



AN INITIATIVE OF THE AUSTRIAN DEVELOPMENT COOPERATION

# International Peace Operations and Local Society



## Statement

### Successful Peacebuilding and Statebuilding – Nexus between Security and Development



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Since 1960, Austria has been a firm supporter of peacekeeping efforts by the United Nations and regional organisations. We have deployed troops, police and civilian experts to international peace operations in Europe, the Middle East, Africa and Asia. In future too, Austria will continue its commitment to advancing peacekeeping as a valuable strategic tool in international crisis management.

To succeed, experience shows that peacebuilding and statebuilding depend on the fruitful interaction of military and civil components with local capabilities in an inclusive political process. Our aim here is to encourage international organisations to manage peace operations in a development-sensitive way.

The Austrian initiative on the socio-economic impact of international peace operations is intended as a contribution to the overall synthesis of security and development both in terms of strategy and on the ground. Consultations based on a whole-of-system approach involving NGOs and academics in 2010 in Vienna will address this issue.

As a non-permanent member of the UN Security Council for 2009–2010, Austria fully supports the ongoing reform of UN peacekeeping operations and is committed to advancing consensus among the wider UN membership on peacebuilding and statebuilding for the benefit of war-torn local societies in development.

**Dr Michael Spindelegger**

*Austrian Minister for European and International Affairs*

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# Overall Perspective

## Security and Development – Impact of International Peace Operations on Local Society

### Current situation

Since 1948, UN peacekeeping operations have proved to be a valuable and indispensable instrument for preventing and managing violent conflict between and within states. Regional organisations, such as EU, AU, NATO and OSCE, have progressively joined the UN in their efforts to maintain international peace and security. Over the last decade, the scale and complexity of peacekeeping and peacebuilding activities have grown to an unprecedented level. Extremism, transnational crime, economic shocks and climate change pose new threats to global political stability and security. Various reform initiatives are currently underway at UN level aimed at enabling peacekeeping operations to discharge their future role in international crisis management.

The Austrian initiative focuses on the impact of peacekeeping operations (PKOs) on local societies. These can provide incentives for early recovery as they exert a huge influence on the respective economy and society. International PKOs can help to jump-start the local economy directly at an early stage in the recovery process, helping in turn to restore peace and stability. So, managing the economic impact of complex PKOs and other missions on a country's socio-economic development makes up an important aspect of international crisis management for strengthening a fragile war-torn society.

The socio-economic impacts of PKOs, on inflation and the labour and real-estate market, for example, have only been measured twice, in 1993 in connection with UNTAC Cambodia, and in 2006, under the Economic Impact of Peacekeeping Project conducted by the Stimson Center, Washington D.C. This last study found that, on average, less than 10 per cent of mission spending was directly allocated to the local economy. As to the distributional impact of mission expenditure, 77 to 95 per cent was concentrated in or near the capital city and in those industries and sectors directly supporting the mission.

This issue will also gain impetus from the two UN reports of the Secretary-General (SG) on Peacebuilding in the Immediate Aftermath of Conflict (June 2009) and on Promoting Development through the Reduction and Prevention of Armed Violence (upcoming). Together with OECD and the World Bank, NATO has agreed in parallel to conduct a macro-economic assessment and explore patterns of local spending by ISAF in Afghanistan, starting in late 2009. A possible evaluation of UN missions would help glean new relevant data to explore new methods of conduct.

### Future challenge

As the OECD-DAC Principles for Good International Engagement in Fragile States and Situations of April 2007 show, supporting economic recovery in post-conflict scenarios through external engagement poses a major challenge. In development assistance, peacebuilding and statebuilding are relatively recent, loosely-defined tools for responding to and preventing fragility and conflict. Founded in 2008, the OECD-DAC International Network on Conflict and Fragility (INCAF) emphasises in its operations that statebuilding must be seen in the broader context of mainly endogenous state formation processes and state-society relations. It is essentially about building effective, legitimate and resilient states.

Till now, a joint, comprehensive and concerted approach to removing constraints in post-conflict environments has been lacking. There are gaps between peacekeeping (in the traditional sense) and peacebuilding on the one hand and between peacebuilding and long-term development on the other. The necessary response to these challenges must include all stakeholders. The Peacebuilding Commission has been working for the last three years to close these gaps.

In their interaction with the local economy in fragile situations, PKOs face difficulties due to supply vulnerability, widespread corruption and organised crime as well as limited local capacity to provide goods and services. Usually, PKOs spend locally in three ways: (i) personnel allowances, (ii) locally procured goods and services and (iii) salaries paid to national staff.



Children playing amidst the rubble in Peć (Kosovo).

The issues that need to be addressed include:

- How to raise the economic benefit in local procurement practice
- How missions can manage the recruitment and remuneration of local personnel without impairment to the local labour market
- How to advise PKOs on the likely economic consequences of mission decision-making
- How to effectively monitor mission spending, based on situational socio-economic assessments

Efforts to improve the situation on the ground will help to promote lasting peace and long-term socio-economic stability. General topics for discussion include:

- Increasing local procurement with a minimum of 10 to 15 per cent of a mission's total spending through incentives for local providers
- Reducing the gap between local and mission salaries to avoid adverse effects on the labour market
- Promoting the private sector and local economic sustainability before mission drawdown and eventual withdrawal

### Way forward

Together with the Austrian Ministry of Defence and Sports and the Institute for Peace Support and Conflict Management, the Austrian Federal Ministry for European and International Affairs has initiated a process of reflection to gain a deeper grasp of the interconnections between security and development in post-conflict settings. Case studies so far have dealt with external engagement in Kosovo, Chad and the Manu River Region.

This reflection process aims to improve understanding in political, developmental, military and financial circles of the connections among political, security, economic and social aspects of development. It is based on the precept that achieving lasting and sustainable peace requires an integrated approach encompassing all these components.

A whole-of-government approach, as set out in the 3 C Roadmap 2009, will contribute to minimising damage to the local economy and maximising the beneficial impact of PKOs in early recovery and transition. The 3 Cs – coordination, complementarity and coherence – may pave the way to a comprehensive response to fragile situations.

A high-level panel organised by Austria in collaboration with EU partners and representatives of development countries, the European Commission, academics and NGOs during the European Development Days in Stockholm in October 2009 will address the nexus of security and development in fragile situations.

Based on a whole-of-government approach to peacebuilding and statebuilding, Austria, together with other players, will hold consultations including NGOs and civil society on the socio-economic impact of international peace operations in 2010.

**Ambassador Irene Freudenschuss-Reichl**

*Director General, Austrian Development Cooperation*

**Ursula Werther-Pietsch**

*Deputy Director, Policy Coherence, Security & Development*



# Voice of the International Community in the Field

## Emergency Employment and Skills Transfer

Unlike most post-Cold War peacekeeping operations, international efforts in Bosnia and Herzegovina (BiH) have taken place in a developed industrial society. In addition, the international engagement has been coordinated by the Office of the High Representative, OHR, as specifically prescribed in the post-war peace settlement, which means that instead of an extraneous activity peacebuilding forms an integral part of domestic political life. Finally, the constitution provides for the creation of a market economy, setting out the broad parameters for economic policy.

These factors have had a (generally conducive) influence on the economic impact of peacekeeping agencies.

The NATO-led military operation at the beginning of 1996 deployed 60,000 troops and bases throughout the country. It quickly began hiring technicians, cooks, clerks, interpreters and a host of ancillary staff. When it was replaced by EUFOR (European Union Force) in December 2004, successive annual reductions had brought troop strength down to 7,500, since cut to below 3,000, as the security situation steadily improved.

These personnel cuts – and consequent reductions in support positions held by BiH nationals – over the course of a decade might have been expected to have had a serious, adverse economic impact, particularly in conjunction with the demobilisation of hundreds of thousands of wartime conscripts in the same period.

This has not been the case.

Thanks to annual Gross domestic product (GDP) growth of around five percent since the late 1990s, much of the labour surplus created by the closure of military bases has been absorbed.

Other sizable international peacekeeping employers have been the UN International Police Task Force, the European Union Police Mission and OSCE, all of which hired extensively in the second half of the 1990s and have downsized in the last five years. At its height five years ago, OHR, of which I am currently head, employed more than 800 people and currently employs just 200.

The international agencies in Bosnia and Herzegovina have a record of encouraging skills transfer, facilitated by the country's relatively high academic and industrial training standards. The long-term benefits of this transfer will only take full effect when agencies such as OHR and EUPM are eventually closed and permanent missions, such as OSCE, reduce staffing to normal peacetime levels.

In monetary terms alone, working for an international organisation remains an attractive option for BiH nationals. However – and this point is worth stressing – since around 2000 a growing number of opportunities have arisen in BiH institutions and in the domestic private sector (with local banks in particular playing a pioneering role here), inducing qualified BiH professionals to transfer from international to domestic organisations. In addition to significant reductions in the salary differentials between international and local employers, career prospects with international agencies are limited, at least nationally, with average contracts typically lasting six months to one year.

Overall, the international peacekeeping deployment in Bosnia and Herzegovina can be said to have had a beneficial economic impact. It has created desperately needed job opportunities in a post-crisis situation, facilitated more than a decade of skills transfer and it has been phased out over an extended period, allowing the majority of former employees to find alternative employment elsewhere amidst modest but steady economic recovery. ■

*Valentin Inzko is the European Union's Special Representative and the International Community's High Representative for Bosnia and Herzegovina*

# Voices of the Community of Practitioners

## Unravelling indices of state fragility

Policymakers need tools to ascertain global trends that are crucial for responding to development challenges, one of the most alarming being the persistence of fragile states unable to provide security and basic public services to their citizens. Both development policymakers and academics are perplexed by the dynamics of fragility: Which states are actually fragile? What are the causes and consequences of fragility? How can fragile states be stabilised? International fragility indices promise to help answer these questions.

Using such indices is, however, beset with quite a few pitfalls: Owing to the complexity of state fragility, an index may not actually measure what it claims to. The reliability of an index may also be severely impaired by deficient primary data. Overall, users need to gain an in-depth understanding of the indices they apply to avoid making far-reaching mistakes. A new Users' Guide on Measuring Fragility aims to provide non-expert users from both development policy and research with a transparent and comparative overview of fragility indices.

*Fabra-Mata, Javier/Sebastian Ziaja (2009): A Users' Guide on Measuring Fragility, UNDP and German Development Institute/Deutsches Institut für Entwicklungspolitik (DIE).*

## Report of the Secretary-General on Peacebuilding in the Immediate Aftermath of Conflict

*A/63/881-S/2009/304 of 11 June 2009, paragraph 48*

"International organizations often recruit qualified national professionals away from local institutions and organizations through financial and other incentives. This undermines the need to strengthen national institutions and distorts the domestic economy. Early and sustained support to the civil service and local institutions is crucial to provide adequate compensation and conditions for professionals who remain within domestic structures where their contribution to peacebuilding and recovery may have greatest impact."

## Alain Le Roy, Under Secretary-General for Peacekeeping Operations

UN Security Council, debate on peacekeeping operations, 23 January 2009;

*"Many of our peacekeeping missions are early peacebuilding missions."*

## Susanna Malcorra, Under Secretary-General for Field Support

UN Security Council, debate on peacekeeping operations, 23 January 2009;

*"A diversified approach to sourcing goods and services is required for field missions."*



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## United Nations Peacekeeping Operations, Principles and Guidelines, Capstone Doctrine 2008

"Peacebuilding involves a range of measures targeted to reduce the risk of lapsing or relapsing into conflict by strengthening national capacities at all levels for conflict management, and to lay the foundation for sustainable peace and development. Peacebuilding is a complex, long-term process of creating the necessary conditions for sustainable peace. It works by addressing the deep-rooted, structural causes of violent conflict in a comprehensive manner. Peacebuilding measures address core issues that effect the functioning of society and the State, and seek to enhance the capacity of the State to effectively and legitimately carry out its core functions."

### Yukio Takasu, Permanent Representative of Japan to the UN, Former Chairperson of the Peacebuilding Commission

UN SC debate on peace and security: role of the Security Council in supporting security sector reform, 12 May 2008

*"Ensuring security is a precondition for any peacebuilding effort in countries emerging from conflict. In order to achieve sustainable peace in such countries, it is critically important to strengthen local capacity in the security sector by carrying out effective reform with the assistance of the international community. If we fail to successfully address that important challenge, it will certainly cause a serious peacebuilding gap, which will hamper a smooth shift beyond peacekeeping activities and a gradual transition to longer-term socio-economic development in the overall peace continuum. Security sector reform has broad implications for such peacebuilding efforts as reconciliation, social integration and youth empowerment."*

### Martti Ahtisaari, Former Special Representative for the Future Status Process for Kosovo, Nobel Peace Prize 2008

The Nobel Lecture (Oslo, December 10, 2008)

*"Conflict settlement requires the injection of optimism and hope born from employment and economic opportunities."*

### Romano Prodi, Chairman of the African Union-United Nations panel on modalities for support to African Union operations

(A/63/666-S/2008/813),

31 December 2008

*"While military capability may be part of any potential solution, peace on the African continent cannot be achieved through the deployment of military forces alone. We need to look for long-term strategies at the continental, national and, above all, local levels that support the efforts of political leaders to develop effective governance and the capacities to produce the stability that is essential. Only then can they meet the aspirations of the people and break out of the cycle of violence."*

### Micheline Calmy-Rey, Federal Councillor for Foreign Affairs

3 C Conference, Geneva,

19 March 2009

*"We understand the 3C approach as the essence of the Whole of Government and Whole of System approach. It puts coherence, coordination and complementarity at the centre. The aim is to move away from the questions of, 'who has the mandate, who has the lead, who has the money'."*



## For the whole-of-government (-system) approach, please see the following documents and literature:

- Michael Carnahan, William Durch and Scott Gilmore (eds.), Economic Impact of Peacekeeping, Stimson Center, New York (2006) [http://www.peacedividendtrust.org/en/data/files/download/EIP\\_PDFs/Economic%20Impact%20-%20Final.pdf](http://www.peacedividendtrust.org/en/data/files/download/EIP_PDFs/Economic%20Impact%20-%20Final.pdf)
- 3C Roadmap, 3C Conference on a coherent, coordinated and complementary approach to situations of conflict and fragility, Geneva, 19-20 March 2009, outcome document, [http://www.3c-conference2009.ch/en/Home/Conference\\_Outcomes](http://www.3c-conference2009.ch/en/Home/Conference_Outcomes)
- Clingendael Foundation, Towards a WGA to SSR, The Hague (2008) <http://www.clingendael.nl/>
- Hänggi/Scherrer, Towards a Common UN Approach, Geneva (2007) – <http://www.dcaf.ch/>
- New Horizons – Peace Operations 2010, United Nations, New York (2009) <http://www.un.org/Depts/dpko/dpko/newhorizon.shtml>
- OECD-DAC Principles for Good International Engagement in Fragile States and Situations, Paris (2007) [http://www.oecd.org/document/57/0,3343,en\\_2649\\_33693550\\_42113657\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/57/0,3343,en_2649_33693550_42113657_1_1_1_1,00.html)
- [http://www.oecd.org/home/0,2987,en\\_2649\\_201185\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/home/0,2987,en_2649_201185_1_1_1_1,00.html)

# Voice of the European Commission

**T**he European Report on Development (ERD) is a new European initiative which seeks, in close co-operation with developing and donor country partners, to elaborate a European perspective on development issues – one that is based on knowledge excellence, innovation and the building of common ground between the European research community and policymakers.

In particular, the ERD will enrich policymaking processes, stimulate debate and research on development issues in Europe, and amplify the EU's voice in the international arena. Coordinated by the European University Institute (EUI), the soon-to-be-published first edition is being drafted following intense networking activities with scholars, policymakers and civil society, both from Europe and developing partners.

The ERD 2009 deals with the complex and multidimensional issue of fragility and approaches to tackling it, with a specific focus on Africa. Many sub-Saharan African countries are in situations which can be described as 'fragile'. The root causes of this fragility are manifold and include conflict, poor governance, weak institutions, lack of social cohesion, ethnic fragmentation, etc.

This issue is high on the European political agenda. In 2007, an extensive debate led to a Commission Communication, a series of Council Conclusions and a Resolution by the European Parliament sketching out a comprehensive 'EU response to situations of fragility'<sup>1</sup>. The Commission, in association with EU Member States and institutions, as well as civil society, is now working on pilot implementation plans, to be presented in 2009, with concrete proposals for a more coherent and strategic EU approach when addressing those very challenging situations.

The ERD initiative is currently supported by the European Commission and five EU Member States: Finland, Luxembourg, Spain, Sweden and the United Kingdom.

For more information, please go to: <http://erd.eui.eu/>



<sup>1</sup> [http://ec.europa.eu/development/policies/9interventionareas/governance\\_en.cfm](http://ec.europa.eu/development/policies/9interventionareas/governance_en.cfm)

## Preview

# Consultations with NGOs

**A**ustria will organise consultations including NGOs and academics to address the 3 C's (coordination – complementarity – coherence) in fragile situations with a view to integrating all stakeholders better into peacebuilding and early recovery processes.

International missions on the ground must help promote development. This issue has gained currency through the leading 3 C Conference, Improving situations in conflict and fragility, hosted by the Swiss Development Cooperation, UNDP, World Bank, NATO and OECD in Geneva on 19-20 March 2009. These consultations are intended as a follow-up to this. ■

**The consultations will take place in  
May 2010 in Vienna/Austria.**

**Programme available at  
[www.bmeia.gv.at](http://www.bmeia.gv.at) as of 1 February 2010.**



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## Imprint

### **An initiative of Austrian Development Cooperation**

Federal Ministry for European and International Affairs, Department for Development Cooperation and Cooperation with Eastern Europe  
Minoritenplatz 8, 1014 Vienna, Austria, Phone: +43 (0)501150-4454, Fax: +43 (0)501159-4454, [abtvii4@bmeia.gv.at](mailto:abtvii4@bmeia.gv.at), [www.entwicklung.at](http://www.entwicklung.at)

**Concept and Production:** Trimedia Communications Austria. **Layout:** design:ag. **Cover:** Lucian Coman. **Print:** Alba Digital Druck & Kopie.  
Vienna, September 2009