on conflict is assessed and used to inform negotiations. The fifth criterion is the extent to which EC staff are aware of and have the capacity to address conflict issues within the context of aid programming and trade negotiations.

The study finds that conflict prevention is not systematically addressed in the CSPs for Kenya and Uganda, or the RSP for the Horn. EDF resources have been allocated to finance some programmes specifically designed to address conflict or security concerns. However, conflict prevention has yet to be mainstreamed across all sectors (eg infrastructure and health) which could potentially have an impact on conflict dynamics.

The study also finds that conflict issues are not being addressed within the context of the EPA negotiations for the Eastern and Southern Africa (ESA) group (which includes the Horn countries). Furthermore, there are numerous problems with the EPA negotiations in their current form, such as the ESA group's lack of preparation and capacity for negotiations and inadequate assessment of EPAs' impact on development and poverty reduction. These problems make it even more difficult to ensure that EPAs are conflict-sensitive.

Based on this analysis, the study makes a number of recommendations. Firstly, the EU needs to take account of the impact of trade and aid on conflict dynamics when developing priorities for trade and aid co-operation. In practice, this means that CSPs, RSPs and EPAs need to be informed by the analysis and assessment of conflict. Secondly, there is a need for awareness-raising and capacity-building around these issues. While donors such as the EU are beginning to recognise that development assistance should be conflict-sensitive, negligible attention has been given to the conflict-impact of trade. Thirdly, the EU should prioritise longer-term conflict prevention in its approach to conflict management in the Horn. This requires coherence across all aspects of EU relations in the Horn, including trade, aid, and political dialogue under Cotonou, as well as other EU foreign policy instruments.

## 1

# Introduction

**THE ACP-EU PARTNERSHIP AGREEMENT**, signed in Cotonou on 23 June 2000, replaced the Lomé Convention which had provided the structure for trade and development co-operation between the European Union (EU) and the African Caribbean and Pacific (ACP) countries since 1975. This new agreement, which forms the basis for the next 20 years of co-operation between the EU and the ACP countries, has three main dimensions: aid, trade and political dialogue. Regarding aid (financial and technical co-operation), the EU commits to finance development programmes in ACP countries through their National Indicative Programmes (NIPs) drawn from Country Strategy Papers (CSPs) and at regional level through the Regional Indicative Programmes (RIPs) drawn from the Regional Strategy Paper (RSP). The trade dimension of Cotonou requires the negotiation of new trade deals, or Economic Partnership Agreements (EPAs), by the end of 2007, which will be due to come into effect in 2008.<sup>2</sup> The third dimension encompasses the issues of conflict and governance in ACP countries from a perspective of political dialogue.

All three of these dimensions have a potential role to play in achieving the conflict management objectives of Cotonou. Under Cotonou, the ACP and the EU agree to “pursue an active, comprehensive and integrated policy of peace-building and conflict prevention and resolution.”<sup>3</sup> They also agreed to take “all suitable action to prevent an intensification of violence, to limit its spread and to facilitate a peaceful settlement of the disputes” in conflict situations.<sup>4</sup> Achieving these goals depends upon harmonious and effective interplay among the three dimensions. Development and trade co-operation are seen as powerful instruments to prevent and resolve conflicts. The corollary of this is that countries with deep economic and trade links may be better equipped to face crises and trade may free up resources that can then be allocated to conflict prevention and resolution within the auspices of the partnership.

However, while development and trade co-operation can be powerful tools for conflict prevention, they also have the potential to exacerbate violent conflicts, if they are not implemented in a conflict-sensitive manner. For instance, trade liberalisation can increase exposure to external shocks, such as price fluctuations, which could trigger conflict. Similarly, trade or development assistance can affect the relative advantage of one ethnic group over another, or can affect access to scarce resources, intensifying competition between groups and leading to disputes.

<sup>2</sup> Article 37(1) of Cotonou states, “Economic Partnership Agreements shall be negotiated during the preparatory period which shall end by 31 December 2007 at latest. Formal negotiations of new trading arrangements shall start in September 2002 and the new arrangements shall enter into force by 1 January 2008, unless earlier dates are agreed between the parties.” For more on EPAs, See Ochieng B O and E Mutunga, *Negotiating Economic Partnership Agreements: Challenges for East African Countries* (FES, 2003).

<sup>3</sup> Article 11 (1) of Cotonou.

<sup>4</sup> Article 11 (4) of Cotonou.



This study examines the extent to which issues of peace and security are being addressed in the implementation of Cotonou within the Horn of Africa. It uses case studies of the Kenyan and Ugandan experiences to analyse how conflict and security-related issues are practically addressed and made operational in EU trade and development co-operation frameworks.

At the national level, development co-operation between ACP states and the EU under Cotonou is implemented through CSPs, which identify the priority sectors, programmes and activities for EU support in each country. CSPs are made operational by NIPs, which allocate resources to particular activities and set a timetable for their implementation. Aid is provided via the European Development Fund (EDF), largely as grants toward programmes outlined in the CSPs. Thus, an assessment of the implementation of the conflict prevention and peace-building provisions of Cotonou at the national level must necessarily focus on the content of a country's CSP and NIP. At the regional level, the RSP and the RIP outline the priorities for EU assistance to regional or sub-regional organisations and institutions. In addition, EPAs are negotiated by regional or sub-regional blocks of countries, and therefore have important implications for the implementation of Cotonou at the regional level.

The following section provides an analysis of conflicts within the Horn of Africa to inform the study. Section 3 then examines the historical evolution of Cotonou as an instrument for addressing violent conflict. Sections 4 and 5 present case studies of the role of Cotonou in conflict management in Uganda and Kenya, which analyse the CSPs of the two countries. Section 6 then examines the role of development co-operation in conflict management at the regional level within the Horn, through an analysis of the RSP. Section 7 examines the relationship between trade and conflict in the Horn, analysing the treatment of conflict issues in the EPA negotiations. Section 8 then briefly examines some of the political dimensions of EU-ACP relations. Section 9 concludes with an assessment of the role of Cotonou in conflict management in the Horn, based on five criteria. The final section then recommends ways in which conflict can be more systematically addressed in the implementation of Cotonou.

## 2

## Conflict in the Horn of Africa

**VIOLENT CONFLICT WITHIN AND BETWEEN STATES** has been one of the defining characteristics of the Great Lakes and Horn of Africa regions since independence. Virtually every country in the region has been either directly or indirectly affected by conflict. Examples include the civil wars in Uganda, the 1997 Rwanda/Uganda-supported civil war in the Democratic Republic of Congo (DRC), the 1999 Ethiopia-Eritrea war over a disputed border region, and the long-standing civil wars in Somalia and Sudan, among others.

In fact, the Great Lakes and the Horn of Africa regions have confronted Africa with at least two new conflict systems. Conflicts between states have become interlinked with civil wars, with states instigating or supporting rebel movements or proxy forces in neighbouring countries, whose governments may similarly be using tactics of destabilisation by proxy. These conflicts therefore constitute a form of trans-national warfare involving states as well as armed groups who frequently possess ties to neighbouring states, criminal cartels and even corporations.

These conflicts are a consequence of a complex and interconnected set of causative factors, such as poor governance, lack of democracy, monopolisation of political power by individuals or ethnic groups, policies of exclusion, corruption, human rights abuses, and poverty. In addition, environmental degradation and resource scarcity have played an important role in sustaining and driving conflicts in the region.<sup>5</sup>

The types of conflict in Africa suggested by Zartman can provide one way of describing and categorising these conflicts.<sup>6</sup> The first category relates to decolonisation power struggles, where the desire for independence prompted armed struggles against the colonial powers. The second category emerged from attempts by post-colonial regimes to achieve consolidation and control of national political space. Under this category, attempts by the state to subdue regional, ethnic, ideological and personal ambitions led to violent struggles from which losers often fled into exile.

The third category of conflicts are represented by what Zartman calls 'leftover liberation movements' which are sometimes legitimised as 'the sole and authentic representatives for their people'. The fourth category relates to disputes that arise over 'ill-defined territory' or conflict over state boundaries.

<sup>5</sup> See Lind, J and C Sturman, *Scarcity and Surfeit: Ecological Sources of Conflicts in Sub-Saharan Africa* (ACTS, 2002).

<sup>6</sup> Zartman, I W, *Ripe for Resolution Conflict and Intervention in Africa* (Oxford University Press, 1985).

The fifth category relates to conflicts that arise from ‘structural rivalries’. They occur when states attempt to extend their influence outwards through regional interventions. The final category comprises conflicts of ‘runaway means’, which stem from external interests and “are activated primarily through alliances for political support and through arms for the military”, which Zartman links with Cold War rivalry and its intervention in African politics.<sup>7</sup> With the end of Cold War, external influence has increasingly been exercised through conditionality attached to aid, which can lead to political and economic reform or weaken ruling factions, particularly if aid is withheld.

The conflicts in the Horn have important regional dimensions and there is therefore a need for an integrated regional framework to address them. The Inter-Governmental Authority on Development (IGAD) is a sub-regional initiative whose main aim is to bring peace and economic development in the Horn.<sup>8</sup>

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<sup>7</sup> Zartman, *Ibid.*, at p.17.

<sup>8</sup> IGAD members are Djibouti, Eritrea, Ethiopia, Kenya, Somalia, Sudan and Uganda.

## 3

# History of Cotonou and conflict prevention

## Evolution of Cotonou

**THE FOUNDATION OF COTONOU** can be traced to the Rome Treaty that established the European Economic Community (EEC) in 1957. Not only did signatories to that Treaty express solidarity with the colonies and overseas countries and territories, but they also committed themselves to contribute to their prosperity. The Rome Treaty provided for the creation of a European Development Fund (EDF) for technical and financial assistance to the non-European countries and colonies with which the EEC had particular relations. The First EDF covered 1958–1962. These commitments laid the foundation for EU-ACP co-operation in the years that followed.

The first formal association of the ACP and the EEC countries took shape through the Yaoundé I (1963–69) and Yaoundé II (1969–75) agreements, named after the Cameroonian city where they were signed. The lion's share of assistance then went to French-speaking Africa to build infrastructure in the wake of decolonisation.

The signing of the Lomé I Agreement (1975–79) between forty-six ACP countries and the then nine EEC member states effectively established the ACP group. The formation of the ACP came about partly as a result of a number of common interests (especially sugar), but principally because the Caribbean and Pacific contingent wanted to take advantage of the bargaining power of Africa, which was then quite considerable. Indeed, the first Lomé Convention reflected the relative geopolitical power of ACP countries in the context of the Cold War. Reviewed and updated every five years, successive Lomé conventions represented the world's largest financial and political framework for North-South co-operation.

The signing of Lomé II (1979) coincided with the progressive globalisation of European co-operation, including expansion to areas outside the ACP zone. Lomé III (1984) followed, signed between ten European countries and sixty-five ACP countries. Notably, its implementation was characterised by an in-depth review of the effectiveness of aid, which included greater attention to political and governance issues and greater emphasis on policy dialogue.<sup>9</sup> This emphasis deepened with Lomé IV (1989), which brought a new political dimension to the ACP-EU partnership. Signed between 68 ACP countries and 12 European states, it mainstreamed a political agenda into the partnership, with human rights as one of the fundamental clauses of the relationship. Unlike the previous five-year Lomé Conventions, it was to last for ten years.

<sup>9</sup> David D, '40 Years of Europe-ACP Co-operation', in *ACP-EU Partnership Agreement*, Directorate general for Development, 2000, pp 11–14.

It was evident from Lomé IV that new issues were becoming important in ACP-EU relations as critical geopolitical changes were taking place. A host of issues conspired to put pressure on Lomé. These were:

- **Dwindling common interests:** When the first Lomé Convention was signed, there were strong historical ties and perceived mutual interdependence between Europe and the ACP countries. This no longer held true by the time of Lomé IV. The ACP countries were increasingly dropping down the EU's priority list in terms of geopolitical, economic and security concerns.
- **Politics:** The first three conventions were primarily concerned with economic co-operation. Europe adopted a neutral stance in political affairs. But the democratisation wave that swept across the developing world at the end of the Cold War led to a growing politicisation of ACP-EU co-operation. Respect for human rights, democratic principles and the rule of law became 'essential elements', whose violation could lead to partial or total suspension of development aid. While these changes reflected legitimate EU concerns to ensure a proper use of taxpayers' money, many ACP countries felt that in the process, the principle of 'equal partnership' had been eroded and replaced by conditionalities.
- **Trade liberalisation:** The Lomé trade regime was increasingly challenged for reasons of both effectiveness and political acceptability. Despite preferential access to EU markets, ACP export performance had continued to deteriorate over the years; its share of the EU market declined from 6.7 percent in 1976 to 3 percent in 1998. Diversification away from traditional products also remained very limited (60 percent of total exports were concentrated in only 10 products). In addition to this, the Lomé trade provisions were seen to be incompatible with the new international rules agreed through the World Trade Organisation (WTO).
- **Complexity and questionable impact:** On paper, the Lomé Convention may have been the finest and most complete framework for North-South co-operation. In practice, however, it evolved into a very complex tool, with too many objectives, instruments and procedures. The result was often reflected in long delays, bureaucracy, reduced efficiency and questionable development impact.

These pressures led to the EC's 1996 consultation process on the future of ACP-EU co-operation, which resulted in the 'Green Paper of 1996', which set the scene for the negotiations of a successor agreement between 1998–2000. The key proposals of the 'Green Paper' were: the need for greater aid selectivity and differentiation in the treatment of ACP countries; the need to link aid and performance; the need to make the trade regime 'compatible' with the requirements of the WTO; the need to ensure a closer involvement of civil society, the private sector and other non-state actors; and the need to rationalise Lomé co-operation instruments. Programming was proposed as a viable basis of aid co-operation to be monitored through regular review mechanisms.

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## Cotonou innovations

While the need for continuity with the Lomé conventions informed the content of Cotonou, the latter is in many ways quite different from the Lomé conventions. The more notable changes are the strengthening of the political dimensions of the partnership, the extension of the partnership to new actors, the preparation of new WTO-compatible trade arrangements, and the adoption of more rationalised and performance-based aid management. The following outlines some of the more salient innovations of Cotonou.

- **Strengthening political dimensions:** The EU had long desired to include good governance as an ‘essential element’ or conditionality of co-operation, whose violation could lead to a suspension of EU aid. This was finally accepted as a ‘fundamental element’, meaning that in itself such violation would not automatically constitute a ground for suspension, but serious cases of corruption, including acts of bribery, could trigger a consultation process possibly leading to a suspension of aid as a measure of last resort. These provisions are a key innovation as they cover a broad range of political issues that previously fell outside of traditional development co-operation.
- **Extending the partnership to new actors:** A significant innovation of Cotonou is the inclusion of non-state actors (NSAs) and local authorities as critical constituencies in the formulation and implementation of development strategies for the ACP countries.<sup>10</sup> While ACP governments continue to be responsible for determining the development strategy for their countries under Cotonou, NSAs (civil society, private sector, trade unions, etc.) and local authorities are to be involved in consultations and planning of national development strategies. They are to be provided with access to financial resources, and involved in the implementation of programmes. In addition, they are to receive capacity-building support.<sup>11</sup>

The role of the private sector as the engine for development is explicitly recognised and a comprehensive programme of action to support its growth at different levels is outlined. Under Cotonou, the private sector is for the first time given access to funding via the European Investment Bank without requiring a state guarantee. A new Investment Facility aims to stimulate regional and international investment, while strengthening the capacity of local financial institutions.

- **Trade co-operation:** An equally significant change in the ACP-EU partnership under Cotonou concerns trade co-operation. While the Lomé conventions granted non-reciprocal trade preferences to ACP states, Cotonou envisages reciprocal trade and economic co-operation agreements, negotiated by blocks of ACP countries or sub-regions.<sup>12</sup>
- **Programming:** The third innovation of Cotonou relates to performance-based aid management. Cotonou marks the end of fixed allocations regardless of performance or the ‘aid entitlements’ of the Lomé conventions. Instead, aid allocations are based on an assessment of each country’s needs and performance and can be regularly adjusted. An implication of this is that aid can be channelled more selectively to ‘good performers’.
- **Performance monitoring and reviews:** Performance is assessed through a regular review processes comprising annual, mid-term and end-of-term reviews. Importantly, NSAs should be involved in the performance reviews, which may provide an opportunity for them to participate in the formulation of development priorities.

## Conflict prevention and peace-building in Cotonou

Conflict prevention and peace-building are important components of Cotonou. Indeed, Article 1(1) declares its primary objective as being “to promote and expedite the economic, cultural and social development of the ACP States, with a view to contributing to peace and security and to promoting a stable and democratic political environment.” Thus, Cotonou explicitly recognises that peace is consistent with the objectives of sustainable development and the gradual integration of ACP countries into the world economy.

<sup>10</sup> Article 4 of Cotonou.

<sup>11</sup> Article 7 of Cotonou.

<sup>12</sup> See note 2, supra.

In addition, Cotonou explicitly recognises that respect for human rights and fundamental freedoms, including social rights, democracy, the rule of law, and transparent and accountable governance, is an integral part of sustainable development.<sup>13</sup> These are ‘essential elements’ or conditionalities of Cotonou.<sup>14</sup>

Article 11 of Cotonou specifically deals with peace-building and conflict prevention. It enjoins the parties to pursue an active, comprehensive and integrated policy of peace-building, conflict prevention and resolution within the framework of the partnership. This is to be based on the principle of ownership, with particular focus on building regional, sub-regional and national capacities. Cotonou specifically emphasises the need to prevent violent conflict at an early stage by addressing the root causes of conflict in a targeted manner, and with a combination of all available instruments. It is further provided that conflict prevention should include support for balancing political, economic, social and cultural opportunities among all segments of society, for strengthening democracy and effective governance, for establishing effective mechanisms for peaceful reconciliation, as well as support for an active civil society.

Furthermore, in situations of violent conflict, the parties should take all suitable action to prevent an intensification of violence, to limit its territorial spread, and to facilitate a peaceful settlement of existing disputes. Particular attention is to be paid to ensuring that financial resources for co-operation are used in accordance with the principles and objectives of the partnership, and to preventing a diversion of funds for belligerent purposes. And in post-conflict situations, the parties must take all suitable actions to facilitate the return to a non-violent, stable and self-sustainable situation.

Political dialogue covers all of the aims and objectives laid down in the agreement, including conflict prevention. It can encompass specific political issues of mutual concern or of general significance for the attainment of the objectives of the agreement, such as the arms trade, excessive military expenditure, drugs and organised crime, or ethnic, religious or racial discrimination, as well as developments concerning the respect for human rights, democratic principles, the rule of law and good governance.

The inclusion of NSAs (the private sector, community-based organisations and trade unions, among others) is an important development. Furthermore, Cotonou encourages the use of regional and sub-regional capacities to address the root causes of conflict. Regional and sub-regional organisations as well as representatives of civil society can therefore play an important role in conflict prevention and peace-building.

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<sup>13</sup> Art. 9(1)(1) of Cotonou.

<sup>14</sup> Art. 9(2)(4) of Cotonou.

# 4

## Uganda

### Nature of conflict in Uganda

**VIOLENT CONFLICT IS AN ENDURING THEME IN UGANDA'S HISTORY.** Some commentators explain these conflicts in terms of a crisis of legitimacy of the state and its institutions, rooted in the way the state was constructed through European colonialism and administrative policies of divide and rule.<sup>15</sup> They argue that these policies not only undermined the legitimacy of the state, but also impeded the emergence of Ugandan nationalism and generated ethnic, religious and regional divisions that were to contribute in later years to instability and political violence.

A significant divide contributing to protracted conflict in Uganda can be traced to the partition of the state into northern and southern economic zones during the colonial era. While a large portion of the territory south of Lake Kyoga was designated as a cash crop and industrial zone, the territory north of Lake Kyoga was designated as a labour reserve. This partition, which was not dictated by development potential, led to economic disparities between the south and the north. The economic division was compounded by a policy that left the civil service largely in the hands of the Baganda and the army largely in the hands of the Acholi and other northern ethnic groups. This was further reinforced by the reliance on the Baganda as colonial agents in other parts of the country. The policy of divide and rule, which rested on so-called 'indirect rule', led to widespread anti-Baganda sentiment.

Another cause of tension is religious affiliation, which can be traced back to the arrival of Islam, Protestantism and Catholicism in Uganda. The immediate pre- and post-independence eras saw these religious groups engage in a conflict for dominance. The Protestant faction emerged victorious after the Imperial British East Africa Company intervened in their favour. Anglicans were to later dominate the top positions in the civil service, causing a structural inequality that was maintained after the colonial era. This intensified as religious beliefs and political party affiliations became entangled in the post-colonial state.

These historical antecedents ensured that the post-colonial regime inherited a fractured state, which prompted Milton Obote, the first president, to form an alliance between his political party, the Uganda People's Congress (UPC), and the Buganda monarchy party led by Kabaka Yekka. This alliance soon collapsed over a conflict over land (the 'lost counties') between Bunyoro and Buganda, leading to widespread violence in Buganda. Obote responded by detaining five government ministers from the Bantu region and dismissing the President and Vice President and forcing President Mutesa into exile. He also suspended the 1962 Constitution, imposed a state of emergency in Buganda, and introduced a republican constitution. This led some

<sup>15</sup> These views were expressed in personal communication by, for example, Dr. Byaruhanga Rukooko, the Dean of the Faculty of Arts and Co-ordinator of the Master of Arts in Human Rights course at Makerere University



Bantu-speaking groups to perceive the struggle for power as a conflict between the Bantu south and the non-Bantu (Nilotic) north.

This crisis coincided with the instability generated in the region by the superpowers' quest for hegemony during the Cold War. It was compounded by a conflict between Obote and his army commander, General Idi Amin. In 1971, Amin seized power and immediately ordered Acholi and Langi soldiers – Obote loyalists who constituted the backbone of the army – to surrender their arms. The overwhelming majority of them did so, but many were subsequently killed. The government extended its conflict with the Acholi and Langi by arresting, detaining and killing educated and influential members of those ethnic groups. Over time, Amin began to target people he perceived as disloyal from other parts of the county. To protect his unpopular regime, Amin recruited new soldiers into the national army from West Nile. In addition, he appointed prominent Bantus to important positions in his government. The regime however largely maintained the dominance of southerners in the civil service and commerce, while the northerners largely controlled the government and army.

In April 1979, the exiled rebels, who were overwhelmingly from Acholi and Langi, assisted by the Tanzanian army and Yoweri Museveni's Front for National Salvation (FRONASA), overthrew the Amin regime and Yusuf Lule assumed power. However, ideological and ethnic conflicts within the Uganda National Liberation Front (UNLF) led to the collapse of the Lule administration within months. Godfrey Binaisa took over, but was himself deposed in May 1980 by Paulo Muwanga and his deputy Yoweri Museveni.

The new administration organised general elections in December 1980, which were won by Milton Obote and his Uganda People's Congress. But widespread irregularities and political violence undermined the legitimacy of the elections. The main challenger, the Democratic Party, rejected Obote's victory. Museveni also rejected the results. Thereafter, a number of armed groups, some of which later merged to form the National Resistance Movement/Army (NRM/A), declared war against the Obote government.

Fighting was particularly intense in the Luwero triangle, where the mostly Baganda population was targeted for their perceived support of rebel groups. Many innocent civilians were tortured and murdered by the Uganda National Liberation Army (UNLA). Although the UNLA was a national and multi-ethnic army, the NRM/A held the Acholi exclusively responsible for the atrocities committed, and this perception was to shape subsequent attitudes toward the conflict.

In July 1985, conflict between some Langi and Acholi soldiers led to the overthrow of the Obote regime. The coup, which brought General Tito Okello to power, shattered the military alliance between the Acholi and Langi and escalated ethnic violence. The Okello regime invited all fighting groups and political parties to join the military government. Every armed group and political party, with the exception of the NRA, joined the administration. The NRA, however, engaged the regime in protracted peace negotiations held in Nairobi. In December 1985, the Nairobi Agreement was signed under the chairmanship of President Moi of Kenya. However, the Agreement was never implemented and Museveni seized power on the 25th January 1986.

Since Museveni came to power, Uganda has experienced relative peace and stability. It has been regarded as a positive example of African development and has enjoyed support from the West. However, parts of the country remain conflict-prone and the conflict in the north continues to this day.

## Priorities of the CSP

The EU's co-operation with Uganda is based on the CSP and NIP signed in 2002.<sup>16</sup> The CSP covers a number of critical areas identified during national policy development processes, particularly the formulation of the Poverty Eradication Action Plan (PEAP), which was approved as the Poverty Reduction Strategy Paper (PRSP), the Plan for Modernisation of Agriculture (PMA)<sup>17</sup>, the Road Sector Development Plan (RSDP)<sup>18</sup> and the Medium Term Competitive Strategy (MTCS).

Formulated in 1997 and revised in 2000 and again in 2003, through a participatory process, the PEAP is Uganda's principal development framework. The 2000 PEAP expressly identifies good governance and security as one its four main goals, all of which are intended to address the major concerns of the poor and reduce the number of people living below the poverty line to less than ten percent by 2015.

The PEAP was revised again in 2003 and a new 'pillar' was created on 'Security, Conflict Resolution and Disaster Management'. This 2003 PEAP revision occurred after the signing of the CSP in 2002. However, it does seem to have had an impact on EC programming and political dialogue, which is in line with government commitments as outlined in the revised PEAP.

The PMA provides the strategic and operational framework for sustainable rural development and agricultural transformation from subsistence to commercial agriculture. The ten-year RSDP aims to contribute to Uganda's economic development through the provision of a sustainable, safe and efficient road network through three components: maintenance, network improvement and institutional development. The MTCS is aimed at improving the environment for the private sector to be able to compete, boost economic activity and increase Uganda's export to the global market.

These development strategies are to be implemented within a decentralised governance system designed to enhance democracy and accountability at the local level, which was initially articulated in the 1995 Constitution. The system comprises elected local authorities vested with wide-ranging powers and responsibilities in key areas, including education, primary health, agriculture, water and transport.

Uganda's CSP provides the overarching strategy for EDF development assistance to Uganda. It focuses on priority sectors identified through national consultations and approved by the EU. The indicative allocation in terms of programmable resources, envelope A, amounts to €246 million, while envelope B, meant to cover unforeseen needs, has €117 million. These funds are intended to contribute to the poverty eradication goals outlined in the PEAP.

## Programmable areas

### Transport

Noting the crucial role of the transport sector for economic growth and poverty reduction in Uganda's rural areas, the CSP sets aside a considerable portion of designated ninth EDF allocations to support it. Up to 38 percent of the total ninth EDF is reserved for this purpose. The funds are to be utilised to support the Government's medium-term transport strategy to promote cheaper, efficient and reliable transport services as a means of providing effective support to increased agricultural and industrial production, trade, tourism, social and administrative services. Recognising that an improved main road network alone would not bring adequate transport infrastructure within reach of most rural producers, the strategy encompasses both the central and the local road servicing system.

<sup>16</sup> Government of Uganda, *Country Strategy Paper and National Indicative Programme for the Period 2002–2007*, Ministry of Finance, Planning and Economic Development.

<sup>17</sup> Approved in 2000.

<sup>18</sup> Approved in 1996.

Interventions to improve road transport target three critical areas: institutional support, maintenance and integration of high potential agricultural areas of southwest Uganda into the national road network.

### **Rural development**

For a country with more than 85 percent of its total population living in rural areas and deriving their livelihoods from agriculture, Uganda recognises that sustainable development cannot take place without support to rural areas. Thus, it identifies rural development as one of the priority sectors in its CSP. Indeed, the Government of Uganda's objective of poverty eradication through a sustainable and dynamic rural sector forms the basis of the much-hailed Plan for Modernisation of Agriculture (PMA) – an integrated multi-sectoral framework to develop the ability of peasant farmers to raise their incomes. Up to 15 percent of the ninth EDF support is earmarked for rural development in Uganda.

### **Macro-economic support**

A considerable portion of the ninth EDF support is earmarked for macro-economic and economic reform. This is aimed at achieving macro-economic stabilisation, liberalisation of markets, structural adjustment, and public expenditure reform. Towards this end, the Government commits to strengthening the medium term expenditure framework (MTEF) and improving public services efficiency.

Also specifically considered is the need for sustained private sector development. The CSP explains that diversification of supply is important in reducing the exposure of Uganda's commodities to price fluctuations. Thus it identifies the need for capacity-building in the private sector and for the development of an enabling environment for private sector growth. The Government undertakes to ensure a proactive role in trade co-operation, particularly by co-ordinating with leading donors that would support private sector development, especially in the framework of regional integration, export strategy and trade policy. The fact that Uganda is land-locked makes regional integration a particularly important strategy in the context of economic reforms and support.

### **Non-programmable areas**

The non-programmable areas take nine percent of the total available ninth EDF resources for Uganda. These funds are to be channelled towards actions that focus on improving public service delivery in the context of decentralisation by reducing corruption and ensuring law and order. Specific areas include the administrative decentralisation process, reform in the judiciary, improvement in securing and observing human rights, and supporting NSAs.

### **Support for decentralisation**

Uganda's policy of decentralisation is enshrined in the 1995 Constitution, and made operational through the Local Government Act of 1997. The decentralised system comprises different levels of authority from the national level, through the districts to the sub-counties. Though hailed as a potent means of enhancing democracy and accountability in governance, the system has brought considerable challenges.

A major challenge is the lack of capacity of local governments to plan, manage and implement policies and programmes effectively. Thus the CSP identifies the need to build capacities at the levels of district and lower-level local government, by providing tools to enable the authorities to handle decentralised services and ensure good governance by increased accountability and democratic participation. The capacity-

building programmes emphasise the local authorities' ownership and their needs to fulfil obligations *vis-à-vis* the central government.

### Support for governance reforms

Another non-programmable area earmarked for ninth EDF support is the justice, law and order sector (comprising reforms in the judiciary, and penal and penitentiary reforms), and the fight against corruption through support to key institutions. Given the relative newness of these reforms, the CSP underscores the need for partnership to ensure that donors adhere to a joint approach. Linked to the foregoing is the desire to support mechanisms for securing human rights.

### Support to non-state actors

Recognising the constructive role of non-state actors, Uganda's NIP for the ninth EDF sets aside a modest sum of money for their support. The CSP recognises that NSAs are partners within the development process. It further recognises that the involvement of NSAs is crucial in ensuring the legitimacy of government policies on the one hand, and in holding the government to account for implementing these policies on the other. Based on this understanding, the CSP proposes to support NSAs, aiming at strengthening their capacity for advocacy. The capacity of NSAs for service delivery will also be strengthened, to increase their role in implementation of government programmes.

Support to NSAs is to be given to increase their capacity to monitor good governance. A further three percent of the ninth EDF is to be reserved for NSAs, without linkage to any particular framework already defined within the EC co-operation. Thus, the Government's focus would be on CSOs, based on the increased recognition that they need to build their capacity for advocacy at local, district, national and international levels. The aim is that civil society involvement in policy formulation and monitoring will ensure that policies are appropriate to the needs of the people, are realistic, achievable and appropriate for sustainable development. The table below gives a breakdown of the level of resources earmarked for the support of NSAs *vis-à-vis* other sectors in Uganda's CSP.

**Table 2: Support to NSAs vis-à-vis other sectors**

Sectors		NSAs	Total
Macroeconomic support & economic reform	35%	3%	38%
Infrastructure – Transport	38%	–	38%
Support to PMA	13%	2%	15%
Capacity-building in good governance	4%	2%	6%
Institutional support to NSAs	–	3%	3%
<b>Total</b>	<b>90%</b>	<b>10%</b>	<b>100%</b>

Source: Uganda – European Community, Country Strategy Paper and National Indicative Programme for the period 2002–2007

## Conflict prevention and peace-building in the CSP

Virtually every development strategy in Uganda identifies insecurity as a critical impediment to development requiring immediate remedial measures. For example, according to the PMA, the threat of insecurity limits work in the distant fields in northern Uganda, particularly for women. It also limits commodity availability, prohibits sale of cash crops to external markets due to insecure transport routes, and creates difficulties for extension services trying to reach the local communities.

Furthermore, the fear of theft discourages communities from storing produce and encourages untimely sale at low seasonal prices.

The PMA also identifies broad governance constraints to fostering economic growth in Uganda. It asserts that constraints to governance – such as corruption, lack of accountability and transparency, poor delivery of basic services and weak leadership – limit farmers' ability to move out of poverty. It concludes that "general peace and security are prerequisites for development and poverty eradication."<sup>19</sup> However, the PMA does not include peace-building and security in its priority areas for action.

Like the PMA, the PEAP identifies insecurity as a major impediment to economic development in Uganda, stating that insecurity restricts investment and growth. This, it states, is the case in some areas, such as the east, which have experienced an increase in insecurity-related poverty, partly because there has been distress migration into the area from disturbed parts of the north, as well as relocation of some camps for internally displaced persons (IDPs). The current PEAP (revised in 2003) expresses its commitment to conflict issues in even stronger terms through the Security, Conflict and Disaster Management pillar, and also includes a commitment to address conflict issues throughout all sectors. Although the inclusion of 'security' in the pillar opens the door for support to traditional (military) security initiatives, conflict resolution activities are also explicitly prioritised. On paper, there are therefore great opportunities for addressing conflict issues – both directly and as a mainstreaming issue – through the PEAP. The challenge remains in allocating sufficient resources to these priorities so that they can be effectively implemented.

Similar statements appear in the RSDP and the CSP. Recognising insecurity in Uganda, the RSDP seeks to ensure improved and secure road transport as one of the key means of fostering economic growth in the country. Likewise, the CSP acknowledges the negative impacts of armed conflict on Uganda's economy. It singles out the northern Acholi districts and the south-western parts bordering the DRC as the most affected areas. Indeed, the rebellion in the north by the Lord's Resistance Army (LRA) has disrupted the economic and social fabric of the Acholi and made them feel neglected by the rest of Uganda. The insecurity of the northern Acholi area has been further exacerbated by the insecurity in the Karamoja area of north-eastern Uganda.

Uganda's intervention in conflicts in neighbouring countries has arguably worsened the situation. While the reasons given for Uganda's initial intervention in the DRC (primarily to prevent Ugandan rebels from operating in that country) are valid, the extent and duration of Uganda's intervention was not consistent with the actual security threat. Furthermore, these conflicts have led to considerable diversion of resources for military purposes. Up to two percent of Uganda's GDP (15.6 percent of the budget) is set aside for military support.<sup>20</sup> They have had a negative impact on foreign investment and diverted of national private investment into speculative activities linked to the war, such as illegal exploitation of resources and arms deals.

However, Uganda has also made some positive contributions to national and regional conflict prevention and peace-building initiatives, in keeping with the spirit of Cotonou. For example, it actively supported the Lusaka peace process for the DRC.<sup>21</sup> It also demonstrated commitment to the DRC peace process by withdrawing troops from the DRC since 2001. Furthermore, Uganda continues to be an important member of IGAD, as well as an active participant in the Sudan and Somalia peace processes. The Amnesty Act, introduced by the Government of Uganda in January 2000, is also an important development in this regard. This legislation grants amnesty to Ugandans engaged in war and those who have assisted others in armed rebellion. It requires those seeking amnesty to renounce involvement in the war and surrender all weapons.

<sup>19</sup> PMA, note 15, supra., at p17.

<sup>20</sup> Uganda's CSP, supra, note 17.

<sup>21</sup> This agreement represented the end of the Inter-Congolese Dialogue in the context of the Lusaka peace accords. However, the country is still insecure as several other armed groups remain outside the accords.

Although the LRA have rejected the Act, it has been instrumental in prompting some rebels to lay down arms.

## Evaluation

The Ugandan case study provides useful insights into the contribution of Cotonou to conflict management in the country. At a very general level, the EU and member states' assistance to Uganda has made a positive contribution to Uganda's sustained economic growth in the last two decades. Uganda has become one of the most important African partners of the EU and bilateral donors like the US, as well a number of multilateral donors. Indeed, for more than a decade, Uganda's development partners have contributed well over 50 percent of the country's annual budget, with the EU and member states providing the majority of this. Donor support has been instrumental in the implementation of numerous sectoral and macro-economic reforms. Cotonou's contribution to conflict prevention and peace-building in Uganda can thus be seen as positive contributions to structural and economic reforms and to the country's economic growth and relative political stability.

Similarly, the decentralised approach and involvement of NSAs in the implementation of the CSP, coupled with the governance reforms outlined in the CSP, could have positive implications for conflict prevention and resolution.

However, Uganda's military expenditure remains extremely high. The Ugandan Peoples' Defense Force (UPDF) has an annual expenditure of about US\$ 124.7 million.<sup>22</sup> This has increased at the expense of other important sectors like health clinics and education.<sup>23</sup> According to studies of the war in the north by international agencies, continuing prosecution of the war militarily will cost ten percent of the GDP within the next decade.<sup>24</sup> Yet in October 2002, the Ugandan government announced a 25 percent cut in civilian ministries to allocate the funds that it needed to prosecute the war against the LRA. This caused great concern among donors who had granted substantial aid and debt relief to the country since Museveni came to power in 1986. The donors' main contention was that an inordinately high portion of their assistance was being invested in ineffective conflict resolution initiatives in northern Uganda. The fact remains that EU funds have probably freed up government resources for military prosecution of the war in the north in the name of restoring peace in Uganda.

This remains a serious concern as Uganda continues to play a role in eastern DRC, which at best is not helping to reduce conflict and at worst, exacerbates tensions. Of greater concern is the perception that the Ugandan government is not interested in finding a peaceful resolution to the more protracted conflicts in the north. This perception is strengthened by the government's apparent recession on governance and human rights issues.

EU policy towards Uganda addresses conflict to some degree, but needs to be more systematic in ensuring that peace is promoted through all of the dimensions of Cotonou, from political dialogue to development programmes outlined in CSPs. In particular, a conflict analysis should inform the selection of priorities in the CSP as well as the implementation of all development programmes, regardless of the sector.

<sup>22</sup> This is the figure for the year 2002. <<http://www.myuganda.co.ug/govt/military.php>>. It increased to \$128.2 million 2003. <<http://www.travelblog.org/World/ug-mil.html>>.

<sup>23</sup> The others are Guyana, India, Malaysia, Sri Lanka, Gabon, Sudan, Uganda, and Zaire.

<sup>24</sup> Reported in, *The Perspective*, Atlanta-Georgia, November 12, 2002.

## 5

## Kenya

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**Nature of  
conflict in  
Kenya**

**KENYA HAS REMAINED RELATIVELY STABLE** in a region characterised by instability and conflict. It has remained relatively free of large scale armed violence since the bloody independence struggles typified by the Mau Mau uprising of 1949–52, the attempted *coup d'état* of 1982<sup>25</sup> and shifita wars of 1979.<sup>26</sup> Since then, violent conflicts have been localised, arising primarily from disputes over access to environmental resources and agitation for political reforms.

These more local forms of conflict and insecurity continue to undermine the country's development. Conflict in Kenya arises primarily from disputes over pasture and water resources among pastoralist communities in Kenya and across borders, conflicts over land and other natural resources among different ethnic groups, and skirmishes arising from agitation for political reforms. Some conflicts among pastoralist communities, such as those associated with cattle rustling have a long history and are reinforced by longstanding cultural norms. However, these conflicts have become increasingly destructive, in part due to the availability of small arms, inadequate policing and state security arrangements, the diminishing role of traditional governance systems, and intensified competition over natural resources.<sup>27</sup>

Ethnic conflicts in Kenya are manifest in the form of factional conflicts, which are organised by elites and extend into society through systems of recruitment and reward or patron-client networks.<sup>28</sup> They are typically associated with party competition and revolve around the narrow question of access to power and in Kenya are often connected with political succession.

Other significant violent incidents emanate from individual and mass agitation for political reforms. These conflicts have revolved around two main political issues – constitutional review and the widening of democratic space. As popular support for constitutional reforms gained currency in the early 1990s, the government maintained a hard-line stance and resorted to delaying tactics on the issue of dialogue on the constitution. This led to an escalation of conflict as citizens and institutions of civil society tried to force the state to bow to their demands. The high water mark of this agitation was the 'Saba Saba' riots.<sup>29</sup> As regards growing democracy, the advent of multi-partyism opened a narrow political space. The government was unable to

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<sup>25</sup> The *coup d'état* broke out on 1 August 1982, when a group of disgruntled air force officers attempted to seize power. But it was short-lived, lasting barely a day, and claiming about 159 lives and property of considerable value, mainly within the city of Nairobi.

<sup>26</sup> The shifita war broke out when communities of Somali descent living mainly in the North-Eastern parts of Kenya attempted to secede. The Government responded with a heavy hand and crushed the rebellion within a matter of days.

<sup>27</sup> Karimi, M, ed, *Conflict in Northern Kenya. A focus on the Internally Displaced Conflict Victims in Northern Kenya*, (ITDG, 2002).

<sup>28</sup> Chazan, N *et al*, *Politics and Society in Contemporary Africa* (Lynne Rienner, 1992).

<sup>29</sup> The Saba Saba riots occurred in 7 July 1990, when the police violently broke up a mass demonstration for constitutional reforms. About 30 people were reportedly shot dead.

exercise control over the institutions of political recruitment and could no longer repress civil society as it had under the one-party system. Thus it has resorted to high-handed responses to agitation for political reforms. This has caused conflicts.

The porous nature of the borders in the region has meant that Kenya has been affected by conflict and instability in neighbouring countries and in border zones. For instance, the border areas neighbouring Sudan, Somalia and Uganda are the most volatile regions in Kenya. The transit of arms through Kenya to and from neighbouring states has contributed to small arms proliferation and insecurity within Kenya.

Despite their localised nature, conflicts in Kenya have had significant economic and social costs. For instance, conflicts related to cattle rustling among pastoralists in northern Kenya have displaced well over 200,000 people, disrupted agriculture, frustrated the livestock trade and increased pressure on the already dwindling food reserves. This has constrained food production and contributed to food insecurity, for instance, it is estimated that food production falls by 10 percent during conflicts and is 5 percent lower after conflicts.<sup>30</sup>

## Priorities of the CSP

Signed in October 2003, Kenya's CSP and NIP provide the agreed framework for EU-Kenya development co-operation until 2007. The signing of the CSP marked the end of the programming process that started in 2001, but was delayed due to tensions between the government and donors. These tensions can be traced to agitation for political and economic reforms in the early 1990s, which led to a ten-year moratorium of donor support to the country. The CSP was signed against a backdrop of considerable goodwill and expectation from a new government that ascended to power on a platform of political and economic reforms.

The CSP is based on Kenya's Economic Recovery Strategy (ERS), which was approved as the PRSP in 2001. The CSP identifies three focal areas: roads and transport, agriculture and rural development, and macro-economic support.

## Programmable areas

### Roads and transport

The CSP acknowledges the widespread influence of the transport sector on general economic and social development in Kenya. It facilitates the circulation of goods and services thereby impacting on access to employment and a wide range of social services. The road transport network currently accounts for over 80 percent of the country's total passenger and 76 percent of freight traffic.<sup>31</sup>

In spite of its importance, the road transport network consists of a mere 63,000 kilometres of classified and 87,000 kilometres of unclassified road system. Most of the network is in dilapidated state and only seven percent of the entire road network is in urban areas.<sup>32</sup> This causes considerable traffic congestion during peak hours, overloaded passenger transport, stiff competition for limited road space, few parking spaces, and inadequate supply of public transport.

This has raised the cost of living and doing business in Kenya.<sup>33</sup> For one, the poor state of road infrastructure has caused high operating costs, high fares charged for public transport, unstable delivery schedules and security risks in parts of the country. This is reflected in high production costs, uncompetitive exports, high costs of imported

<sup>30</sup> "Conflicts impacting negatively on food security in Greater Horn of Africa", ITG-EA Peace Bulletin, December 2003 <[http://www.itdg.org/html/itdg\\_eastafrica/peace3\\_food\\_security.htm](http://www.itdg.org/html/itdg_eastafrica/peace3_food_security.htm)>.

<sup>31</sup> Government of Kenya, *National Development Plan 2002–2007: Effective Management for Sustainable Economic Growth and Poverty Reduction*, 2002.

<sup>32</sup> Ibid.

<sup>33</sup> Government of Kenya, *Economic Recovery Strategy for Wealth and Employment Creation*, 2003.



inputs and capital goods, as well as low productivity. These constrain economic development.

In response, the CSP proposes a number of reforms in transport, especially in respect of roads. It primarily calls for reforms in the institutional and financing framework for the roads sector. These reforms target road maintenance, establishment and strengthening of the Kenya Roads Board, the increased use of the private sector in road maintenance, training of small construction enterprises and strengthening supervision and monitoring of road construction.

### **Agriculture and rural development**

Like roads and transport, agriculture also plays a critical role in Kenya's economic growth and development. It is not only a source of food, but also a major provider of employment and foreign exchange. It contributes significantly to the country's GDP. Thus, the PRSP, the ERS and the CSP all highlight agriculture as an important engine for rural and overall development in Kenya.

However, agriculture's contribution to GDP has progressively declined from 37 percent in the early 1970s to about 25 percent in 2002.<sup>34</sup> The country's traditional agricultural exports – mainly tea and coffee – were significantly affected by declining real world market prices and low value addition that led to low returns. Other factors causing the decline include decreasing farm sizes, inadequate use of appropriate technologies, unreliable rainfall, poor marketing infrastructure, limited access to credit, high costs of farm input, poor market information and a lack of early warning systems.

Thus, the CSP proposes to apply EC aid to the achievement of the PRSP's sectoral annual growth target of six percent for agriculture and rural development. It reserves approximately 25–35 percent of envelope A contributions for this purpose and identifies two main areas for intervention:

- empowering rural communities in the local development process and providing the conditions for accelerated private sector economic activity; and
- support to local services delivery and infrastructure provision through capacity-building, policy and institutional reforms, and financial assistance.

### **Macro-economic support**

The final focal area identified in the CSP is macro-economic budget support. 40–45 percent of envelope A is reserved for this purpose. The need arises from the fact that Kenya's economy continues to experience low growth levels, a debt burden caused by high domestic borrowing, and falling productivity and competitiveness in the agriculture and manufacturing sectors.

Accordingly, the CSP underlies the government's commitment to the maintenance of a stable macro-economic framework within the context of structural reforms. Development assistance will be used to support public sector reform programmes as well as the PRSP. It commits the government to pay close attention to monitoring of public expenditure (both in terms of quality and quantity) allocated to the social sectors and other core poverty programmes.

### **Non-programmable areas**

The envelope B allocation is destined to cover unforeseen needs, such as emergency assistance, where such support cannot be financed from the EU budget. It can also cover contributions to internationally agreed debt relief initiatives and support to

34 Supra, note 5.

mitigate adverse effects of instability in export earnings. For these purposes, an amount of €55 million is set aside under envelope B. The funds are also designated for the support of non-focal areas.

### **Support to micro-enterprises**

Small and medium enterprises form a critical unit in Kenya's socio-economic development. Indeed, the majority of the country's workforce is engaged in the informal sector, encompassing diverse small and medium sized enterprises. Thus the sector contributes immensely towards social and political stability and peace in the country. It is in light of this that Kenya has been implementing the Micro-Enterprise Support Programme (MESP) with EDF support.

### **Political governance reforms**

There have been many incidences of political repression, corruption, violations of human rights and mismanagement of the economy in Kenya's post-independence history. The country moved from being a showcase of economic success of post-independence Africa to a state whose citizens were increasingly deprived of health care, education, and security of livelihood. This was partly attributable to the poor governance, corruption, and human rights abuses of previous governments.<sup>35</sup> While tolerance for diverse political points of view has continuously evolved, the nation's fragile institutions have been undermined by a system of patronage and graft. These negative incidences occurred with increased intensity in the early 1990s, causing bilateral and multilateral donors to suspend aid to Kenya.

This explains why Kenya's CSP was concluded against a backdrop of immense expectation that the new government would prioritise political and economic governance reforms. The CSP contains many commitments and references to observance of human rights, reforms of the judiciary, anti-corruption and promotion of political dialogue and national reconciliation. Principal among these commitments is the completion of the constitutional review, enactment of legislation on governance and ethics and general observance of human rights.

### **Support to non-state actors**

Cotonou recognises the critical role of NSAs in at least two main activities: programming and reviews. Not only does it explicitly underscore the complementary role of non-state actors to the central government in programming,<sup>36</sup> it also identifies non-state actors and local authorities as crucial constituencies in the formulation and implementation of development strategies and indicative programmes. While ACP governments remain responsible for determining the development strategy for their countries, NSAs and local authorities should be involved in consultations and planning of national development strategies. In addition, NSAs are to be provided with access to financial resources, as well as support for capacity-building<sup>37</sup> and to be involved in the review process.

However, Kenya's NSAs were not directly involved in the CSP development and review process.<sup>38</sup> The CSP itself acknowledges that no direct consultations were conducted in its development. Information from the outcome of a 'proxy process', the development

<sup>35</sup> Throup, D and C Honsby, *Multiparty Politics in Kenya* (Ohio University Press, 1997); Klopp, J, *Electoral Despotism in Kenya: Land Patronage and Resistance in the Multiparty Context*, unpublished dissertation thesis, Department of Political Science, McGill University, Montreal, 2001; Human Rights Watch, *Playing with Fire: Weapons Proliferation, Political Violence and Human Rights in Kenya* (2001); and Akiwumi, A M. 2002., *Report of the Judicial Commission appointed to inquire into tribal clashes in Kenya*, submitted August 1999, released October 2002, *Report of the Judicial Commission appointed to inquire into tribal clashes in Kenya*.

<sup>36</sup> Article 4 of Cotonou.

<sup>37</sup> Article 7 of Cotonou.

<sup>38</sup> Africa Peace Forum, InterAfrica Group and Saferworld, 'Cotonou mid-term reviews – a lost opportunity for peace and development?', February 2005, p15.

of PRSP, was used to formulate Kenya's CSP. While one cannot totally take exception with the wisdom of this option, at least in terms of reducing costs and saving time, it inevitably could not take full account of issues specific to the requirements of the CSP. For example, in as much as the focal areas reflect priority development issues identified for the PRSP, it does not necessarily follow that a consultative process targeting specific support from a particular development partner would have yielded the same results. Furthermore, the NSAs lost the opportunity to have a say in the determination of issues, such as financial allocations and prioritisation of governance reforms that directly or indirectly affect their participation in implementing Cotonou.

As regards the allocation of financial resources, Cotonou envisages that up to 15 percent of EDF funds may be designated for NSA support. In the case of Kenya, NSAs were allocated two million euros, less than one percent of the total budget. Of concern, too, is the fact that it is not yet clear how Kenyan NSAs will access these funds. No concrete plans or discussions between the concerned parties are underway on these matters. These issues have greatly undermined the possible constructive contributions that NSAs could make to improving governance and fostering peace in Kenya.

## Conflict prevention and peace-building in the CSP

Although conflicts in Kenya are smaller in scale and intensity than those in neighbouring countries, insecurity remains a major concern and the provision of security has been a central theme in Kenya's national development strategies. Kenya's ERS states that "one of the most important pillars for reviving the economy and meeting the expectations of the Kenyans is through the provision of better governance, improved security in the country, and restoring the primacy of the Rule of Law." The document spells out numerous actions aimed at improving political governance, security and law and order.

With respect to better governance, the ERS proposes the creation of the Ministry for Justice and Constitutional Affairs, and a new department for governance and ethics under the President's Office. Other proposed actions include the enactment of a new constitution and anti-corruption and public officers ethics laws, arraignment in court of persons involved in corruption and the creation of the office of Ombudsman to investigate cases of official abuse of power.

On security, the government commits to address the myriad challenges of law enforcement, policing and crime prevention by recruiting, retraining and better equipping the police force; reviewing and enacting appropriate laws for dealing with modern day crime challenges like terrorism, money laundering and cyber-crime; and developing and enforcing a framework for cross-border and territorial waters policing.

In order to strengthen the rule of law, the ERS proposes wide-ranging legal and judicial reforms. These include the establishment of a Judicial Service Commission and Judicial Code of Conduct and Ethics, eradication of corruption in the Judiciary and the creation of a Law Review Commission.

These proposals have been implemented with variable degrees of success. Although the creation of the Ministry for Justice and Constitutional Affairs was one of the first actions of the new regime, the former's operations have been mired in controversy about apparent duplication of the responsibilities of the office of the Attorney General. Some commentators also view it as an impediment to the review of the constitution and other governance reforms. The pace and scope of police reforms has also been criticised. Although official records indicate a downward trend in the number of violent crimes, insecurity remains a major problem in Kenya.

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## Evaluation

As in Uganda, the contribution of the Kenya-EU development partnership to Kenya's socio-economic development and, by extension, to peace for over a quarter of a century cannot be gainsaid. EU assistance has helped Kenya to weather the emergence of complex international and domestic development and security challenges. Given the important contribution of economic development and good governance to political stability, it is justifiable to partly attribute Kenya's relative peace to the stabilising effects of the donor support it has received from the EU.

EC member states have also played an important role by providing bilateral support to development, governance reform, and conflict management in Kenya. This comes mainly through sponsored projects and activities of a growing number of local and international organisations.

Because most conflicts in Kenya are internal and 'local' in nature, conflict management and resolution has not been a major priority outlined in national development strategies or in the CSP. Instead, conflict is primarily seen as a 'security' or governance issue. This has meant that development frameworks have focused on the security, justice and governance sectors, but have paid very little attention to addressing the root causes of conflict through development interventions in other sectors. This would require a more comprehensive approach to conflict prevention, in which a conflict analysis was used to inform the choice of development priorities and to ensure that all development interventions are conflict-sensitive.

## 6

# Implementation of Cotonou at the regional level in the Horn of Africa

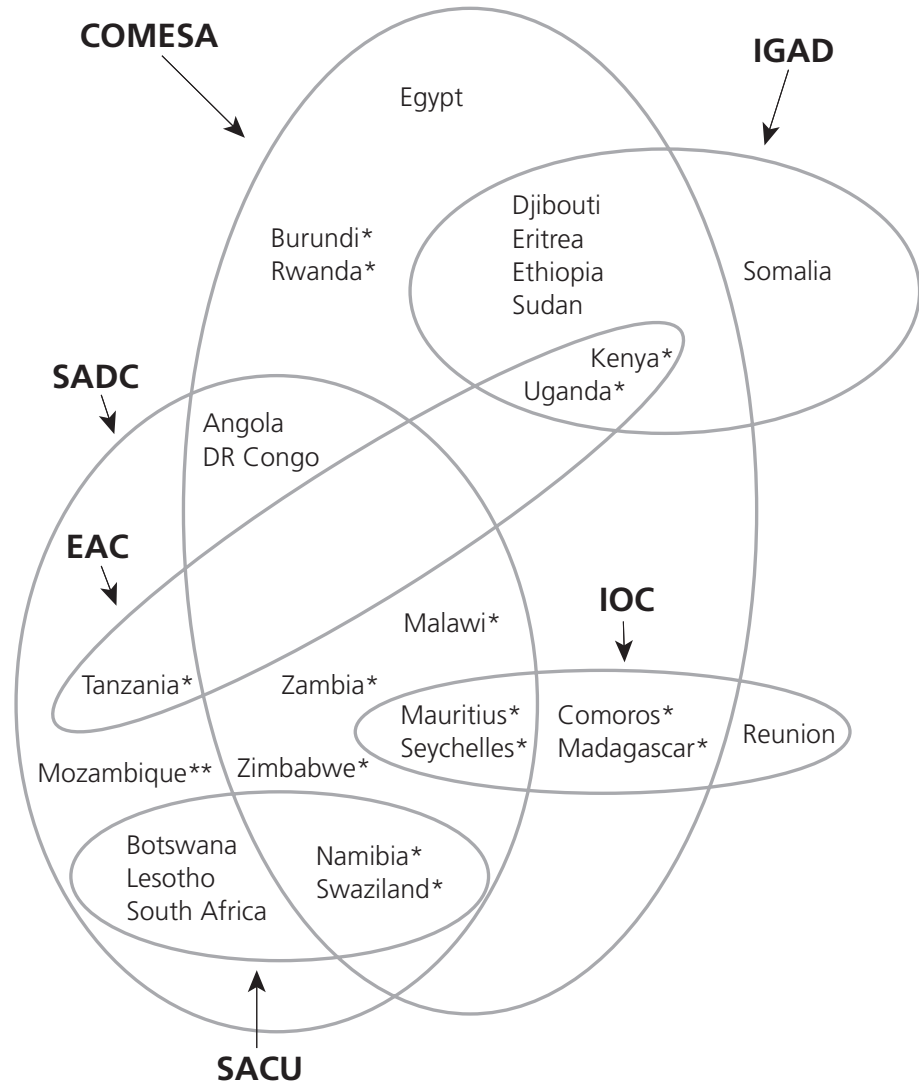
**LIKE KENYA AND UGANDA**, most countries of the Horn region have had close socio-economic ties with Europe, the EU and the EC member states dating back to pre-colonial times. The adventures of early European explorers like Vasco da Gama, John Speke, and David Livingstone in the Eastern coast of Africa are well recorded. These explorations and early contacts played an important role in the events that led to the colonial scramble for and partitioning of Africa, a phenomenon that has defined the continent's history and socio-economic development since then. Not even Cotonou and the current engagement between ACP and the EU can escape the defining role of colonialism in Africa's history and development.

## Priorities of the RSP

The relevant RSP and RIP for this study covers Eastern and Southern Africa and the Indian Ocean regions. The RSP covers the period from 2002–2007, and represents the EU priorities for support for a number of regional organisations: the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Intergovernmental Authority on Development (IGAD), and Indian Ocean Commission (IOC). (There is a separate RSP and RIP for the Southern African Development Community (SADC).) The specific countries involved are Angola, Burundi, Comoros, Djibouti, DRC, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Somalia, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe (see figure 1).

The EU allocates some €223 million to cover economic integration and trade support, sectoral policies, programmes, and projects at the regional level in support of the focal and non-focal areas of EC assistance.

Figure 1: Chart of East and Southern Africa Regional Economic Integration Arrangements



**COMESA** Common Market for Eastern and Southern Africa  
**EAC** East African Cooperation  
**IGAD** Intergovernmental Authority on Development  
**IOC** Indian Ocean Commission

**SACU** Southern African Customs Union  
**SADC** Southern African Development Community  
 \*RIFF *Regional Integration Facilitation Forum*  
 \*\*RIFF *Observer status*

### Programmable areas

The RSP identifies three focal areas for EDF support. These are economic integration and trade, management of natural resources, and transport and communications.

#### Economic integration and trade

The RSP's focus on economic integration and trade underpins the value which the countries involved attach to it as a means of increasing economic growth and reducing poverty. One of the key objectives of the EU's support for regional integration under the ninth EDF is to enable all countries in the Eastern and Southern Africa region to become members of regional Free Trade Areas and/or a Customs Union. The other objective is to improve trade negotiation capacities at the regional and multilateral levels, including in the WTO and the EPAs. The aim is to foster increased inter-regional trade, improved capacity to formulate trade policies, and easing of budgetary constraints to further trade liberalisation.

For indicative purposes, 45–55 percent of the programmable aid is reserved for activities in this focal area, including harmonisation of customs regulations and procedures, removal of non-tariff barriers, working towards sanitary and phytosanitary regulations and common trading standards, development of policies on trade in services within the framework of the General Agreement on Trade in Services, harmonisation of tax policies, and the creation of a regional economic integration forum, among others.

### **Management of natural resources**

Environmental management is now a well-accepted development issue in the Eastern and Southern Africa region. All the countries covered by the RSP are parties to key environmental agreements, including the Rio Conventions on climate change, bio-diversity and desertification.

The management of natural resources is one of the focal areas identified for support under the RSP. It notes a number of environmental issues that need particular attention, including the effects of droughts and famine, which result in dependence on food aid, severe environmental degradation and weak regional mechanisms for environmental management.

### **Transport and communications**

The RSP recognises that the importance of transport and communications in facilitating regional trade in Eastern and Southern Africa cannot be overemphasised. It emphasises the need for more uniform and systematic implementation of transit and communications reforms. It allocates 15 percent to 25 percent of the ninth EDF resources to this focal area.

One important proposal is the formulation of a regional transport and communications infrastructure master plan. Other investments would focus on rationalising the regional legal and regulatory framework through greater standardisation, harmonisation, deregulation and competition to ensure more effective use of infrastructure. This would enable services to be provided at lower costs and improve transport networks.

### **Non-programmable areas**

Apart from the focal areas outlined above, the RSP identifies a number of non-focal areas, to which it designates between 10 and 15 percent of resources. These are:

- higher education;
- conflict prevention, resolution and management; and
- Institutional capacity-building.

Of these non-focal areas, the RSP's agenda on conflict prevention, resolution and management deserves particular attention.

## **Conflict prevention and peace-building in the RSP**

The RSP for Eastern and Southern Africa incorporates conflict prevention, resolution and management as a non-focal area. This represents an explicit recognition that conflict undermines development and that there is a need for a regional approach to conflict management. However, it is important to note that since conflict management is not a focal area, less than five to ten percent of the total resources can be allocated for this purpose. Given the high socio-economic cost of conflicts to the development of the region, a higher percentage of resources may have been warranted for peace initiatives under the RSP.

The EU has been a major supporter of IGAD, which plays an important role in conflict prevention, resolution and management within the Horn. A successor organisation to the Intergovernmental Authority on Drought and Development (IGADD), which was created in 1986, IGAD co-ordinates development and security issues among its member countries. Its aims and objectives include promoting peace and stability in the sub-region and creating mechanisms within the sub-region for the prevention, management, and resolution of inter-state and intra-state conflicts through dialogue. IGAD has taken a lead role in supporting the peace negotiations in Sudan, which have brought a resolution to the conflict between the North and the South, and has also supported the Somalia peace talks in Kenya. IGAD also houses the Conflict Early Warning and Response (CEWARN) mechanism, established in 2002.

The EU has also used EDF funds to support the African Union (AU), particularly its peace-keeping operations. In 2004, the EC launched the African Peace Facility, a 250 million euro mechanism funded by the ninth EDF. This has been used to support AU peace-keeping operations in Darfur.

In addition to the specific focus on conflict management, the other areas of support outlined in the RSP have a potential impact on conflict dynamics. For instance, strengthened regional integration could reduce structural rivalries between countries before they evolve into violent conflicts. Regional bodies, which receive financial and technical support from the EU, including COMESA, EAC, and IOC, explicitly state that conflict prevention, resolution and management are part of their aims and objectives. Regional institutions could also enhance economic growth, promote dialogue and understanding among members, and provide mechanisms for concerted interventions in cases of conflicts within member countries.

However, there are some inherent structural problems in the approach to conflict prevention, resolution and management under the RSP. In particular, the RSP does not mainstream the principle of conflict sensitivity across all sectors of support. For instance, the RSP could more explicitly analyse the impact of regional integration on conflict dynamics.



## 7

## Trade and conflict: the EPA negotiations

**UNDER COTONOU**, the non-reciprocal trade arrangements between the EU and ACP countries are to be replaced by mutually negotiated reciprocal EPAs. EPAs are currently being negotiated and are supposed to be finalised by the end of 2007 at the latest. The new arrangements are due to enter into force in 2008. As an aspect of Cotonou, EPAs should be guided by the agreement's aims and objectives, including its development and conflict prevention commitments. The objectives and principles of the EPAs are also based on the outcomes of the first phase of negotiations. This section examines the EPA negotiations between the EC and the Eastern and Southern Africa (ESA)<sup>39</sup> block of states, which includes the countries of the Horn of Africa. It considers the extent to which conflict prevention commitments are being addressed.

The potential impact of trade on conflict dynamics needs to be systematically analysed and taken into account in EPA negotiations. It is frequently assumed that increased trade will reduce the risk of violent conflict, by fostering regional integration and interdependence and by generally contributing to prosperity. However, changes in trade arrangements could also exacerbate conflict in some contexts. For instance, changes in commodity prices associated with trade liberalisation could intensify competition over scarce resources such as land and water. Increased exposure to price shocks could also exacerbate livelihood insecurity, triggering conflicts in areas where poverty and resource scarcity already give rise to conflict. In addition, trade liberalisation could make it more difficult to control the flow of small arms or high-value commodities, which could be used to finance conflicts.

On a more macro level, the impact of trade on conflict is closely linked with its impact on poverty and development. The EU has argued that EPAs will reduce poverty and encourage development by fostering the integration of ACP countries into the world economy. However, the ACP states have argued that by replacing non-reciprocal trade arrangements with reciprocal arrangements, the EPAs will force the ACP producers to compete with EU imports. If poverty and development are not adequately addressed in the EPA negotiations, for instance through diversifying the economic bases of the ESA states, this may increase the likelihood of conflict.

<sup>39</sup> Sixteen countries of COMESA have agreed to negotiate the EPA with the EU under the Eastern and Southern Africa (ESA) configuration. The ESA countries are Burundi, Comoros, DRC, Djibouti, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Uganda, Zambia and Zimbabwe. Uganda and Kenya are also members of the Eastern African Community (EAC); Djibouti, Eritrea, Ethiopia, Kenya and Uganda, of the Inter-Governmental Authority (IGAD); Madagascar, Mauritius and Seychelles, of the Indian Ocean Commission (IOC); and the DRC, Madagascar, Malawi, Mauritius, Zambia and Zimbabwe, of the Southern African Development Community (SADC). COMESA states Egypt, Angola and Swaziland (also a SACU member) are not included in ESA. Among all the EPA configurations in Africa, ESA is the largest, and 12 of its members are not only least developed, but the majority are also highly indebted poor countries.

The first phase of EPA negotiations began in 2002 involving all ACP countries and the EC. These negotiations delivered few, if any, tangible benefits for the ACP countries.<sup>40</sup> Nevertheless, in October 2003, the ACP and EC representatives declared that the results of the first phase of negotiations had been satisfactory. They adopted a Joint Report, which provides guidance for further negotiations between the ACP states and the EC.<sup>41</sup> According to the Joint Report, the following are the main principles that will guide the EPA negotiations for the ESA region:

- The EPA will be an instrument for sustainable development and, accordingly, the development dimension will be reflected in all areas of negotiations.
- The EPA will support regional integration among the ESA group and will be coherent and consistent with the New Partnership for Africa's Development (NEPAD).
- The EPA will be compatible with WTO rules then prevailing.
- Economic and trade co-operation shall take account of the different needs and levels of development of ESA countries.
- The EPA will preserve the *acquis* by maintaining and improving on the current level of preferential market access into the EC, with particular regard to the special and differential needs of least developed countries and preservation of the benefits of the Everything-But-Arms initiative and existing preferential arrangements.

Thus, from the outset, conflict sensitivity was not identified as a main principle that would guide the EPA negotiations.

The ESA and the EC officially launched their negotiations in February 2004. The EPA negotiations are to be conducted in three phases: setting of priorities (March to August 2004); substantive negotiations (September 2004 to December 2005); and continuation and finalisation (January 2006 to December 2007). During the launch of negotiations in 2004, ESA countries agreed to negotiate in six clusters: development issues, market access, agriculture, fisheries, trade in services, and trade related areas, as well as the establishment of national and regional structures. The decision to have Eastern and Southern African countries negotiate as a single block – despite the fact that they belong to several different regional organisations – was taken at the eighth Summit of the COMESA Heads of State and Government in March 2003. Since then, those countries that have committed to negotiations under the ESA umbrella have been engaged in EPA consultations and discussions.

There are a number of problems with the EPA negotiations that impact on the ability to incorporate conflict issues into negotiations. Each ESA country was mandated to establish a National Development and Trade Policy Forum (National Forum), comprised of government officials and NSAs. The National Forums are expected to formulate national positions on the selected clusters with the view to feeding into the Regional Negotiating Forum, which also includes multiple stakeholders, including NSAs. Each ESA country is also supposed to complete a National Impact Assessment (NIA), which is a study that would identify specific priorities and capacities to help the country take part in substantive negotiations.

These negotiations already lag far behind schedule. The ESA countries have been unprepared for the negotiations and have not had the resources or capacity to complete the impact assessments in time for them to inform negotiations. This has affected the ability of ESA countries to consider issues such as the impact of trade arrangements on conflict. Only five NIAs had been completed by the September 2004 deadline and the findings of these studies had not been synthesised to guide the negotiations. In fact, by the time of the third Regional Negotiating Forum meeting in October 2004, a number of ESA countries were still awaiting funds from the EU to undertake the impact assessments. Although the Regional Negotiating Forum had proposed to start substantive

<sup>40</sup> Ochieng, B O and E Mutunga, *Negotiating Economic Partnership Agreements: Challenges for East African Countries* (Friedrich Ebert Stiftung, 2003).

<sup>41</sup> Joint Report on the all-ACP – EC phase of EPA negotiations, ACP/00/118/03 Rev.1 – ACP-EC/NG/NP/43, 2 October 2003.

negotiations with the EC in a number of areas between July 2004 and March 2005, the ESA region is still very ill-prepared for it.

Conflict prevention and conflict sensitivity have not been identified as principles that should guide the EPA negotiations. In order to ensure that the impact of trade on conflict is taken into account, this should be analysed as part of the National Impact Assessment process. NSAs could also play a role in advocating for conflict issues to be taken into account through their participation in the National Forums and the Regional Negotiating Forums. However, there are numerous problems with the EPA negotiations in their current form that make this very difficult. In particular, ESA states suffer from a major lack of capacity and have been unprepared for the negotiations. This is worsened by a general lack of awareness among all parties of the potential impact of trade on conflict and the methodology that could be used to ensure that it is conflict-sensitive. At present, the EPA negotiations are heavily stacked against ESA states, and the focus is on ensuring that fundamental issues, such as the impact of trade arrangements on local producers and industries, are taken into account.

Cotonou requires that a review of trade negotiations be carried out in 2006. However, this has not been officially discussed in detail thus far. At present, there has not been an adequate assessment of the impact of EPAs on development in ACP countries. If the 2006 review takes place, this could provide an opportunity for civil society to advocate for EPAs to be evaluated against specific development-related criteria, including conflict sensitivity.<sup>42</sup>

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<sup>42</sup> Brown J, 'Economic Partnership Agreements: Will the truth out?', *The Networker*, October 2005  
<<http://www.bond.org.uk/networker/oct05/epas.htm>>



## Political dimensions of EU-ACP relations

**TO HELP RESPOND TO THE MANY GLOBAL CRISES** and challenges facing it, the EU developed a Common Foreign Security Policy (CFSP) in 1993. Throughout the 1990s, the EU dramatically developed its Foreign and Defence policy instruments and began launching field operations after 1999.<sup>43</sup>

In addition to these mechanisms, regular political dialogue with a whole range of third countries has been set up. The EU also maintains a political presence, particularly in areas of crisis or conflict. Within Africa, Special Representatives have been appointed to the Great Lakes region and to Ethiopia/Eritrea in the Horn. These Special Representatives provide a direct link to political developments in these regions and allow the EU to remain actively involved.

Much of the EU's intervention in conflict management, resolution and prevention initiatives in the ACP countries remains *ad hoc*, bilateral and piecemeal. Yet Cotonou calls for an integrated use of political, development and humanitarian instruments in dealing with ACP countries in conflict. Cotonou offers an instrument for structural co-operation with ACP countries, with CFSP instruments holding great potential to complement and provide a political impetus for more structural forms of support under the EDF and other budget lines.

As mentioned above, the EC launched the African Peace Facility in 2004, a 250 million euro mechanism funded by the ninth EDF, created to support the African Union's (AU) peace-keeping operations and, to a lesser extent, to support AU's institutional capacities. The Peace Facility has been mainly used in Darfur and is running out of funds. Debates about its future funding are ongoing among the EU member states and the EC.

In parallel to the Peace Facility, EU member states have started to integrate their actions in the field of peacekeeping and security sector reform, but a lot remains to be done to achieve a common approach among security and development actors in the Horn and in the whole of Africa.

An EU-Africa Strategy, which is legally part of Cotonou's political dialogue, is currently being developed and is due to be published in December 2005. It will address both security and development issues. It is important that this strategy does not only focus on short-term peace-keeping operations, but also on longer-term conflict prevention. The Peace Facility also needs to find the balance between short term crisis management activities and long term conflict prevention policies.

<sup>43</sup> For background information on Common Foreign and Security Policy (CFSP) and European Security and Defence Policy (ESDP), see [http://europa.eu.int/comm/external\\_relations/esdp/](http://europa.eu.int/comm/external_relations/esdp/)

## 9

# Assessment of the EU's role in conflict management under Cotonou

**THIS STUDY PROPOSES FIVE CRITERIA** for assessing the extent to which conflict is being addressed in the implementation of Cotonou in the Horn. These criteria are not necessarily comprehensive, but they do cover important aspects of the EU's role in conflict management in the Horn under Cotonou. The first criterion is the extent to which conflict and security issues are identified as strategic or programme priorities within the CSPs and RSPs. The second criterion, which is related to the first, is the extent to which resources have been allocated for conflict- and security-related programmes. The third criterion relates to the extent to which conflict prevention has been mainstreamed across all sectors, not only those specifically concerned with 'security' issues. This is crucial as development interventions in all sectors (eg infrastructure and health) have the potential to affect the risk of conflict, and therefore need to be implemented in a conflict-sensitive way. The fourth criterion is the extent to which conflict issues are being taken into account in the EPA negotiations, in particular the extent to which the impact of new trade arrangements on conflict risks is assessed and used to inform negotiations. The fifth criterion is the extent to which EC staff are aware of and have the capacity to address conflict issues within the context of aid programming discussions or trade negotiations.

## **1) Conflict management initiatives in CSPs and RSPs**

The first area of concern is the extent to which conflict prevention, resolution and peace-building are incorporated into strategic and programming priorities outlined in CSPs and RSPs. This relates to deliberate strategic interventions to manage conflict or address security issues, for instance providing support for mediation, negotiation and reconciliation efforts, or for demobilisation and reintegration of former combatants. This is important in so far as EDF allocations under Cotonou are principally based on the priorities in the CSPs and RSPs. The extent to which other national policy frameworks, particularly the PRSPs, address conflict management is also important as they are used to inform EU priorities.

As stated, while no CSP in the Horn has specifically identified conflict prevention, resolution and management as a focal area, conflict management programmes have in some cases been identified as a non-focal area or subsumed under other programmes, such as governance. In Uganda, some resources have been allocated to disarmament and development as well as peace initiatives in the Karamoja programme<sup>44</sup> and in Kenya, EDF support has gone to programmes on community-based policing and access to justice<sup>45</sup>. At the regional level, the ESA group has identified conflict management as an important development concern in the RSP. Thus, the RSP for the ESA region explicitly earmarks conflict prevention, resolution and management as a non-focal area to be supported under the ninth EDF.

Furthermore, it is important to recognise that many conflict management activities are being undertaken by EC member states, outside of the multi-lateral framework provided by the EU or through other international organisations.

## 2) Resource allocation

This study finds that where conflict management is identified as a specific priority within CSPs or RSPs, it has frequently been subsumed under other programmes (eg governance or support to NSAs) and has been allocated a small percentage of total resources. It should also be noted that EDF funds have not been allocated for the purpose of mainstreaming conflict prevention across all sectors of development co-operation, for instance for training and capacity building in conflict sensitivity.

As noted above, the RSP for the ESA region explicitly identifies conflict management as an important regional development issue and a non-focal sector within the RSP. The RIP allocates five to ten percent of the ninth EDF funds to the non-focal sectors, which include conflict prevention, resolution and management. This is the largest direct provision for conflict prevention, resolution and management in the CSPs and RSPs analysed as part of this study.

It is also important to examine the resources allocated to NSAs, given their important role in conflict management, and the importance of building their capacity to participate in aid programming. While Cotonou envisages that NSAs can get up to 15 percent of programmable aid, they have been allocated two million euros in Kenya's CSP – less than one percent of total aid. This allocation was not the subject of any meaningful dialogue with NSAs. In Uganda, NSAs were allocated three percent of the total ninth EDF funds. Uganda has now set up an EC funded NSA capacity-building programme aimed at disbursing these funds.

Again, it is important to note that many EC member states are contributing to conflict management bilaterally or through other multilateral frameworks.

## 3) Mainstreaming conflict prevention into development frameworks

The study has found that although the EU has funded some specific conflict and security related interventions through CSPs and RSPs, it has yet to mainstream the principle of conflict sensitivity in development interventions in all sectors. Ensuring that programmes in areas such as infrastructure, health, education, and macro-economic support, are targeted so that they minimise the risks of conflict, while also achieving sectoral objectives, is a crucial aspect of conflict prevention. It requires analysing the root causes of conflict and using this to inform programme design and strategic priorities, while also achieving specific sectoral objectives.

Countries such as Kenya, which have experienced more localised forms of violent conflict, have scarcely mentioned conflict in development frameworks, including the

<sup>44</sup> This programme is funded from the eighth EDF. Bayne, S in association with Saferworld, 'Mainstreaming small arms issues into the implementation of the Cotonou Agreement', prepared for UNIDIR (unpublished paper), August 2005.

<sup>45</sup> Ibid.

CSP. Rather, Kenya has treated conflict related issues from the perspective of the governance, justice and security sector. Other countries, such as Uganda, which have been affected by larger-scale conflicts, have more clearly recognised conflict as an impediment to development within their development frameworks. For instance, Uganda's PEAP contains a pillar dealing specifically with conflict and security issues. However, the challenge in both cases is to ensure that conflict is mainstreamed across all sectors of support (not just security and governance related sectors), and, importantly, that integrated strategies, which include measures to address the socio-economic factors that increase the likelihood of conflict, are developed to prevent and manage conflict more effectively.

Because programming under Cotonou is 'rolling', the EU and ACP countries, with the participation of NSAs, have the opportunity to review and adjust development strategies. The annual, mid-term and end-of-term reviews, which are supposed to include NSA participation, provide an opportunity to advocate greater attention to conflict prevention in EU-ACP development co-operation. However, thus far, NSAs have faced a number of constraints stopping them taking part effectively in these reviews, and the reviews have not led to substantial changes in the treatment of conflict issues within CSPs and RSPs. The conclusion of mid-term reviews – which mainly recommended retaining CSPs – means that the Horn region has lost an important opportunity for mainstreaming conflict prevention into the development agenda.<sup>46</sup>

#### **4) Place of conflict prevention in EPA negotiations**

The EPAs have the potential to be powerful instruments for achieving the objective of conflict prevention in the context of Cotonou. So far, countries have agreed to negotiate in six focal areas, many of which could be relevant to conflict prevention and management. For example, strengthening national and regional structures could play a role in preventing conflicts – both inter-state and cross-border (eg through structures such as CEWARN). Similarly, economic integration could reduce political tension between states, and an increase in economic interdependence could foster greater trust between countries. It could also help resolve territorial disputes, by making national frontiers, *de facto*, less important. On an intra-state level, EPAs could impact directly on the root causes of conflict. For instance, if conflict has been caused by competition over access to fishing rights, and EPAs cause the fishing industry to collapse or create an advantage to some producers over others, this could directly contribute to conflict. Despite these potential positive and negative impacts, the specific benefit of mainstreaming conflict across all aspects of EPA negotiations has not yet been realised.

As analysed above, conflict prevention and sensitivity are not priorities or guiding principles for the EPA negotiations between the EU and the ESA group. If conflict prevention issues are going to be addressed, a conflict analysis needs to be conducted and the impact of EPAs on conflict dynamics needs to be fully assessed. This needs to include a full assessment of the impact of EPAs on development indicators, as this in turn will impact on conflict risks. Yet, thus far, conflict issues are not being addressed in the NIA process and the broader impact of EPAs on development is not being adequately assessed.

#### **5) Conflict prevention awareness and expertise**

Mainstreaming conflict prevention and peace-building in development and trade frameworks requires a high level of awareness of conflict issues and technical expertise in a number of areas. It requires an awareness of the links between conflict, trade and development, as well as specialised technical knowledge, among EC Delegation staff,

<sup>46</sup> Africa Peace Forum, InterAfrica Group and Saferworld, 'Cotonou mid-term reviews', op cit.

government officials, trade negotiators, civil society and other stakeholders involved in trade negotiations and development programming.

This study has revealed a considerable lack of capacity and specialist knowledge of conflict issues on the part of EC Delegation staff, government officials and civil society engaged in trade negotiations and development programming. This is particularly true in the EPA negotiations, where the ESA countries lack the knowledge, capacity and skills required to take part effectively in negotiations. These capacity deficits need to be addressed if conflict issues are to be raised within the negotiations.

Furthermore, the EPA negotiations appear to have been given greater priority than conflict prevention issues and this is reflected in the allocation of resources and staff time within the EC and government ministries. Even leading civil society organisations have yet to take up conflict prevention as an important aspect of EPA negotiations. This is compounded by the small number of staff focusing on Cotonou issues within government ministries and the EU, and by the highly technical nature of aid programming and trade negotiations. The difficulties faced by NSAs in participating effectively in dialogue on these issues also compounds the problem. All the relevant parties, including the Horn governments, the EU and NSAs require not only more human resources, but also the right mix of expertise and skills.



# 10

## Recommendations

**THIS STUDY HAS ANALYSED THE ROLE OF THE EU** in conflict prevention and management in the Horn of Africa. In particular, it has focused on how conflict issues are being addressed in the implementation the trade and aid dimensions of Cotonou. Based on an analysis of the CSPs for Kenya and Uganda, and the RSP for the Horn, the study has shown that conflict prevention is not being comprehensively addressed across all aspects of EU development co-operation in the Horn. Whilst EDF resources have been allocated to finance some programmes designed to address conflict or security concerns, conflict prevention has yet to be mainstreamed across all sectors of support. The study has also shown that conflict issues are not being addressed within the context of the EPA negotiations affecting the Horn countries. Based on this analysis, the study proposes a number of recommendations:

- The EU should take a more comprehensive approach to conflict prevention by ensuring that its development and trade co-operation are conflict-sensitive. In practice, this means that a conflict analysis should be used to inform EU priorities outlined in CSPs, RSPs and EPAs. This would help ensure that development and trade co-operation is targeted to reduce the risks of conflict in particular contexts, and to ensure that they do not exacerbate tensions.
- The potential impact of EPAs on conflict dynamics within the ACP countries needs to be explicitly addressed in ongoing EPA negotiations. Conflict sensitivity should be identified as a cross-cutting principle that will guide all aspects of the EPA negotiations. Furthermore, National Impact Assessments, which are intended to inform negotiations, should specifically analyse the impact of trade on conflict.
- There is a need to raise awareness among donors, government officials and civil society that trade and development co-operation should be conflict-sensitive. While donors such as the EU are just beginning to recognise the importance of conflict sensitivity in development interventions, applying this principle to trade co-operation has yet to receive significant attention. Furthermore, there is a particular need to build the capacity of the EC Delegation, government officials and civil society organisations to address conflict issues within trade negotiations.
- In addition to using EDF funds to finance specific conflict and security related interventions (eg security sector reform), EDF funds should also be allocated for the specific purpose of mainstreaming conflict prevention across all aspects of EU trade and development co-operation.
- Civil society organisations should advocate that conflict issues be taken into account in EPA negotiations and in the formulation of CSPs and RSPs. Ensuring that civil society can participate actively in the aid programming cycle and in the EPA negotiations, and encouraging genuine dialogue between civil society, government

and the EU on aid, trade and conflict issues is crucial to this process. The review of EPA negotiations in 2006, if it occurs, could provide an opportunity for civil society to advocate for clear criteria for evaluating EPAs against Cotonou's objectives, particularly the development and conflict prevention objectives.

- The EU should prioritise longer-term conflict prevention in its approach to conflict management in the Horn. This requires coherence across all aspects of EU relations in the Horn, including trade, aid, and political dialogue. The EU and the Horn countries need to develop an integrated strategy for conflict prevention and management that brings together these instruments in a multi-dimensional policy framework. The EU-Africa strategy could provide a framework for integrating the EU's security and development policy in the Horn. However, this strategy should not only focus on short-term peace-keeping operations and responses to crises, it should place greater emphasis on conflict prevention, and the specific role of conflict-sensitive development and trade co-operation in preventing conflict.

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**COVER PHOTO:** Transporting bananas by truck and bicycle in Uganda. © JIM HOLMES/PANOS



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