

*The European Union's Political and Development
Response to Guinea Bissau*

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Acronyms

ACEP	Associação para a Cooperação entre os Povos
ACP	African, Caribbean and Pacific countries
AD	Acção para o Desenvolvimento
AIDS	acquired immune deficiency syndrome
CFSP	Common Foreign and Security Policy
CPLP	Community of Portuguese-Speaking Countries
DG Dev	Directorate-General for Development
EC	European Commission/European Community
ECOMOG	ECOWAS Cease-Fire Monitoring Group
ECOWAS	Economic Community of West African States
EDF	European Development Fund
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
FAO	UN Food and Agriculture Programme
GDP	gross domestic product
GNP	gross national product
HDI	human development index
HIPC	highly indebted poor countries
ICRC	International Committee of the Red Cross
IDA	International Development Association (World Bank Group)
IED	Instituto de Estudos para o Desenvolvimento
IMF	International Monetary Fund
IMVF	Instituto Marquês Valle Flor
INEP	Instituto Nacional de Estudos e Pesquisa
IOM	International Organisation for Migration
MFDC	Movement of Democratic Forces of Casamance
NGO	non-governmental organisation
NIP	National Indicative Programme
OCHA	UN Office for the Coordination of Humanitarian Affairs
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PAIGC	African Party for the Independence of Guinea and Cape Verde
PALOP	African Lusophone Countries (Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé & Príncipe)
PDRRI	Programme for the Demobilisation, Reinsertion and Reintegration of ex-Combatants (Programa de Desmobilização, Reinserção e Reintegração dos Ex-Combatentes)
PRGF	Poverty Reduction and Growth Facility (IMF)
PRS	Party of Social Renewal
PRSP	Poverty Reduction Strategy Paper
RGB	Republic of Guinea-Bissau
SAF	Structural Adjustment Facility
TIPS	Trade and Investment Promotion Support
UNDP	United Nations Development Programme
UNHCR	United Nations High Commission for Refugees
UNOGBIS	United Nations Post-Conflict Peace Building Office in Guinea Bissau
USAID	United States Agency for International Development
WAEMU	West African Economic and Monetary Union

Summary

In Guinea-Bissau, donors are currently in the process of resuming cooperation and implementing longer-term development programmes, following the conflict that in 1998 destroyed most of basic social and economic infrastructures. For the country's elected government, there are enormous challenges ahead: to reinforce democratic culture and institutions; to restructure and redefine the role of the armed forces; to diversify the economy and increase the involvement in regional economic dynamics; while minimising the negative effects of political instability in the subregion. The high levels of poverty, the volatile political environment (despite the progress towards democracy), the irregular functioning and lack of capacity of public institutions and the strong influence of the regional dimension, are some of the constraints under which all donors are having to plan their interventions.

For the international community, including the European Union, several challenges lie ahead, including: fulfilling the promises made at the Geneva donors' conference in 1999; finding alternatives to the institutional paralysis without undermining the state itself; reducing the culture of aid dependency and countering negative perceptions of external assistance; and reconciling donors' bureaucratic structures and limited mandates with the need for rapid responses, flexibility and the sustainability of development actions.

For the European Commission, the major challenge will be to seize the opportunity to utilise the full development potential of the newly signed Cotonou Agreement in order to support Guinea-Bissau in its efforts to overcome its political and socio-economic problems.

1 Introduction

‘Fragile states’ are understood as meaning countries facing latent or protracted conflicts (including situations of war), as countries emerging from conflict (with major uncertainties as to their future stability) or as countries indirectly affected by regional conflicts. Their ‘fragility’ can take different forms. In extreme cases, the state structures have disappeared. In other cases, the central state may appear strong (e.g. in terms of military control), but it lacks legitimacy, controls only part of the national territory or fails to deliver even the most basic services (including in developmental terms). The net result is generally a situation of chronic instability, insecurity, violation of human rights, economic and social collapse, high levels of aid dependency and rising levels of absolute poverty.¹

This study attempts to analyse the development response of the European Union (EU) to Guinea-Bissau, looking particularly at adaptations and innovations in donor strategies and working methods as well as what could be improved in terms of policies and instruments under the new ACP–EU Partnership Agreement signed in Cotonou in June 2000.² Although the legal framework and the instruments of the Cotonou Agreement remain the same for all 77 signatory states, the challenges of the implementation of development interventions in politically fragile states are much greater. The polarisation of the political situation and the weakness of the state (related to its capacity to deliver basic public services) make all of the obstacles more acute, and the volatility of the political environment makes every policy choice particularly difficult and frail.

Guinea-Bissau can be characterised as ‘fragile’ based on the following:

- the disrupting effects of the recent conflict, at all social and economic levels;
- the irregular functioning and lack of capacity of public institutions to deliver the basic social services;
- the bureaucracy and corruption in the state structures;
- the lack of a democratic culture, as is evident from the prevalent violations of human rights and the need for greater independence of the judiciary, the police and armed forces;
- the state of insecurity that still exists at the Senegalese border and the indirect effects of the conflicts in several neighbouring countries; and
- the high levels of poverty and the weakness of the economy.

¹ According to this definition, a growing number of ACP countries can be categorised as ‘fragile’. This confronts the international donor community with unprecedented demands for complex emergency interventions that can help in restoring stability and creating the conditions for addressing pressing development challenges.

² The Cotonou Agreement provides a new legal framework and a mandate to the European Commission and EU Member States to ensure stronger links between development matters and conflict prevention, management and resolution in its Article 11. The essential idea of the Agreement is to use regional, subregional and national capacities to address the root causes of conflict. It is interesting to note that the Agreement also makes provision for the necessary links to be established between emergency measures, rehabilitation and cooperation on the ground. These provisions have to be considered together with Article 8, which sets the basis for political dialogue, and Article 96, which establishes limits for consultations and procedures leading to suspension.

2 Country Overview: Guinea-Bissau

2.1 Political and Social Situation

Guinea-Bissau became independent in 1974, after 13 years of liberation struggle against the Portuguese colonial power, led by Amílcar Cabral. From independence until 1991, the country was ruled by a single-party system, the African Party for the Independence of Guinea and Cape Verde (PAIGC), which was the main leading force of society and the state. The transition to democracy led to the first multi-party elections that took place in July/August 1994. Although there was no change in power,³ this was the beginning of increased political activity by the opposition.

Following the dismissal of the chief of the armed forces, Brigadier General Ansumane Mané, by President Nino Vieira,⁴ the military overthrow of 7 July 1998 led to nine months of civil war during which all economic and normal social activities ceased in the country. Troops from neighbouring Senegal and Guinea-Conakry intervened on the side of the president. Despite the fact that foreign governments and international organisations condemned the revolt against the democratically elected government, the military junta that led the insurgency had the support of the majority of the population and the armed forces.

The Abuja peace agreement was signed in November 1998, under the joint mediation of the Community of Portuguese-Speaking Countries (CPLP) and the Economic Community of West African States (ECOWAS). The agreement called for power sharing, the creation of a government of national unity and the deployment of a small African peacekeeping force from the ECOWAS Cease-Fire Monitoring Group (ECOMOG) to help implement the agreement.

A new government of national unity was established in February 1999, but continued tensions between the president and the military led to a coup in May. President Nino Vieira escaped, and government loyalists surrendered. By July, the last peacekeeping troops from ECOMOG had withdrawn. The military regime ceded power to a civilian government by year's end, following multi-party presidential and legislative elections in November, in which Kumba Iala became president of Guinea-Bissau. In November 2000, General Ansumane Mané was killed during an unsuccessful bid to seize control of the military from forces loyal to president.

The features that currently characterise the socio-political situation in Guinea-Bissau can be summarised as follows:

- *A volatile political environment.* Following the legislative and presidential elections, the Party of Social Renewal (PRS) and the RGB-Bafatá Movement formed a coalition government. However, the constant reshuffling of ministers and the high turnover of public officials, many of whom were chosen by political criteria rather than their technical capacities, have undermined the stability and the legitimacy of the recently formed government. Furthermore, the coalition government was dissolved in January 2001 after another unexpected change of ministers by presidential decision, leading to the mass resignation of all members of the RGB from the government and creating further political uncertainty, since PRS lacked a parliamentary majority to rule alone. Since there has been no consolidation of a democratic culture in public institutions, this has increased tensions among political forces and could lead to political conflicts in the future. Due to the prolonged friction between the executive and legislative branches of government, throughout April and May 2001 the country practically operated without an effective government. The announcement of

³ João Bernardo Vieira legitimised its power with 52% of the vote in the second round of the presidential election, against 48% for Kumba Ialá.

⁴ The dismissal had as fundament an alleged involvement of Ansumane Mané with the Casamance rebels.

several failed coup attempts in recent months demonstrated once again the fragility of the political and democratic processes. The continuing instability could not only result in increased hardship for the population but could also erode donors' confidence in the ability of the government to manage the post-conflict transition effectively.

- *Greater visibility of ethnic and religious identities.* Guinea-Bissau is ethnically diverse; the main ethnic groups are the Balanta (30%), the Fula (20%), Mandinga (13%), Papel (13%) and the Manjaco (14%). The recent conflict and the new balance of power in Guinea-Bissau's internal politics have increased the visibility of ethnic and religious identities. On the one hand, the members of Balanta ethnic group, who formed the main task force of Amilcar Cabral in the liberation struggle and were subsequently openly discriminated against during Nino Vieira's rule, now hold most of the high positions in the public administration. On the other hand, the death of Ansumane Mané revealed another breaking line in Guinean society, since all the powerful religious leaders from all countries in the region came to Bissau to mourn his loss.
- *The importance of the army in political life.* It is widely recognised that the deterioration of conditions in the army and the political interference in the running of the military were decisive factors in detonating the conflict. The excessive influence of the army in political structures and decisions currently represents a considerable danger to the consolidation of the fragile democracy.
- *The threat to human rights.* The conflict has left a legacy of instability that could undermine the respect for human rights. Furthermore, the government's policy of promoting respect for human rights has encountered difficulties. The government continues to experience a severe lack of resources and facilities to provide both security and appropriate conditions for the several dozens military officers still in detention, as well as more than 100 rebel members of the separatist Movement of Democratic Forces of Casamance (MFDC) who were captured in November 2000 for supporting the late General Ansumane Mané. In addition, several people have been arrested for their involvement in alleged plots to overthrow the president.
- *The importance of the regional political dimension.* Guinea-Bissau is part of a subregion that suffers from structural instability (conflicts in Liberia and Sierra Leone). A wide range of regional problems undermine the possibilities for sustainable development, including arms flows, transfers of troops and militias, dissemination of disease, etc. The political future of Guinea-Bissau depends to some degree on the power balances in the region, on internal political developments in neighbouring Senegal and on the evolution of the Casamance conflict. Following fighting between rival factions of the separatist Casamance Movement in the northwest of Guinea-Bissau, the government, claiming the need to protect the country's territorial integrity, launched a military offensive against the MFDC. The ensuing armed confrontation has created a tense security situation in the border area and has resulted in further heavy criticism of a government already weakened by internal crisis.

2.2 Economic Overview

The economy of Guinea-Bissau is dominated by subsistence agriculture; food crops include rice, which is the staple food of the population, plantains, cassava and maize. The principal export crop is cashew nuts, which accounts for more than half of export earnings. The fishing industry has grown rapidly and is a major source of export earnings. Manufacturing is limited to the processing of raw materials and the production of basic consumer goods.

Following the failure of the centralised economic policies and strategies implemented during the first few years after independence, economic reforms were initiated. A programme for economic stabilisation based on freer economy, including increased credit for trade, particularly exports, was drawn up and implemented in 1983, in collaboration with the International Monetary Fund (IMF).

Also under the guidance of the IMF and the World Bank, the first structural adjustment programme was adopted in 1987.

The government adopted a medium-term global adjustment strategy for the period 1994–97, and in that context, significant progress was made in 1994 in terms of the main economic indicators (exchange rate, inflation, foreign deficit). Before the war, trade reforms and price liberalisation were the most successful aspects of the country's structural adjustment programme under IMF sponsorship. The tightening of monetary policy and the development of the private sector had also begun to reinvigorate the economy. In May 1997, Guinea-Bissau deepened the monetary cooperation at subregional level, becoming the eighth country of the West African Economic and Monetary Union (WAEMU),⁵ which allowed for greater monetary stability and the creation of a more attractive environment to foreign investment.

Immediately before the conflict, the country was experiencing a period of economic growth (5% in 1997), with improvements in all performance indicators and reduced public finance imbalances. Guinea-Bissau was making satisfactory progress in undertaking major reforms with a view to stabilising the economy, strengthening the fiscal administration, improving the management of public resources, rehabilitating the banking system and creating room for expanding the private sector through economic liberalisation and the reduction of the public sector. However, the possible benefits that could have improved standards of living were hampered by the 1998–99 conflict, which destroyed all the main socio-economic infrastructures and caused a serious setback for Guinea-Bissau. Real GDP fell by 28% in 1998.

The levels of poverty are still very high (see table 1). Some 88% of the population live on less than one dollar per day, and the vast majority of social indicators (e.g. life expectancy, child mortality, basic sanitation, access to education and the gross primary enrolment rate) are still below the African averages.

⁵ The current members of WAEMU are: Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo.

Table 1. Guinea-Bissau: Basic Social and Economic Data

<i>Social indicators</i>					
<i>1999</i>					
Population (millions)		1.2	(Bissau 200,000)		
Average annual population growth (1993–99)		2.3			
Average annual labour force growth (1993–99)		2.3			
Urban population		23%			
Life expectancy at birth (years)		44			
Infant mortality (per 1000)		128			
Illiteracy (age 15+)		62%			
<i>Economic indicators</i>		1979	1989	1998	1999
GNP (US\$ billion)		2.8	0.6	–28.9	4.9
Total debt/GDP (%)		..	..	348.3	349.2
Total debt service/exports		..	61.7	22.0	12.0
Present value of debt/GDP		..	..	338.1	186.7
Present value of debt/exports		..	..	2,348.0	804.6
Consumer prices		..	80.8	8.0	–0.9
<i>Average growth</i>		1979–89	1989–99	1998	1999–03
GDP		3.2	0.9	–28.1	7.1
GNP per capita		0.9	–1.7	–30.5	5.1
Exports of goods and services		–4.2	13.1	–35.8	4.5
Imports of goods and services		1.4	–3.4	–24.6	..
<i>Structure of the economy</i> (% of GDP)		1979	1989	1998	1999
Agriculture		51.6	50.2	62.4	63.6
Industry		19.9	16.9	12.7	12.3
Services		28.5	33.0	24.9	24.2
<i>Trade/balance of payments</i> (US\$ million)					
Total exports (fob)	..	14	27	48	
Groundnuts	..	7	23	35	
Other food	..	2	1	0	
Manufactures	..	..	..	..
Total imports (cif)	..	79	63	101	
Food	..	16	17	31	
Fuel and energy	..	9	6	7	
Capital goods	..	20	26	26	
Terms of trade	..	158	87	91	
Current account balance	..	–67	–37	–28	

Source : World Bank.

The main economic problems that Guinea-Bissau currently faces can be summarised as follows:

- *The lack of diversification in the economic structure.* The economy is mainly agricultural, with rudimentary industry and technologies, which limits the capacity for rapid and sustainable growth. The precarious food supply situation is related to the underutilisation of the country's natural potential,⁶ even though agriculture contributes more than half of GDP, 82% of employment and 93% of exports. Cash cropping is dominated by export-oriented cashew nut production, which

⁶ The cultivated area is estimated to represent no more than 30% of arable land.

accounts for nearly all export earnings and means that the Guinean economy is extremely dependent on variations in world prices.⁷

- *Production distortions exacerbated by infrastructural deficiencies.* The problem of the lack of a transport infrastructure impedes the movements of goods and is undermining the development of the country's productive base. For instance, surpluses of rice are accumulating in the south due to transportation difficulties, while in the north and the capital there are severe supply shortages, favouring imports of rice.
- *The country's total dependence on its limited natural resources.* The opening up of the borders of Guinea-Bissau to the free movement of goods, services and individuals has created new challenges and expectations, but also threatens to increase the pressure on non-renewable resources (e.g. fisheries and forests). The deforestation due to the country's dependence on coal production and other forest goods for export, the rising demand for new land for cultivation and the increasing soil erosion, are problems that Guinea-Bissau will have to address carefully if it is to preserve its limited natural resources.
- *The weak administrative and economic management capacity.* The shortage of human and physical resources in the civil service, the large number of institutions and the plethora of officials have led to low salary levels, lack of motivation and high turnover.
- *The weakness of the private sector.* The low level of domestic savings, the absence of a long-term credit system to support private capital formation, and the poor infrastructure constitute major obstacles to the development of a dynamic private sector.
- *Rapidly increasing unemployment and underemployment resulting from poor governance and inadequate allocation of public resources.* The majority of the active labour force, who have neither academic training nor technical skills, are unemployed and survive in the context of the informal sector and the traditional solidarity network. Government employees' incomes are very low and their material vulnerability fosters widespread corruption.
- *The severe debt burden.* With a total external debt to GDP ratio of about 349% (1999 data), Guinea-Bissau is classified as severely indebted low-income country.
- *Increasing rural-urban migration.* The influx of people to urban areas, particularly to the capital, is increasing the pressure on existing urban infrastructures and is exacerbating problems such as juvenile delinquency, the lack of job opportunities, etc.
- *Large inflows of refugees and migrants from neighbouring countries.* In recent years, the increasing numbers of refugees escaping political and social instability elsewhere in the region have created a new source of social and economic pressure in this fragile society.⁸
- *The dependency on external aid.* The lack of diversification in the economic structure and the low levels of income justify the fundamental role of external aid in the Guinean economy, influencing and conditioning the development of the country. More than 90% of development activities are financed from external resources, and the national capacity to design, implement and assess development programmes is weak. The extreme dependency on external aid is therefore a problem that has to be carefully managed.

⁷ The trend of basing exports on cashew nuts began in the 1980s, to the detriment of rice production, which used to provide 75% of the country's domestic requirements and represented 70% of its foreign exchange earnings.

⁸ There are currently 500,000 refugees and more than 670,000 internally displaced persons in the subregion, all of whom are victims of conflicts. Throughout the region, there is not only donor fatigue but also host fatigue, due to the emerging tensions within host communities that have often shared their resources with refugees over the past decade. Guinea-Bissau is currently beginning to see an inflow of Sierra Leonean refugees from Guinea.

Box 1: The National Poverty Reduction Strategy Paper

One of the main priorities of the government that emerged from the democratic elections is to improve the main poverty indicators, by means of reconstruction and anti-poverty programmes. This is reflected in the creation of a ministry specifically concerned with the fight against poverty and in the adoption of an interim national Poverty Reduction Strategy Paper (PRSP), which was presented to donors in September 2000.⁹ The strategy is designed around four main axes, with corresponding measures:

- To create the conditions for rapid and sustainable growth through policies that will address the macroeconomic imbalances and external indebtedness, by specific measures in areas such as fiscal reform, the reform and modernisation of the public administration, rural development and private sector development.
- To improve access to essential social goods by increasing the share of public spending on education, taking action to increase the enrolment rate in basic education (e.g. improving educational materials, infrastructure and training), improving the quality of health services, implementing action plans to combat HIV/AIDS and malaria, and increasing the safe water supply coverage.
- To implement programmes aimed at mitigating poverty, such as the Programme for the Demobilisation, Reinsertion and Reintegration of Ex-Combatants (PDRRI) and other initiatives targeted at particularly vulnerable groups.
- To improve governance by reforming and modernising the judicial system, strengthening the capacity for economic management and promoting decentralisation and wider participation in decision making (e.g. by supporting civil society organisations).

It should be noted that the efforts of the government and the international community have already resulted in gradual improvements in economic indicators in 2000. According to the UNDP's *Human Development Report 2001*, in terms of the human development index (HDI), the country's rank improved from 169 to 156. In addition, projections indicate an annual GDP growth rate of approximately 8% in the coming years.

2.3 Key Challenges facing Guinea-Bissau

Guinea-Bissau faces a wide range of challenges in managing the pressing post-crisis problems and building the foundations for a stable and functioning government. They can be summarised as follows:

- *Consolidating democracy and reinforcing democratic institutions.* The persistent violations of basic human rights (such as arbitrary arrests and limitations on the freedom of expression) indicate that the democratic institutions are still fragile and that the executive continues to exert control over the legislative and judicial powers. The mere holding of elections is not enough to overcome a long institutional culture and decades of authoritarian rule. Exerting pressure and supporting capacity building and reform of the political system are therefore essential to consolidate the democratic transition in Guinea-Bissau.
- *Restructuring the armed forces and redefining their role in Guinean politics.* The assassination of General Ansumane Mané, who led the insurrection, removed an obstacle to the democratically elected government, but failed to solve the problem of an over-sized army that is dependent on the state for resources. The consolidation of democracy will also require reducing the number of troops and restructuring the role of the military, in order to make it an agent of democracy, rather than a destabilising or lobbying force. However, the process of restructuring, although agreed in principle, has been affected by several factors, including border security problems, lingering tensions within the military related to the detention of officers alleged to have been involved in the November 2000 incidents, the non-payment of salaries, and the divisions within the armed forces

⁹ A full PRSP will be developed in 2001.

along party, religious and ethnic lines. The critical lack of financial resources for retraining members of the armed forces to transform them into a professional republican army is also blamed for the slow pace of the reform process.

- *Defining a specific strategic position between francophone and lusophone interests.* The tensions between francophone and lusophone interests have had serious consequences for Guinea-Bissau's political and economic situation, particularly during the conflict. Being surrounded by francophone countries (which are fundamental to the Guinean economy) and having strong historical and cultural links with Portugal, Guinea-Bissau has to be able to define its own position and to manage the different interests, in order to achieve greater stability.
- *Increasing the involvement in regional economic dynamics while minimising the negative effects of political instability in neighbouring countries.* The years of civil war in Liberia, Sierra Leone and other countries in the subregion have resulted in the widespread destruction of social, economic and physical infrastructures, the emigration of many skilled personnel, problems concerning control over natural resources, etc., all of which have drastically affected the capacity for economic recovery at the regional level. The political volatility of the region may have serious consequences for the future stability of Guinea-Bissau and could hamper meaningful attempts to address unilaterally the key challenges that the country is facing internally. Greater cooperation with neighbouring countries to address regional issues, such as arms or refugee flows, could help minimise the negative effects of this widespread instability. Economic development also depends heavily on the regional context. As a small country, Guinea-Bissau has to invest in regional complementarity and cooperation. Joining WAEMU, for instance, has already led to greater monetary stability and the creation of a more attractive environment for foreign investment.
- *Maximising the country's economic potential and diversifying the economy.* The sustainability of the government's macroeconomic programme hinges on its ability to move from the stabilisation of public finances and structural reforms to economic growth based on the diversification of its export base. Guinea-Bissau could attain a level of self-sufficiency in rice and other staple crops, and could substantially increase the production of exportable goods by utilising more intensively of the country's ample arable land and the effective use of agricultural inputs. It has also significant fisheries resources that are not being fully exploited. The transformation of agricultural and fisheries products may promote the development of agro-industrial activities. The sustainability of economic growth will depend on the diversification of its export base and the development of the transportation and social sectors. Several development projects in the areas of rural development and support to small and medium enterprises involved in the transformation of agricultural products are now being implemented, some of them on a regional basis. However, many of these projects have been unsustainable in the past, due to fluctuations in funding and the lack of continuity of actions.
- *Reducing the dependency on aid – learning to say 'no'.* Foreign aid accounts for more than half of the country's GDP, making Guinea-Bissau the second most dependent country in sub-Saharan Africa (after São Tomé & Príncipe). The economic situation and the high levels of poverty have pushed the government to accept all the donors' proposals, regardless of their conditions, their relevance to the country strategy or coordination of activities. They have led to a situation in which the government is unable to refuse aid, sometimes to a duplication of efforts and a lack of coordination of development activities, thus increasing the possible negative impacts of aid. A major challenge for state structures is to become more selective and develop the capacity to coordinate donors' offers and proposals, while trying simultaneously to develop its internal resources and increase revenues in order to reduce the dependency on aid. The creation of a single government structure for aid coordination and management, with highly qualified staff, could have some positive effects.

3 International Donor Responses to Guinea-Bissau

3.1 International Responses in Historical Perspective

With the beginning of the civil war, international development assistance to Guinea-Bissau changed considerably. Portugal was the only donor that remained in Bissau during the conflict. Some UN agencies moved to Bafatá, from where they conducted their activities, and others to Dakar. The distribution of emergency aid was particularly difficult due to the involvement of neighbouring countries in the conflict.

After the signing of the Abuja peace agreement, an international donors' conference was held in Geneva in May 1999 under the aegis of the UNDP. The pledges made at that Round Table greatly exceeded the expectations of the Guinean transitional government – US\$ 200 million rather than the US\$ 138 million initially requested. The Round Table also discussed a post-conflict rehabilitation programme, which included as key priorities the rehabilitation of housing and basic infrastructure, the restoration of social services, demobilisation of the armed forces, the return of displaced persons, support for private sector development and the organisation of elections. On 4 June 2000, another successful and well-attended Sectoral Round Table on the proposed procurement reform was held in Bissau, in which the Netherlands offered support to continue with the subsequent phases of the reform.

The UN Security Council, in its Resolution 1233 of 6 April 1999, created a Post-Conflict Peace Building Office in Guinea-Bissau (UNOGBIS), in order to provide the political framework and leadership for harmonising the activities of the UN agencies, leading to general and presidential elections, and to facilitate the implementation of the Abuja peace agreement. The overall mandate of UNOGBIS remained valid, although some aspects were added to respond to the new realities. These included the promotion of an environment to consolidate peace, democracy and the rule of law; supporting national efforts, including by civil society, towards national reconciliation and peaceful management of differences; and encouraging confidence building and friendly relations between Guinea-Bissau, its neighbours and international partners. A small human rights unit was also created within UNOGBIS.

At the end of 2000 the IMF and the World Bank Group's International Development Association (IDA) agreed to support a comprehensive debt-reduction package for Guinea-Bissau under the Highly Indebted Poor Countries (HIPC) Initiative.¹⁰ This package provided US\$ 790 million for debt service relief, equivalent to 85% of the net present value of Guinea-Bissau's debt, which is expected to create room for additional public expenditures on poverty reduction. It was mainly a political decision and a vote of confidence in the future progress in implementing economic reforms, since the country did not meet any of the criteria for eligibility for such relief. For the first time, with the agreement of the African, Caribbean and Pacific (ACP) countries, the European Commission (EC) will participate in the HIPC Initiative using resources from the 7th and 8th European Development Funds (EDFs).

Despite the recent economic progress, as a result of the November 2000 events and the ensuing tensions, preparations for a new UNDP Round Table Conference were postponed. In March 2001 a UN Inter-Agency Mission visited West Africa, including Guinea-Bissau to discuss the idea of a comprehensive and integrated approach to the priority needs and challenges of the subregion. The possibility of a 'domino effect' called urgently for a regional strategy for addressing humanitarian concerns, arms proliferation, and conflict prevention and resolution. With regard to the Casamance issue, initiatives planned by the Dakar-based Friends of the Casamance group, comprising UN agencies, donors and non-governmental organisations (NGOs), to provide additional resources for economic and social development in the region, could provide an impetus for the implementation of the Abuja peace agreement.

¹⁰ Guinea-Bissau formally joined this initiative in April 1998.

The report of the Inter-Agency Mission¹¹ concluded that the overall situation in Guinea-Bissau remained volatile, with a high risk of continuing instability in the near and medium terms. It recommended that the international community provide urgent financial and capacity building assistance, without waiting for the international donors' conference, in order to help prevent the country from relapsing into open conflict. The report also noted that without good governance and the promotion of development, peace is merely the absence of war, and that this may be only temporary.

3.2 Who is doing What?

3.2.1 Aid Flows

Official development assistance received (net disbursements), 1999

Total (US\$ million)	52.4
Per capita (US\$)	44.2
% of GDP, 1990	52.7
% of GDP, 1999	24.4

Evolution of net official development assistance (ODA) to Guinea-Bissau, 1995–99 (US\$ million)

1995	1996	1997	1998	1999
116	178	124	96	52

Source: DAC/OECD.

3.2.2 Major Players

Few players are present on the ground, and all of them link their interventions to the progress towards democratisation and good governance. However, all of them are still in the process of resuming cooperation, and most of the recommendations of the Geneva donors' conference (1999) are still to be implemented. Regionally, Guinea-Bissau is still not a priority in either political or development terms, so that several agencies have opted to place the management and coordination of their activities in the country under the responsibility of offices in Dakar or Abidjan.

The almost total absence of international NGOs in the field may indicate a lack of interest, but has also had some positive impacts, in that it has provided space for more direct cooperation between donors and the government, and has allowed for stronger support to the development of Guinean NGOs. The donors currently engaged in Guinea-Bissau are basically the same as before the conflict, with exception of USAID, whose programmes ended in 1997, and Sweden, which ended its direct presence in the country following an evaluation in the same year. USAID's activities focused on small-scale private sector development and capacity building, through the Trade and Investment Promotion Support (TIPS) project. This project aimed at the reinforcement of private interest groups, with the creation of a significant number of associations¹² that were later seriously affected by the conflict. New possibilities for using the unspent US\$2.5 million in a similar programme are currently being examined. Although Sweden ended its direct presence on the ground, it is still one of the main donors in humanitarian and also in development activities in several social sectors, including education and health care, in the private financial sector, and the reform of the legal system.

¹¹ UN Security Council (2001), *Towards a Comprehensive Approach to Durable and Sustainable Solutions to Priority Needs and Challenges in West Africa*. Report of the Inter-Agency Mission to West Africa, S/2001/434.

¹² Including the National Agricultural Association, the Association of Business Women, the Association of Small Merchants, the Association of Cashew Growers, the Association of the Timber Industry, and the National Association of Fishing Enterprises.

EU Member States

The two EU Member States present on the ground (with an Embassy), Portugal and France, have foreign policy interests that are very precise and divergent in many issues. The strategic choice of different development sectors (education, agriculture, governance) by the Member States directly or indirectly involved has been determined by a combination of mandate, bilateral strategic priorities, historical sectors of involvement in Guinea-Bissau, and the specific needs of the country.

In terms of political, development and strategic options, France has adopted a much more vigorous regional approach, in which Guinea-Bissau is only one small piece of the puzzle. Its development activities focus mainly on providing institutional support in the areas of health, public finances and the media.

Portugal played a fundamental role during the conflict, not only through bilateral and diplomatic initiatives via the CPLP, but also due to its continued presence in the field, which presented a strong signal to the belligerents of its permanent engagement and support for peace. Portugal reoriented its development priorities after the conflict in order to respond to the specific needs of the country, focusing on education, the rehabilitation of the infrastructure from the previous projects, and the demobilisation programme.

Other Member States have opted to maintain an indirect presence, coordinating their actions from Dakar, using specific instruments for their activities, such as trust funds. This is the case of Netherlands participation in the Demobilisation Programme (PDRRI), or the support to some Guinean NGOs.

UNDP

In April 2001 the UNDP signed a three-year financial assistance agreement, totalling US\$ 3.7 million, to support the government's governance programmes, which, if implemented, should provide a boost to the peace-building process. The aim is to build a favourable environment that will facilitate other donors' activities. Particular attention is paid to improving the effectiveness of the criminal justice system, including enhancing the independence of the judiciary; increasing access to justice; police and prison reforms; and comprehensive training schemes. The UNDP is collaborating with USAID and UNOGBIS to train Guinean legislators and legal personnel and to provide logistical support to the National Assembly, the Supreme Court and the Office of the Attorney-General, in order to help strengthen the operational capacity of the legislature and the judiciary as pivotal institutions in the process of democratic consolidation. The programme includes also specific activities to support decentralisation (capacity building at local level and elections) and the establishment of tripartite dialogue mechanisms involving the state, civil society and the private sector.

Bretton Woods Institutions

At the end of 2000, in addition to the HIPC Initiative, the Executive Board of the IMF also approved a three-year arrangement for Guinea-Bissau under the Poverty Reduction and Growth Facility (PRGF),¹³ amounting to US\$ 18 million, to support the government's economic programme for 2000–3. This arrangement recognised the efforts of the new government to resume the economic and structural reform programme that had been interrupted in 1998–99, which was also supported by the IMF through emergency post-conflict assistance. In addition, the World Bank had lifted the suspension on disbursements in August 1999, and in May of 2000 approved the rapid disbursement of US\$ 25 million in credit for economic rehabilitation and recovery, to respond to the current situation and to help to revitalise the economic and social programmes. This included the launch of the Programme for the Demobilisation, Reinsertion and Reintegration of Ex-Combatants (PDRRI); the delivery of income

¹³ On November 1999, the IMF's concessional facility for low-income countries, the Enhanced Structural Adjustment Facility (ESAF), was renamed the Poverty Reduction and Growth Facility (PRGF) and its purposes were redefined. The PRGF-supported programmes are based on country-owned poverty reduction strategies adopted in a participatory process involving civil society and development partners, and articulated in a poverty reduction strategy paper (PRSP). This is intended to ensure that each PRGF-supported programme is consistent with a comprehensive framework for macroeconomic, structural and social policies to foster growth and reduce poverty.

relief to public sector pensioners with outstanding claims on the government; the revitalisation of the private sector; maintenance of macroeconomic stability and improving public resource management.¹⁴ The idea was not to waste time with a new country strategy, but to start to address concrete needs, adapting the 1997 strategy to the current situation (through the reallocation of uncommitted funds to the social sectors).

3.2.3 *Coordination Mechanisms*

The effective coordination and coherence of interventions is particularly important in conflict-affected countries, where development actions can have important political consequences and where donors' resources and instruments are limited due to constraints in the field. In Guinea-Bissau, the EC and the UN are the major players, but they tend to act separately, due mainly to their different procedures, institutional approaches and conceptual lenses, rather than to leadership and personality issues. The UNDP is currently the overall coordinator, holding regular meetings with not only the UN agencies, but also the EC and bilaterals. These meetings have surpassed the mere exchange of information, and represent a real effort to avoid duplication and to ensure some complementarity between donors' actions. For example, the UN has conducted a multiple indicator survey in order to obtain reliable data about the current needs of the population and social figures, which can be used by all donor agencies.

Innovative mechanisms for overall donor coordination are rare, but do exist in some specific areas, such as demobilisation, where coordination is ensured by the Guinean government, together with the World Bank as *chef de file*, and with the participation of a wide range of actors (see Box 2).

Box 2: Programme for the Demobilisation, Reinsertion and Reintegration of Ex-Combatants (Programa de Desmobilização, Reinserção e Reintegração dos Ex-Combatentes, PDRRI)

The Programme for the Demobilisation, Reinsertion and Reintegration of Ex-Combatants (PDRRI) provides a good example of coordination and cooperation between donors in Guinea-Bissau. This issue is fundamental for the socio-political (the consolidation of peace) and economic situation, which was never satisfactorily resolved and was one of the main causes of the conflict. The PDRRI is a government programme (in the framework of the economic rehabilitation programme), in which different elements are funded by different donors (Germany, Italy, the Netherlands, Portugal and Sweden). Portugal, for instance, finances the allowances and accommodation for ex-combatants in the liberation struggle. The World Bank takes the lead and the International Organisation for Migration (IOM) provides technical assistance for local staff in executing the programme. As a complementary action, the EC is considering allocating part of the 9th EDF to build homes for the ex-combatants.

Beyond the coordination issue, the programme is innovative in several respects: new definitions of beneficiaries, target groups and vulnerable populations; the principle of non-discrimination (all combatants, regardless of which side they supported during the conflict); social equity (for all participants in recent and previous conflicts); integrated activities (at all stages, from disarmament to job creation); and the participation of the beneficiaries in the choice of options for their socio-economic reintegration.

This three-year programme took some time to start (it was defined during the Geneva Round Table and started more than a year later), but a census of ex-combatants and paramilitary forces has now been completed. The pilot demobilisation project envisaged for January 2001 has been postponed, however, owing to delays in compiling the census data on the active armed forces. Military authorities attribute this delay to political instability and the volatile security situation in the northwest of the country, where the Casamance separatist movement is active. In the meantime, in May more than 500 voluntary participants in the programme, facilitated by UNOGBIS and funded by France and the Netherlands, were officially demobilised.

¹⁴ World Bank (2000) *World Bank Provides Assistance to Guinea-Bissau*, News Release No. 2000/349/AFR.

3.2.4 Regional Perspective

Guinea-Bissau has been strongly affected by the conflicts in the subregion not only in humanitarian terms (refugees), but also in economic and political terms. It is suffering the consequences of foreign problems that are the basis of the instability in the region (and which negatively conditioned the evolution of the Guinean conflict). Nevertheless, the international community is still not prepared to adopt an integrated approach to address the multifaceted regional causes and effects of conflicts in West Africa. Donor responses to the subregion are mainly country focused, delivered through a range of bilateral and multilateral support programmes, with very limited regional interventions.

The development and implementation of regional approaches have a number of implications for donors, particularly those regarding strategy and policy setting, institutional arrangements and programme activities, and require a greater harmonisation of instruments¹⁵ and better coordination both within and among donors. The fact that many agencies have a regional office that usually includes coordination and management of activities in Guinea-Bissau could lead to an improved integrated response, particularly with regard to interrelated issues such as movements of refugees, HIV/AIDS, arms trafficking, and traditional trade movements. However, the existence of these regional offices should not be used as a pretext for diminishing the in-country presence, which could create serious problems in some sensitive areas (for example, the closing of the UNHCR liaison office in December 2000 has meant that existing refugees have no means to renew their identification documents and certificates). Despite the fact that some organisations (e.g. the International Committee of the Red Cross, ICRC¹⁶) are investing in the implementation of regional programmes, Guinea-Bissau is sometimes introduced in a regional perspective or strategy with no practical consequences, since it is considered a minor partner due to its limited geo-strategic importance compared with some of its stronger neighbours.

There are, nevertheless, some positive developments. The United Nations has recently insisted on the need to design and implement a regional strategy, since many internal reforms in Guinea-Bissau (e.g. disarmament, demobilisation and reintegration) will not have the expected positive impacts unless the underlying issues are properly addressed (regional flows of arms). Some important steps that have recently been taken to develop a more coherent regional approach include initiatives of the World Bank, the African Development Bank and USAID to implement regional strategies in the subregion; the introduction of some specific instruments (such as the EC's West Africa Regional Indicative Programme, and the first subregional UN Inter-Agency Appeal for West Africa¹⁷); and the increasing support by donors to regional integration initiatives (e.g. ECOWAS and WAEMU). In security terms, initiatives planned by the Dakar-based Friends of Casamance Group, comprising UN agencies, donors and NGOs, to provide additional resources for economic and social development in the area, could provide an impetus for the implementation of peace agreements¹⁸ aimed at consolidating peace.

3.3 Key Challenges facing the International Donor Community

The social, economic and political fragility of Guinea-Bissau poses numerous challenges for those members of international donor community who are engaged in programming assistance in rehabilitation and development within the country:

¹⁵ For instance, the harmonisation of various country-level UN development assistance frameworks, common country assessments and poverty reduction strategy papers are prerequisites for the development of a coherent subregional approach.

¹⁶ ICRC, West Africa Regional Programmes Appeal, No. 01.02/2000.

¹⁷ The Appeal, launched in 2001, is based on the principle that resources should follow and meet the needs of beneficiaries wherever they are.

¹⁸ In March 2001 the Government of Senegal and the MFDC signed a peace agreement regarding the Casamance conflict.

- *Matching actions and expectations.* In politically fragile countries, more than in any others, timing is important. After a peace agreement is signed, or when a new government comes to power, windows of opportunity may appear that need timely responses.¹⁹ Despite the fact that at the Geneva Round Table donors promised the allocation of US\$ 220 million to Guinea-Bissau, they did not follow up on their commitment – of that amount only US\$ 6 million reached the country in the period between the conflict and the holding of elections. Such a failure to meet expectations can be counterproductive and represents a serious threat to the success of a transitional period, which is crucial for building confidence and for promoting political and social stability after a conflict. Unrealistic expectations will ensure that any activity will always be judged as unsuccessful. Improving donor capacity to respond in a timely and flexible manner is, therefore, fundamental to the current situation in Guinea-Bissau, requiring both an in-depth understanding of the dynamics at stake and decentralised decision-making procedures.
- *Reconciling political conditionality and the need to act.* After a period of engagement by several countries and international organisations, which culminated in the Geneva Round Table in 1999, there are now several contradictions between the discourse and practice of the donor community in Guinea-Bissau. The delay in allocating the funds committed in Geneva, allegedly due to the departure of President Nino Vieira (considered as a ‘new fact’), blocked the implementation of the programmes prepared by the government of national unity, which were essential for building confidence during the transitional period. In practice, all projects were stopped until elections were held, despite all the positive signs that were emerging from the evolving internal political situation. Those signs, such as transparency in managing the state resources, the low level of interference by the military in political power, and the engagement of civil society in the reconstruction of the country, were underestimated by donors in favour of a strict interpretation of political conditionality. Thus, the idea that carrying out elections concludes a transition was, with this process, wrongly sent to the Guinean political elite.

After the elections, there was a general perception that the international community had adopted the opposite position, i.e. that it strongly supported in political and financial terms, the present legitimate government, without addressing other important issues such as the lack of a democratic culture, the favouring of an ethnic group, the human rights abuses, the constant reshuffling of ministers by individual decision of the president, or the lack of independence of democratic institutions. This suggests the need for donors to be clear about their assessments, concerns and goals, always keeping open the possibility of negotiating and jointly defining political benchmarks with the recipient government in return for significant long-term assistance.

- *Finding alternatives to the institutional paralysis and the lack of capacity without undermining the state itself.* Donors have a tendency to replace cooperation with repressive or ineffective governments by channelling funds through decentralised actors. Nevertheless, genuine development progress also requires institutional changes and capacity building at government level (both central and local) and therefore implies working with governments. This is a major dilemma in Guinea-Bissau, since there is a legitimate government with manifest inexperience, which often represents a blockage in cooperating with donor agencies.
- *Reconciling donors’ bureaucratic structures, limited mandates and the need for accountability with flexibility, sustainability and rapid responses.* The donors’ bureaucratic structures and complex decision-making mechanisms may undermine the flexibility of cooperation instruments and slow down the reaction to political events. In this context, the use of rigid and fixed programming time frames can be counterproductive and makes it very difficult to have different project cycles in parallel (including for reasons of administrative accountability and monitoring) that could allow adaptable responses to long- and short-term needs of intervention. In addition, several agencies complain about their limited mandate, which is not compensated by a good

¹⁹ Uvin, P. (1999) *The Influence of Aid in Situations of Violent Conflict*. Informal Task Force on Conflict, Peace, and Development Cooperation, OECD-DAC, Paris, September 1999, p.7.

handover or complementarity with other organisations. For example, some agencies working closely with internally displaced persons have a very strict field of action, with no mandate to support the families that receive them.

- *Coordinating different donor priorities and cooperation mechanisms.* The lack of capacity of the Guinean government to manage foreign aid and its inability to refuse aid are aggravated by the lack of coordination between donors with different and sometimes conflicting priorities and procedures. Furthermore, the demands of the various development partners in terms of their specific procedures for procurement, disbursement, auditing, accounting and monitoring have overstretched the already weak capacity of the government and have diluted local ownership. In order to simplify aid management, donors could observe what others are doing in the same areas, and harmonise their positions before presenting proposals to the Guinean government.
- *Utilising and building human resources.* The current Guinea-Bissau capacity to make effective use of aid is limited by the lack of appropriately qualified human resources in the public sector and effectively functioning organisations. The human resource capacity therefore needs to be built up, with the primary aim of enhancing the sustainability of development actions. Some donors, such as the UNDP, have acknowledged this shortage of suitably qualified human resources as the major challenge and have targeted resources and actions accordingly. Creating better working conditions in the public sector is essential to attract qualified Guinean personnel who are either working in the private sector or for international organisations, or have left the country. Donors usually compete for qualified staff, and consequently most qualified civil servants are actively involved in project management either full or part time, thus emasculating the public sector's management capacity. The practice of topping up the salaries of civil servants involved in the management of projects financed by donors needs to be reviewed, in order to reduce the bias in relative prices in favour of donor-related activities.
- *Reducing the culture of aid dependency and countering negative perceptions of external assistance.* Despite the huge amount of aid per capita provided to Guinea-Bissau since independence, the results are not often easily identifiable. As a result, there is within the government a culture of dependency that could paralyse the country if aid is suspended for some reason. Also, within civil society in general there are negative perceptions of external assistance, since its benefits are regarded as insufficient and unfairly distributed.

3.4 Major Trends in International Donor Responses

3.4.1 *Development Focus and Long-Term Vision*

As in any post-conflict situation, rebuilding is a sensitive and long-term process. Rebuilding a society that has been torn apart by war, including narrowing the differences between diverse segments of the population and moving towards genuine national reconciliation, is bound to take time, especially in an environment such as Guinea-Bissau, whose long history of armed struggle has left a legacy of weapons circulating in society amidst rampant poverty. Structural reforms and preventive actions, rather than *ad hoc* responses made *a posteriori*, are widely recognised as necessary to ensure stability and development.

With the end of the conflict and, in particular, the installation of a legitimate and democratically elected government, the international community clearly moved from a humanitarian to a development focus. Agencies or bodies with a humanitarian mandate (e.g. some NGOs and the EC Humanitarian Office, ECHO) withdrew, and some donors redefined their priorities in order to include a strong reconstruction component. Such changes were facilitated by the fact that Guinea-Bissau went through

distinct 'evolutionary' phases. However, this does not mean that it cannot once again become a highly unstable environment, if fundamental issues are not properly addressed by the international community and the government itself. Consolidating a democratic culture, improving governance and reconstructing economic and social structures are, therefore, on the agenda of all donors. Sustainability can, however, now as in the past, be undermined by the possibility of fluctuations in donor funding priorities and principally by the inability to build upon the work already undertaken by others in a specific area. This is the main reason for the donors' strong emphasis on ensuring the complementarity of actions.

3.4.2 Cooperating with 'New Actors'

The move towards local actors with direct technical and financial assistance is a major trend in development cooperation, and is particularly relevant in politically fragile states where state structures, when they exist, are unable to reach the neediest sectors of the population.

In Guinea-Bissau, civil society groups were heavily involved in the search for peace and relieving the effects of the conflict. A significant initiative was the creation of a network of national NGOs whose leaders were in exile, and foreign (mainly European) NGOs acting in cooperation with a network of NGOs in Guinea-Bissau, the 'Célula da Crise das ONG' (NGO Crisis Cell). Coordinated from Lisbon, this network provided information on human rights, and humanitarian and political developments in Guinea-Bissau, and provided a forum for coordinating humanitarian aid. During the war it organised three conferences at which members could share views and plan their contributions to the reconstruction of the country. From October 1998, a Civil Society Movement for Peace, Democracy and Development was also active.

Despite the negative effects of the conflict on their structures, some Guinean civil society groups were undoubtedly strengthened by the experience, in terms of their increased knowledge and expertise, and their understanding of the causes, course and effects of the conflict. This should not be ignored by international organisations and others involved in conflict resolution, peacekeeping and post-conflict peace building and reconstruction. The EU could play a leading role in this area, given the new opportunities to exchange information, and for consulting and supporting civil society initiatives, within the framework of what the Cotonou Agreement calls the 'new actors of development'.

3.4.3 Focus on Capacity Building and Good Governance Issues

Even by comparison with other countries in sub-Saharan Africa, Guinea-Bissau's institutional capacity is extremely fragile. The public sector suffered from a relatively large expansion of the civil service after independence, excessive centralisation, the lack of adequate incentives for civil servants, and inadequate training. The dualistic private sector is dominated by a handful of businessmen oriented towards commercial activities, and a larger informal group that suffers from weaknesses such as poor management, the lack of credit and inadequate training.

The attempts to address the lack of capacity of the Guinean government range from not working with the central authorities to a more longer-term and sustainable option of focusing on the creation and consolidation of capacities. This is the approach of UNDP, whose focus is on a good governance programme. It is also a priority in most other donor strategies, including the World Bank and the EC (in the National Indicative Programme). The UN agencies also have a strong capacity building focus in their specialised activities, as a precondition for achieving sustainable development. For example, the UN Food and Agriculture Programme (FAO) recently signed an agreement for training Guineans in laboratory science, fish processing and fishery management techniques. The capacity building initiatives therefore range from support to strategic planning and instruments (UNDP), to providing specific technical assistance (specialised UN agencies, France).

Capacity building, despite being extremely necessary, is very difficult to accomplish, due to the constant reshuffling of government personnel and the absence of continuity in many development projects, which represent a loss of the technical capacities achieved. As an example, an agricultural research centre was impossible to maintain after the ending of the financial contribution, and all the previous work was lost. Furthermore, the focus on capacity building is still not reflected in the appointment of existing local personnel at the middle and higher levels of project management and implementation. Although Guinea-Bissau has enough human resources, some donors insist on bringing in from outside technical staff that could easily be hired within the country, thus increasing the overhead costs of projects.

4 The EU's Approach in Guinea-Bissau: Trying to Make a Difference

4.1 The EU's Overall Strategy

The cooperative relationship between Guinea-Bissau and the EU is long-standing and uninterrupted, since the second Yaoundé Convention. Under the Fourth Lomé Convention, the EC's National Indicative Programme (NIP, EUR 37 million), which put priority on natural resources and on additional measures such as institutional support and the development of human resources, was readjusted to the benefit of the infrastructure sector (50% of the programme). This choice was justified by the fact that the weak transportation network, all the more degraded by the conflict, constitutes a major factor in undermining the country's productive base. Therefore, supporting the upgrading and maintenance of roads and the construction of other basic infrastructures (the rehabilitation of bridges, markets, etc.) as a basis for agricultural development, was the focus of the cooperation programme.

The NIP of the 8th EDF was signed in December 1996, covering the period 1998–2003. It aims to improve and maintain the country's productive sectors, particularly through the construction of roads, boosting agricultural production (rice growing, crop diversification and long-term management of natural resources). It also provides institutional support totalling EUR 47 million for the key Ministries of Finance, Agriculture and Public Works, and other sensitive sectors such as education and health. Beyond these targeted sectors, particular attention is also paid to basic and local initiatives (micro-projects and micro-developments); cultural activities (books, films, the media, etc.); and administrative decentralisation (municipal abattoirs, clean-up projects in areas around the capital, opening up rural areas). Although the NIP will intervene specifically in the focus areas, the structural adjustment facility (SAF) will also contribute to the strengthening and development of social sectors (EUR 8 million). Since Lomé I, Guinea-Bissau has also received a total of EUR 19 million under the Stabex fund.

The EU contributed a comparable amount of EUR 550,000 to the first multi-party elections and to the training of delegates to the national parliament, as well as EUR 300,000 for the creation of a parliamentary support unit. The EU also provides part-financing for micro-projects carried out by NGOs (EUR 9 million since 1978), which has so far assisted about 100 projects in rural development, fishing (a new fishing agreement was signed in June 1997), training and health.

During the civil war, all economic and normal social activities in the country ceased. The complete halting of government and public service activities led *de facto* to the suspension of all traditional development actions, although the EC cooperation was never formally suspended by a political or administrative decision. After the outbreak of the conflict, most European aid for Guinea-Bissau was directed towards humanitarian operations, coordinated by the European Community Humanitarian Office (ECHO). ECHO's mandate and procedures, and the fact that the representative was in based Dakar and had little knowledge of the Guinean situation or the language, contributed to the delays in aid delivery. The coordination went well, but the flexibility and rapidity necessary in such a conflict situation was not so efficient, since some NGOs had to wait several months for approval of their projects.²⁰ ECHO's mandate limited its activities in various ways, from the obligation to fund exclusively European NGOs (Caritas Guinea-Bissau, which was ready in the field to distribute aid, had to be financed through Caritas Germany), to the impossibility of developing activities to complement strictly humanitarian assistance, such as supporting families that gave shelter to refugees.

²⁰ This was despite the fact that the EU made the political decision to contribute US\$1 million in humanitarian aid to Guinea-Bissau only five days after the beginning of the military unrest.

After the conflict, the EC Delegation officially reopened in August 1999, with one Counsellor (acting as a delegate) and one young expert (acting as an adviser). In June 2001 a new delegate was appointed.

4.2 Key Features of the EC's Activities

EDF+budget allocations (EUR million)

	1976–1980	1981–1985	1986–1990	1991–1995	1996–2000
Budget	3.2	3.8	11.0	35.3	0.7
Other FED+EIB	12.9	7.4	6.6	22.0	–
NIP (5-year envelope)	20.0	25.0	37.5	37.0	47.0

Sectoral breakdown of NIP (% of the total envelope)

Rural development/fishing	20%
Transport and communications	50%
Social sectors	10%
Others	20%

EDF payments by instrument (in EUR million)

	1990	1991	1992	1993	1994	1995	1996	1997
Stabex	–	–	–	0.4	0.4	0.1	0.4	0.4
SAF	–	–	–	–	4.5	–	–	–
Various	0.1	2.4	1.0	0.2	3.0	3.6	1.3	1.3
NIP	2.5	2.5	3.7	3.5	6.0	5.4	6.3	6.3

In Guinea-Bissau, EDF is spent via the Ministry of Finance and includes direct budgetary support. Although the use of budgetary support as such is not questioned in the framework of European aid, providing liquid assets to a government without resources raises the concern of carefully monitoring its use. Furthermore, it has been observed that the system of passing through a national authorising officer may lead to delicate situations, as any spending on local NGO or civil society projects has to be approved by the Minister of Finance.

Other than the EDF, several other aid instruments are available to Guinea-Bissau:

- The *structural adjustment programme*, agreed in close collaboration with the World Bank and the IMF. In view of Guinea-Bissau's entry to the franc zone in July 1997, this aid took the form of budgetary support for social sectors.
- The *Stabex fund*, which offsets the reduction in export income from shrimps, palm nuts, oil and timber, goes towards projects aimed at diversifying agriculture (mangoes, cashew nuts) and building up the non-industrial fisheries sector.
- The *European Investment Bank* provides grants to promote private investment in the processing industry and for financing small and medium-sized export companies.
- The *four-year fishing agreement*, signed in 1997 (the seventh of its type), is a trade agreement that has been improved over the years and integrates development-promoting components for training, research, non-industrial fishing, maritime surveillance and institutional support. The Commission's contribution, the income from the grant of fishing licences and the results of maritime surveillance account for approximately 50% of the state's total income.

Guinea-Bissau also benefits from the Regional Indicative Programme for the PALOP states²¹ (EUR 30 million), which is distributed among the five countries, mainly for institutional support (31%) and employment and training (34%). The West African Regional Indicative Programme has also provided EUR 228 million to promote trade and regional economic integration. This programme targets the abolition of trade barriers, the development of regional trade and support for the private sector, strengthening of integration mechanisms, the promotion of trade within certain production sectors, and the development of regional transport, communications and power systems.²²

The EC played a leading role immediately after the conflict. Its offer of financial resources, the resumption of structural cooperation activities at an initial stage, and its push for elections, were very important in building confidence among donors and in helping to stabilise the political, social and economic environment. In the economic sector, the EC is the main donor. The execution rate of EDF is one of the most successful in sub-Saharan Africa, since the financial resources of the first eight EDFs are all engaged. This is due mainly to the investment in infrastructures, which allows for the rapid disbursement of considerable financial resources.

4.3 The EC and EU Member States

After the withdrawal of Sweden (following an evaluation of the impact of decades of strong engagement), the only two EU Member States present in the field are Portugal and France. During the conflict, there was no cooperation between the two countries, due to strong differences in political interests. In strategic terms, the current possibilities of cooperation are still being undermined by the fact that domestic politics and national interests play powerful roles in determining their goals and margins for manoeuvre.

Nevertheless, much of the success in cooperation between the Member States depends on what happens at the field level. The absence of clear operational guidance on how to proceed in a politically fragile state gives greater weight to the role of personalities and the possible competition for visibility of actions. In this sense, working in collaboration with no available cooperation mechanism is mainly the result of individual will and availability. The good relations that exist between the EC Delegation and the EU Member States present in Guinea-Bissau (which does not always extend to a common position), are based on well developed dialogue and communication, due largely to the intensive work of the head of Delegation. There is currently some informal cooperation that has resulted in an effective complementarity of actions. Some joint actions were attempted, but were considered very difficult to implement due to differences in procedure. Despite their different political positions, the restricted number of Member States, and the fact the Guinea-Bissau is not a priority for either of them, have facilitated the regular and effective collaboration.

4.4 Linking Development Responses and the Political Dimension within the CFSP Framework

The case of Guinea-Bissau illustrates coherent action at EU level, since the Common Foreign and Security Policy (CFSP) declarations were coordinated with development and humanitarian action in the field. The EU has made concrete efforts to maintain its impartiality in view of the different political positions assumed by the two interested Member States – France and Portugal. During the negotiations, the EU supported the activities of the CPLP and ECOWAS in the areas of peace building and conflict resolution.

²¹ PALOP: African Lusophone Countries (Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé & Príncipe).

²² Gambini, R. (1998) 'EU–Guinea Bissau cooperation: the 8th EDF, varied but precisely targeted'. *The Courier ACP–EU*, No. 167, Jan–Feb 1998, pp.38–39.

Following the signing of the Abuja peace agreement in November 1998, an EU declaration stated: 'The EU reiterates its commitment to continue to provide humanitarian assistance to refugees and displaced persons. In this context it recalls that ECHO has moved speedily to tackle the humanitarian crisis and takes note of the readiness of several EU Member States to send high-level delegations to Bissau to assess the requirements for assistance programmes'. In February 1999, President Nino Vieira and General Ansumane Mané met for the first time since the outbreak of the conflict on Guinean territory, at the EC Delegation, under the aegis of European Commissioner for Humanitarian Affairs, Emma Bonino.

Following the overthrow of President Vieira and the new outbreak of violence, another EU declaration stated that 'in relations with partner countries under the Lomé Convention high importance is being attached to the respect of human rights, the rule of law and the observation of democratic principles. The EU will therefore carefully monitor developments in Guinea-Bissau and – in consideration of the mechanisms laid down in the revised Lomé IV Convention – draw her own conclusions from the current situation'. In fact, consultations were opened with Guinea-Bissau, pursuant to Article 366a of the Lomé IV Convention, but EC development cooperation was never formally suspended, which allowed for a greater flexibility and rapidity when the cooperation was *de facto* resumed. As a result of the consultations, the Guinean government committed itself to holding elections, which were then actively supported by the EC, helping to provide the conditions for a democratic transition, and to reinforce local capacities for resuming normal cooperation (rather than simply suspending cooperation).

Nevertheless, the EU offered a rather low-profile political reaction to the incidents of November 2000, when the military leader General Ansumane Mané was assassinated. The EU declaration issued in that month emphasised its support for the government, and pledged assistance in the national reconstruction efforts, national reconciliation and the consolidation of democracy, without formally condemning the violent events.

5 Adaptations in the EU's Approach to Guinea-Bissau

Effective intervention in a politically fragile state such as Guinea-Bissau requires adaptations in the EU's strategic orientations, institutional set up, and management modalities that are normally applied in 'stable' developing countries. In this chapter, an attempt is made to analyse the degree to which such adaptive measures have been taken at the level of strategies, institutional set-up and implementation modalities.

5.1 Strategic Adaptations

- *Adopting an integrated and pro-active approach.* The EU avoided the implementation of negative instruments during the conflict, such as the imposition of sanctions or the formal suspension of Lomé cooperation, which could have had destabilising effects and could have harmed the poorest sectors of the population on the ground. Instead, the EU moved towards constructive engagement, combining participation in peace initiatives with the promise of an early development response. Development was not (and is not) understood as an isolated issue, but as part of a whole set of factors that can contribute to structural stability.
- *Focusing on a limited number of priority sectors.* At present, there is an increased focus on a restricted number of priority sectors, which allows for the maximisation of resources, of results and of the visibility of actions. This is in contrast with the previous practice of dispersing financing among a multiplicity of sectors and activities (more than 100 open projects). The Commission now has to outline the cooperation according to the government's development policy, in the framework of the identified priority sectors.
- *Searching for complementarities.* In order to overcome its constraints and to allow for more sharing of expertise and experiences, the EC has invested in complementarity with other organisations. Complementarity is envisaged at both the funding level (such as the PDRRI, where the EC is considering allocating funds from the 9th EDF), and at the implementation level (e.g. support to Guinean NGOs whose roles are complementary to those of the government in the health and education sectors)
- *Reorientation of programmes.* The projects that were suspended during the conflict were resumed and have now been reoriented, in the framework of the priorities defined in the NIP, to post-conflict reconstruction activities, mainly social and -economic infrastructures such as roads, bridges, homes, the central market, etc. At present one of the main activities involves providing technical support to Guinean officers as an instrument for obtaining and managing aid.

5.2 Institutional Adaptations

During the field visits, it was difficult to identify institutional changes at the level of the EC in relation to the cooperation it tries to implement in Guinea Bissau. No clear evidence was found of concrete measures that had been taken to overcome traditional institutional bottlenecks (e.g. limited political analysis capacity; less than optimal information and communication systems with headquarters, other EC Delegations in the region, or other agencies, etc.).

However, in recognition of its staff and capacity limitations, the Delegation is increasingly attempting to utilise the capacities of Guinean technical and academic staff. For example, joint studies are being carried out with the Instituto Nacional de Estudos e Pesquisa (INEP); the Support Cell to the national authorising officer is composed of and directed by Guineans; and all Delegation staff members are learning Portuguese, to enable them to communicate the population and the Guinean authorities.

5.3 Instruments and Procedures

The EC Delegation has developed a number of innovative approaches in the field to ensure that the available funding is used in an adaptable way despite strict legal frameworks. For instance, the Delegation may use EDF financial resources to pay the salaries of public officials, or to buy fuel for public vehicles or for the generators of public institutions (such as hospitals). This may enable public services to continue to function, but it cannot be considered in any financial instrument such as a development action.

Despite the willingness of the EC Delegation to cooperate with Guinean NGOs, there is currently no development funding available for local partners or for work with civil society groups, which is regarded as a major obstacle to a more effective action. Several Guinean NGOs receive funds from the EC in Brussels, but exclusively through partnerships with Portuguese NGOs. The innovative work being done by some of these organisations is illustrated in Box 3.

Box 3: Integrated Programme for the Rehabilitation of the Outskirts of Bissau (Programa Integrado de Reabilitação dos Bairros Periféricos de Bissau)

This programme is financed by the EC in Brussels and is executed jointly by three Guinean NGOs – Acção para o Desenvolvimento (AD), Tiniguena and AIFA-PALOP – in partnership with three Portuguese NGOs – Instituto Marquês Valle Flor (IMVF), Associação para a Cooperação entre os Povos (ACEP), and the Instituto de Estudos para o Desenvolvimento (IED). The main adaptive features of the programme include the following:

- *Integrated approach.* This multisectoral programme aims to maximise the impacts on peoples' lives. Complementary activities include: the rehabilitation of homes (rooves, doors, etc.); water supply and sanitation (latrines); basic health care; schools and educational activities (*escolas populares*); promoting economic activities (training and commercialisation in sewing and carpentry, micro-credit to *badeiras* women); and cultural activities (radio, theatre, youth cultural centre, playgrounds, etc.).
- *Participatory approach.* The beneficiaries of the programme are consulted through a residents' association at all stages (needs assessment, execution), using existing local capacities and materials. In order to ensure long-term impacts, the programme encourages the local ownership of common goods.
- *Flexibility.* The programme has a high capacity to evolve depending on circumstances and needs, due to its closeness to the beneficiaries and flexible programming.
- *Innovative management and execution.* The division of tasks between the different players ensures the maximum of impact of the programme. The Portuguese NGOs take care of management issues and reporting, while Guinean NGOs execute different areas of action: AD in Bairro do Quelélé, Tiniguena in Bairro de Belém, and AIFA-PALOP in Bairro Militar. The direct execution ensures a small distance between the strategy and implementation.
- *Autonomy from and collaboration with the government.* The programme does not aim to create parallel social structures, but to complement existing government services, such as health centres and schools, in order to improve their quality. It provides training for teachers, educational materials, medicines, etc., in collaboration with some donors, such as several UN agencies), and or establishes support infrastructures (e.g. the youth centre, playgrounds, etc.).

6 Challenges and Opportunities for an Improved EU Response

Under the Cotonou Agreement, the EU faces a number of challenges and opportunities in maximising the positive impacts of its development and political activities in Guinea-Bissau.

6.1 Political, Institutional and Implementation Challenges

6.1.1 Political Challenges

- *Linking regional and national interventions.* Although some of the issues that are crucial to Guinea-Bissau's stability and development are predominantly regional in nature, the vast majority of donors still have country-specific rather than regional intervention programmes. The EC is no exception; indeed, there are often incongruencies or duplications between the West African dimension, the PALOP dimension and the specific country strategy. The linkages between political and development activities both within the country and at the regional level need to be improved. Despite some positive progress, regional plans are either at a very early stage or have not yet been operationalised. For instance, donor support for regional integration initiatives such as ECOWAS and WAEMU is only now beginning to be seen as a strategic priority.
- *Decentralising without undermining the capacity of the state.* Under the Cotonou Agreement and related programming guidelines, it is envisaged that a greater share of EDF resources could be oriented towards non-state actors, including for civil society capacity building. Is decentralisation a good choice to address the lack of capacity of the counterparts, or should the EC invest in working with the elected government with a strong capacity building component? The Cotonou Agreement suggests that the best approach is probably a combination of both.
- *Critical vs. positive engagement.* In Guinea-Bissau the EU has opted to use positive incentives to bring the country out of the crisis. However, this should be balanced with a form of critical engagement, which requires some distance and an open political dialogue. It is recognised that critical engagement with the Guinean government, in order to deal with issues such as human rights and the consolidation of a democratic culture, is essential to the political and social development of the country.
- *Impartial brokerage vs. politicised parallel actions.* EU Member States face the dilemma of whether to act under the EU umbrella, or as individual states protecting a bilateral agenda. In this context, the EC, as a non-political body with a long history and continuous presence in Guinea-Bissau, has been able to maintain an impartial position, to develop good relations with other donors and to build the confidence of the Guinean government, whereas individual Member States have found it more difficult for political reasons. This role is essential for constructive engagement in Guinea-Bissau, but still depends heavily on individual personalities. All of these aspects therefore still need adaptive approaches to ensure that the EC can be used to its full potential.
- *Inadequacy of rigid classifications.* The rigid delineation between humanitarian and development actions, and between conflict and post-conflict phases, are inadequate to deal with the specific needs and the evolving environment in a politically fragile state, even though they may make it easier for the donors' own institutional and management purposes. Guinea-Bissau is a case in point. Its current stability is fragile and it has a wide range of short- and long-term humanitarian and development needs that will have to be addressed jointly at every phase.

- *Choosing an intervention philosophy.* The EC faces a difficult dilemma in the choice between spending large amounts of money (the high execution rate of EDFs), or investing in small local projects that can have a greater impact on individual lives in a volatile environment.
- *Flexibility in applying political conditionality criteria: reconciling principles and pragmatism.* The formal act of holding elections may not, in the view of the population, result in legitimate elected representatives, since electoral victory may depend on a wide range of subjective factors (such as ethnicity) that have little to do with the capacity for governance. The formal fulfilment of political conditionality criteria is, in this sense, a tool for obtaining funds rather than an instrument for development. The appropriation of these concepts by the population not only in form but also in content is essential to the success of EU development cooperation. For example, there was strong international pressure for the holding of municipal elections in Guinea-Bissau,²³ even though this was no guarantee of decentralisation, an important element in the effectiveness of aid. Politically fragile states require a broad interpretation of the conditionality criteria, because to wait may not be the best option.

6.1.2 Institutional Challenges

- *Management and operational difficulties in addressing specific needs.* In a conflict-affected country, the Delegation has to be able to address the specific needs of the situation, to act in the framework of a long-term approach, to implement sustainable development actions, and to respond to day-to-day demands. Paradoxically, in most politically fragile states, delegations lack the necessary highly qualified, specialised staff. Guinea-Bissau is no exception: the staff of the EC Delegation has been reduced by 50%, yet has to produce the same amount of information and continue its activities. There are still surpluses from the 5th, 6th and 7th EDFs, projects in their final phase have to be managed, consuming time and effort, and the 9th EDF programming deadlines are unrealistic in view of the lack of resources within the Delegation and the low capacity of the Guinean administration. The day-to-day work is already complex enough to keep the whole Delegation more than busy, and they, like their colleagues, will also be expected to understand and implement the Cotonou Agreement and the 9th EDF guidelines, to follow the internal changes in staff and functions resulting from the reform of the EC, and to engage with the ‘new actors of development’. This situation is likely to highlight the tension between the management and execution capacities of the Delegation in terms of material and human resources, and the political discourse of decentralisation. Decentralisation, in this sense, means only the transfer of problems from Brussels to the Delegations, thereby blocking the whole process.
- *Staff turnover: the loss of expertise and institutional memory.* Attracting and retaining appropriately qualified staff to work in Guinea-Bissau is a problem for all agencies, and the EC is also susceptible due to the serious security constraints.²⁴ Moreover, the high staff turnover results in the loss of institutional relationships, institutional memory, along with the frequent lack of capacity to assess lessons learned. In addition, there is a need for highly specialised staff who are capable of dealing with the specific issues that constitute the basis of the evolving political and social environment in a politically fragile state. This need is not served by the general recruitment system of the EC, which tends to attract generalists rather than specialists, who are then forced to rely on consultants to undertake specialised interventions. The EC Delegation is currently too busy with daily demands to take the time to conduct strategic and sound political analyses. It is unquestionably understaffed, with staff having to deal with the same amount of documentation and already in the process of preparing for the 9th EDF guidelines.

²³ After considerable delays and due to the political instability, municipal elections are now scheduled for December 2001 or early January 2002.

²⁴ The lack of sufficient and appropriately qualified personnel in EC Delegations has been noted in other studies; see Lancaster, C. (1999), *Aid to Africa: So Much to Do, So Little Done*, Chicago: University of Chicago Press, pp.184-219.

The current tendency to reduce the number of staff in conflict-affected countries runs counter to the fact that these countries are, in view of the political, social and economic conditions, those in which human resources most need to be reinforced. There are several elements that corroborate this statement: the withdrawal of ECHO after the conflict (which increased the responsibilities and competencies of the Delegation), the lack of capacity of the Guinean government, and the need to reconcile day-to-day demands with long-term development actions

- *Centralised decision making vs. decentralisation.* Most development agencies are still highly centralised: decisions on the disbursement of funds are taken at headquarters. In a highly volatile environment, the speed of response depends on the availability of funds, and an in-depth knowledge of the reality on the ground is needed in order to take appropriate and informed decisions. In principle, both the Cotonou Agreement and the ongoing reform process of EU aid, may create more institutional space for a decentralised management and related capacity to act in a rapid and flexible way. In practice, the battle for more flexibility is not yet won. The concrete results of the reform process should be closely monitored to see whether it effectively simplifies the job of EC aid managers on the ground.
- *Negative perceptions of the EC due to the lack of transparency.* In the absence of a clear understanding of the Commission's internal functioning and its complex and obscure procedures, local counterparts may misinterpret delays in projects and the lack of clear information about the EC's strategies for the country. The EU needs to spend time and resources informing a wide range of stakeholders (including other agencies and potential partners) about its role and activities, funding priorities, etc.
- *EC reform vs. the efficacy of interventions.* The impacts of the reform of the EU aid system are acutely felt in the field, since the constant reshuffling of units, the movements of staff, and consequently the large number of vacant posts in Brussels, are making the work of the delegations particularly difficult in an already complex environment. This situation is aggravated by the fact that the EC Delegation in Bissau is having to deal simultaneously with major changes in Brussels, the shift from Lomé to Cotonou, and the implementation of the 9th EDF procedures.
- *Measuring the intangible.* Donors are sometimes compelled to use resources in 'traditional' development sectors, often for reasons of accountability. Nevertheless, the specific needs of politically fragile states have shifted development actions to areas such as reconciliation and conflict prevention initiatives that are not amenable to regular cost-benefit analysis, and for which there are no easily quantifiable measures of success and impact. If donors insist on quantitative performance criteria and results assessments, these areas may be neglected for bureaucratic and procedural reasons, despite their importance to stability and sustainable development.

6.1.3 Implementation Challenges

- *Choosing partners.* Working with the government structures (at central and local level) in a politically fragile state it is crucial to avoid weakening the state further. On the other hand, support to other actors is the only way to address specific local needs. In this context, there is the danger of fuelling tensions between the government and NGOs. In Guinea-Bissau, building consensus and involving civil society in the development process has been a learning process for a country that until recently had only experienced a one-party system. The EC Delegation will require a profound knowledge of 'who's who' on the ground, and staff with new skills, in order to implement effectively the new Cotonou provisions and principles with regard to non-state actors.
- *Sustainability vs. day-to-day action.* Due to the specific nature of post-conflict situations and the immense needs of the country, the EC Delegation has to respond to a huge number of day-to-day problems. This may lead to a situation where the Delegation is functioning on a short-term basis,

responding to immediate problems (such as paying public sector salaries, buying fuel, etc.), rather than investing in the long-term development strategies and actions. Reconciling the need for short-term actions and to implement overall strategies remains a major challenge.

- *Programming cycles in a volatile environment.* It is extremely difficult to have adapted programming cycles in a country facing a wide variety of evolving needs. The use of long- or medium-term programming cycles might jeopardise the relevance of the intervention, whereas short-term cycles lack sustainability and impede long-term visions. A combination of short- and long-term interventions is therefore essential in a politically fragile state, but also represents a challenge for most donor agencies, who have set procedures that imply a fixed programming timeframe, making it very difficult to have different project cycles in parallel, for reasons such as administrative accountability and monitoring. This is also linked to the difference between a project approach (based on precise expected results) and a framework approach (based on a general goal to be achieved). The latter seems to match better the reality of such volatile environments, allowing for regular review and reorientation of funds and activities to achieve the proposed goal.
- *Accountability and complex funding mechanisms vs. the need for flexibility and rapid responses.* There is a lack of optimal adaptation of instruments (EDF and budget lines) and administrative procedures and frameworks to the needs of a post-conflict intervention. The bureaucracy of procedures, resulting in part from the lack of autonomy of EC Delegations, is a huge constraint on the flexibility and rapid responses that are essential in politically fragile states in general, and in post-conflict situations in particular. Long delays between the needs assessment and implementation phases of the project cycle undermine the reaction capacity in a conflict situation, as happened with ECHO during the civil war. In a rapidly changing environment, a proposed project may no longer fit local realities and needs by the time it is implemented. Furthermore, the complexity of instruments and procedures means time wasted (which could be better used in refining interventions and developing relations with local actors), creates complications in the management of rehabilitation and development assistance, and also confuses the implementing partners.

Underlying the spending pressure from Brussels is that the fact that staff performance is evaluated on the basis of how much they spend, taking no account of the absorption capacity of the recipient country or the potential risks involved in spending large amounts at a time in a fragile country. Experience has shown that impacts are not related to the amount spent, but to the use of the right combination of instruments that will allow for an adequate response to the specific and volatile environment. To channel funds via a variety of mechanisms (the instruments already exist: budgetary support, project funds, direct budget lines and grants) may create more strain on institutions, but would allow for more adaptive short- and long-term responses. Furthermore, even the most effective implementation mechanism can encounter institutional blockages. Therefore, it is necessary to invest in procedural flexibility and rapidity of implementation in order not to miss windows of opportunity, rather than to wait for all the requirements to be fulfilled. The creation of a locally managed envelope, in which the field officer depends on the office only in terms of *ex-post* accountability (and which is also flexible to allow for responses to specific problems and unexpected demands), could result in major improvements in the flexibility and speed of response.

- *Operational coordination.* Needless to say, coordination in a politically fragile state is especially crucial when security issues are involved. In principle, the core responsibility for donor coordination should lie with the government itself, but the absence of effective government coordination should not preclude the donors' own coordinating initiatives. In Guinea-Bissau, although there are significant exchanges of information and mutual consultations between donors, this coordination breaks down at the strategic and political levels. This is due to several factors, including their different mandates, priorities and procedures, the high cost in terms of time and money that effective coordination entails, the competition for visibility and influence, and the unwillingness of donors to allow coordination to limit their room for manoeuvre.

6.2 Political, Institutional and Implementation Opportunities

Based on the fieldwork, several opportunities appear to exist for an improved EU development response, at both the policy and operational levels.

6.2.1 *Political Opportunities*

- *Improving the regional dimension.* In Guinea-Bissau, regional dynamics have a major impact on the country context and, therefore, the EU could do more to foster a regional approach through an integrated vision of political and development responses. The regional dimension of the Casamance conflict and the conflicts in neighbouring countries, the commercial and economic integration within WAEMU, the country's political and economic relations with Senegal, the migratory fluxes throughout the region, are issues that have to be addressed in country and regional strategies. Measures that could promote coherence and coordination at the regional level include the formalisation of a system of collaborative mechanisms and periodic consultations between donors; the holding of regular meetings of EC representatives in the region; and making full use of CFSP instruments (such as the nomination of a West African special envoy) and of the new Cotonou provisions (which will provide the framework for a regional political dialogue).
- *Making use of the EC's comparative advantage as an umbrella and impartial broker.* The EU and the EC Delegation have not only a strong economic weight in the country (it is the main donor), but also a very important political weight. On the political ground, the Delegation is regarded by all as an agent of stability. The EC played a fundamental role during the transitional period in creating the conditions for reconciliation, pressing for elections, supporting the administration and the return of refugees and displaced persons, in order to promote the normalisation of public life and to increase the stability of the political situation. The EC Delegation should continue to fulfil this role of non-political 'honest broker', building on it when opportunities arise, promoting more intensive 'technical' intra-EU dialogue, and therefore allowing for development to proceed even when there is political disagreement between the individual Member States. In addition, the delegate is head of a diplomatic mission and is recognised as such by fellow Ambassadors, not only participating in all the approaches but also leading them. Success depends heavily on the individual personalities of the delegate and Member State representatives, which until now have allowed for the complementarity of development actions in Guinea-Bissau.
- *Promoting political dialogue.* The effectiveness of political dialogue could be improved through targeted and parallel support to the critical areas covered by it, such as human rights and democracy. This requires improved linkages between the EU's political orientations and the use of technical development cooperation instruments in the field. It also requires strong investments in reinforcing democratic structures, and the integration of a long-term institutional development perspective in its analysis and actions. In addition, opening up the existing dialogue with the government to other actors, such as local organisations, would not only allow for first-hand information to be heard, but would also pave the way for implementing the Cotonou Agreement in a joint learning process.
- *Improving the linkages between relief and rehabilitation.* Despite the fact that ECHO withdrew at the right time, there was no continuity in the projects developed under ECHO's humanitarian perspective once the EC Delegation was in charge again after the conflict. This was due in part to the fact that the distinction between conflict situations and post-conflict situations (artificially) conditions all donors' strategies and actions. In order to ensure a smooth transition and a greater coherence, it could be useful to make an assessment of what ECHO has done (e.g. reconstruction efforts at local level) and to identify how the EU could now complement that work.

- *Increasing the focus on small participatory projects.* Despite the fact the Guinea-Bissau is the PALOP country that has received the largest amount of external aid per capita since independence, the impact has been very low. The external pressure on Member States and delegations to ‘spend’ set amounts of development resources for whatever reason, having some logistical and administrative sense, does not necessarily lead to good strategic or programming choices. This is particularly true in the case of politically fragile states, where the hurried introduction of large amounts of resources without considering the lack of absorption capacity of the national structures can be counterproductive.) The heavy and bureaucratic structures of the international aid agencies, which favour macro-level actions, do not promote a culture of funding development dynamics from the bottom, through small development projects with an integrated approach. Yet in a politically fragile state, small funds, if disbursed at the right time in response to real needs, can have significant impacts that should not be underestimated. The EU could make use of the new opportunities provided in the Cotonou Agreement with regard to the participation of non-state actors to allocate an important part of EDF resources to a range of small-scale activities and processes could help maximise the impacts in a conflict or unstable situation.

6.2.2 *Institutional Opportunities*

- *Decentralising the management of cooperation strategies and programmes.* The Cotonou Agreement creates new opportunities for a decentralised approach to programming and managing aid. This is potentially helpful for Guinea-Bissau as the EC may be in a position to adopt a more “hands-on” approach, close to local realities. It may also ensure greater coherence and complementarity with other donors’ priorities and development actions in the field. However, significant changes are needed, and not just simple declarations of principle. These changes include actual decentralised funds, a real right of initiative to make decisions, appropriate staff on the ground to take up the challenge, and flexibility with regard to the expected level of accountability.
- *Reinforcing the human and material resources of the EC Delegation.* In principle, the overall reform of EU aid, with its focus on matching human resources to tasks, should provide an opportunity to objectively assess the human resource base required to properly manage cooperation with conflict countries. In practice, scepticism prevails as to the positive effects of the reform on the “capacity deficit” in EC Delegations. Second-best options may therefore need to be explored. For instance, incentives should be provided for expatriate staff to stay in the country, since considerable time is required to understand all the specificities and issues that need to be addressed. The increased use of local staff could simultaneously reduce these problems, and would also contribute to local capacity building.
- *Rolling programming and process approaches.* This is another innovation of the Cotonou Agreement, that could be most useful in conflict-affected countries like Guinea-Bissau. The rolling nature of programming and the adoption of process approaches provides opportunities for flexible, long-term support. This holds true, for instance, with regard to interventions in democratisation, decentralisation, the prevention of conflicts or reconciliation. In principle, these could be monitored on a more realistic basis, focusing on the process and its dynamics, rather than on “visible results” in the short term..

6.2.3 *Implementation Opportunities*

- *Diversifying cooperation partners to include local, non-governmental actors and existing structures, and utilising local staff and capacities.* The Guinean government is manifestly unable to manage all the aid resources and to meet all the donors’ demands. On the other hand, compared

with other countries in a similar situation, Guinean civil society is very active and in some cases has the technical capacity to execute development projects. Until now, the absence of international NGOs in the field has not corresponded to a greater participation of Guinean NGOs in international development projects. Therefore, as well as reinforcing capacities at the central government level (which is being done by the Support Cell to the national authorising officer), there is a need to diversify the cooperation partners to include Guinean institutes, civil society organisations and private sector associations, all of which are particularly important in fragile states. For this, the EC needs to have more flexible procedures and decentralised authority, both to ensure the appropriate choice of partners in the field, and also to reduce the time it takes from the decision to the mobilisation of resources. Member States and the EU should not be limited by national criteria that restrict who their partners may be. On the contrary, they should be free to choose the most appropriate implementation partners in the field in order to achieve their goals and to respond more effectively to exact needs.

- Ensuring the accountability of those receiving EU assistance is an important issue, although it needs to be undertaken in a way that is not overly burdensome on the implementation partners, many of whom may have a limited institutional capacity. While some Guinean NGOs are already being financed by the EC in Brussels to carry out projects, the Delegation is unable to intervene in this area or to coordinate, even though it is the EC actor best positioned to evaluate the relevance and viability of such projects and the transparency and capacity of the NGO, and to coordinate directly in the field. In this context, the new Cotonou provisions may represent a major opportunity,²⁵ not only for financing NGO projects, but also for supporting the development of capacities and local coordination mechanisms (such as the Guinean NGO platform that is currently in formation). For this to happen, time and resources will have to be dedicated to informing civil society about the purposes and mechanisms of Cotonou, since the effective participation of these new actors will depend mainly on their own initiatives.
- *Adopting a long-term perspective within a framework approach.* Due to the specific nature of the post-conflict situation, it is essential that instruments and programming are adapted to allow for optimal flexibility in responses to political/social developments. Integration at the field level, a degree of flexibility allowing for different programming timeframes, *ad hoc* actions, long-term programmes and regular assessments will require a new kind of staff, serious political analysis on the ground, regular needs assessments, and a precise knowledge of other donor interventions in the same sector. Adapting to the needs of the environment, rather than the environment being forced to adapt to the agency's strategies and procedures, is crucial in fragile countries. In this sense, the EU needs to have the capacity to evaluate its strategic priorities to ensure that the most urgent needs are being met. In this context, the adoption of a framework approach could allow for reassessments of activities, shifts in priorities and the reallocation of funds as necessary.
- *Direct funding of local organisations.* Direct technical and financial assistance to local actors is a major trend in international donor responses everywhere, but it appears to be particularly relevant in politically fragile states, given the lack of capacity of state structures to meet the needs of the poorest sectors of the population. In this context, the EU could operationalise the new provisions of the Cotonou Agreement and the direct access facility, included in the programming guidelines, for funding civil society activities.
- *Improving coordination mechanisms, particularly among Member States.* The Cotonou Agreement calls for increased complementarity between EU responses and Member States bilateral programmes. The success of the new EC system (concentration areas) will also depend on the capacity of Member States to 'play along' and fill the gaps, moving towards more concentrated interventions also in a spirit of complementarity. In relation to other donors, Guinea-

²⁵ The Cotonou Agreement foresees that the 'new actors of development' will take part in the political dialogue, in the definition of development policies and strategies, in programming and implementation, and will have access to resources (up to 15% of the EDF).

Bissau could be an experimental laboratory for sectoral coordination and joint actions, given the small number of agencies present in the field.

- *Joint needs assessment, planning and management.* Another opportunity relates to the emphasis given in the Cotonou Agreement on promoting country ownership of policies and programmes. This calls for locally-driven processes of needs assessment, planning and management of development programmes. The EC could provide capacity support to the government to make the best use of this opportunity, in close cooperation with non-state actors.

6.3 The ‘Added Value’ of the EC

The added value of the EC comes from its economic and political weight, which it has built up over the decades.

The EU has been able to commit significant resources for development assistance despite the current climate of donor fatigue, thus consolidating the good relationship with Guinean counterparts. On the other hand, the permanent presence of the Commission has allowed it to build up a significant level of analysis and understanding of the situation in Guinea-Bissau. In that sense, the presence of the Delegation represents an added value for the EU itself, since it can maintain contact with the specific reality of the country, and the evolution of the political, social and economic situation, thereby allowing for greater sensitivity to concrete problems and more effective cooperation.

As a result of the impartiality and the consolidation of solid relationships, the EU can have an added value in relation to other donors in introducing confidence-building measures for protagonists at various levels. The EU’s lack of strategic interest in the region has also allowed the Commission to use its informed position and development perspective to balance the more politically oriented views of Member States.

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Interviewed Organisations

Acção para o Desenvolvimento (AD)

Agri-Bissau

Alternag

Associação para a Cooperação entre os Povos (ACEP)

CARITAS

EC Delegation in Bissau

French Embassy

Guinean Embassy in Lisbon

Instituto Nacional de Estudos e Pesquisa (INEP)

NAFA-GONAL

Portuguese Embassy

Representatives of the government before the conflict

Representatives of the Government of National Unity

Support Cell to the national authorising officer

Tiniguena

UNICEF

United Nations Development Programme (UNDP)

UNOGBIS, Special Representative of the UN Secretary-General

Voluntary Services Overseas (VSO)

World Bank, Private Sector Support; PDRR

World Food Programme (WFP)

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The Centre's objectives are:

- to strengthen the institutional capacities of public and private actors in ACP countries to manage development policy and international cooperation
- to improve cooperation between development partners in Europe and the South

Working from a small base, the Centre relies on its cooperation with other organisations, partner institutions and relevant resource persons in the design and execution of its activities.

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