

# **Investing in Prevention**

**An International Strategy to Manage Risks of Instability and  
Improve Crisis Response**

**Presentation to All Party Parliamentary Group on Overseas Development  
2 March 2005**

## **Background**

### **Mapping Risks of Instability**

#### **A Strategic Response to Instability**

- » Investing in Stability
- » Aligning Incentives for Stability
- » Increasing International Responsibility
- » Improving Response to Crisis

### **Strengthening Systems for Responding to Instability**

## Genesis

The UK Cabinet approved **2003 Strategic Audit** identified a need for a more systematic approach to promoting global stability, especially in weak and failing states. In response, the Prime Minister's Strategy Unit initiated its project on **Countries at Risk of Instability**, with a view to increasing prevention and improving intervention.

## Objectives

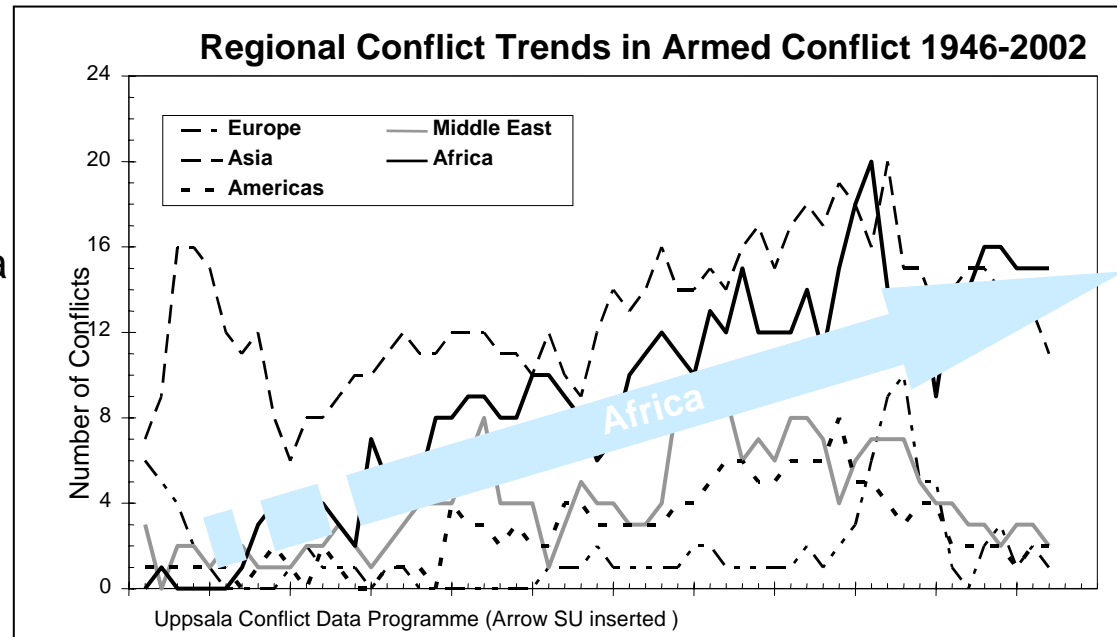
1. Develop method of identifying risks
2. Identify more effective international responses to help stabilise CRI
3. Identify improved risk and decision-making systems to enable early and better responses
4. Engage with key international partners and work with UK government Departments to inform the 2005 international agenda

## Process

Jan '04	Launch of 'Country at Risk of Instability' project
Jan – Dec '04	Analysis and formulation of policy response. Consultation with HMG departments as well as international partners
Dec '04	'To government' report submitted to Cabinet
17 <sup>th</sup> Feb.	Publication of <b>Investing in Prevention</b> report

# Challenge of Instability

- **Instability impacts a broad range of HMG objectives** such as security, economic prosperity, energy security, organised crime, humanitarian protection, international development and social cohesion
- **Instability is likely to continue:**
  - » Armed conflict levels remain high
  - » Many countries in transition from autocracies to democracies
  - » HIV/AIDS destabilises particularly Africa
  - » Climate change will increase instability risks
  - » Globalisation of organised crime
  - » Increased competition for energy resources



- **Responding to crises as they emerge is very costly:** large-scale human suffering and high financial costs of intervention.
- The challenge is to **develop practical approaches to prevention:** requires early investment in a range of measures by governments and a variety of international institutions

# Purposes of Addressing Instability

**An effective strategy to substantially reduce risks of instability and prevent crises addresses multiple UK strategic objectives by:**

- **Protecting human security** - by reducing the direct human costs from conflict and crisis, and laying the foundation for sustained poverty reduction
- **Reducing harms to the UK** - by improving the global environment for tackling network threats from terrorism, armed conflict, organised crime and economic instability
- **Creating opportunities to address common concerns** – by creating wider and more effective participation in the international community
- **Supporting democratic transitions** - as new democracies are at high risk of instability

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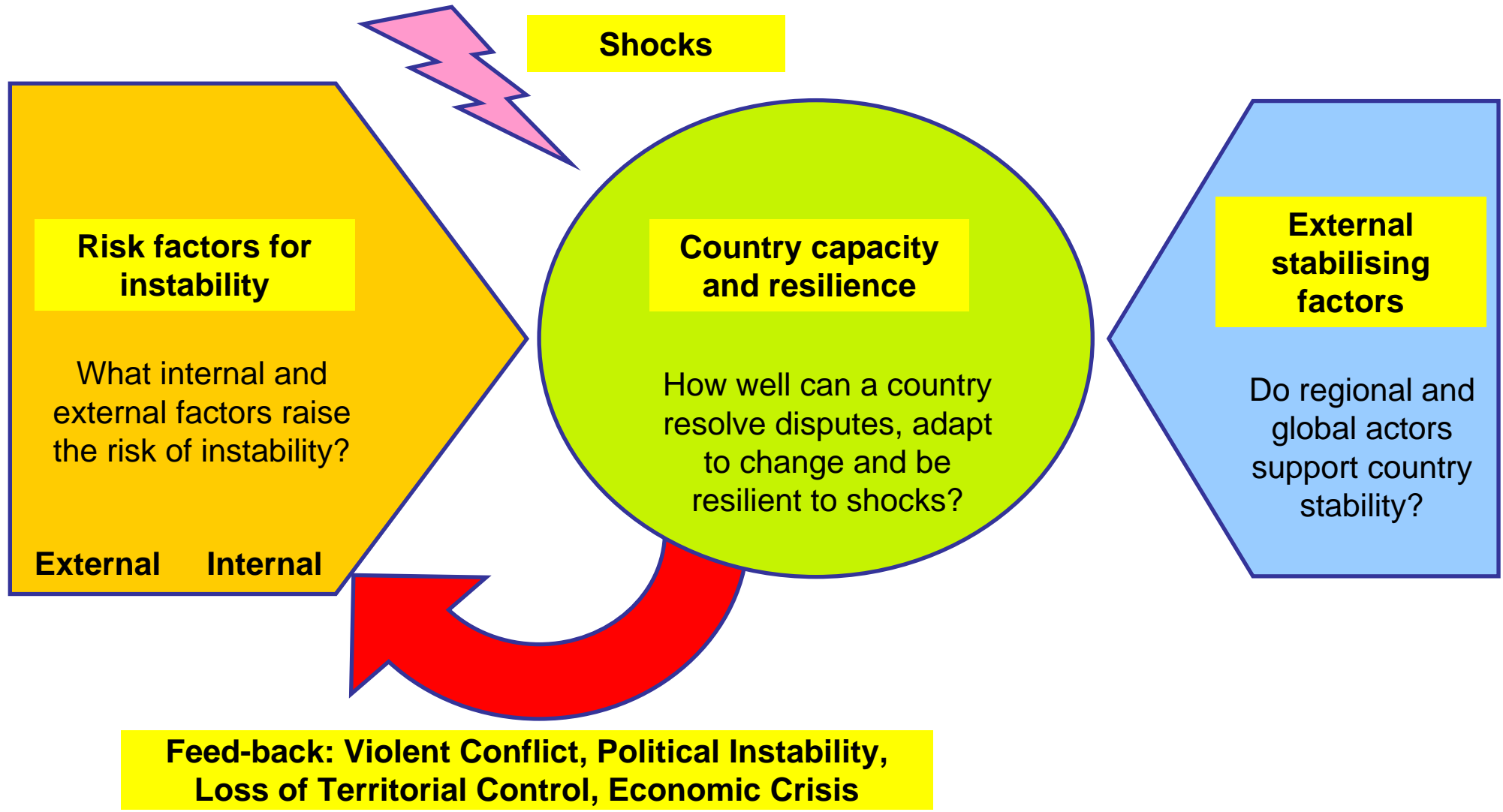
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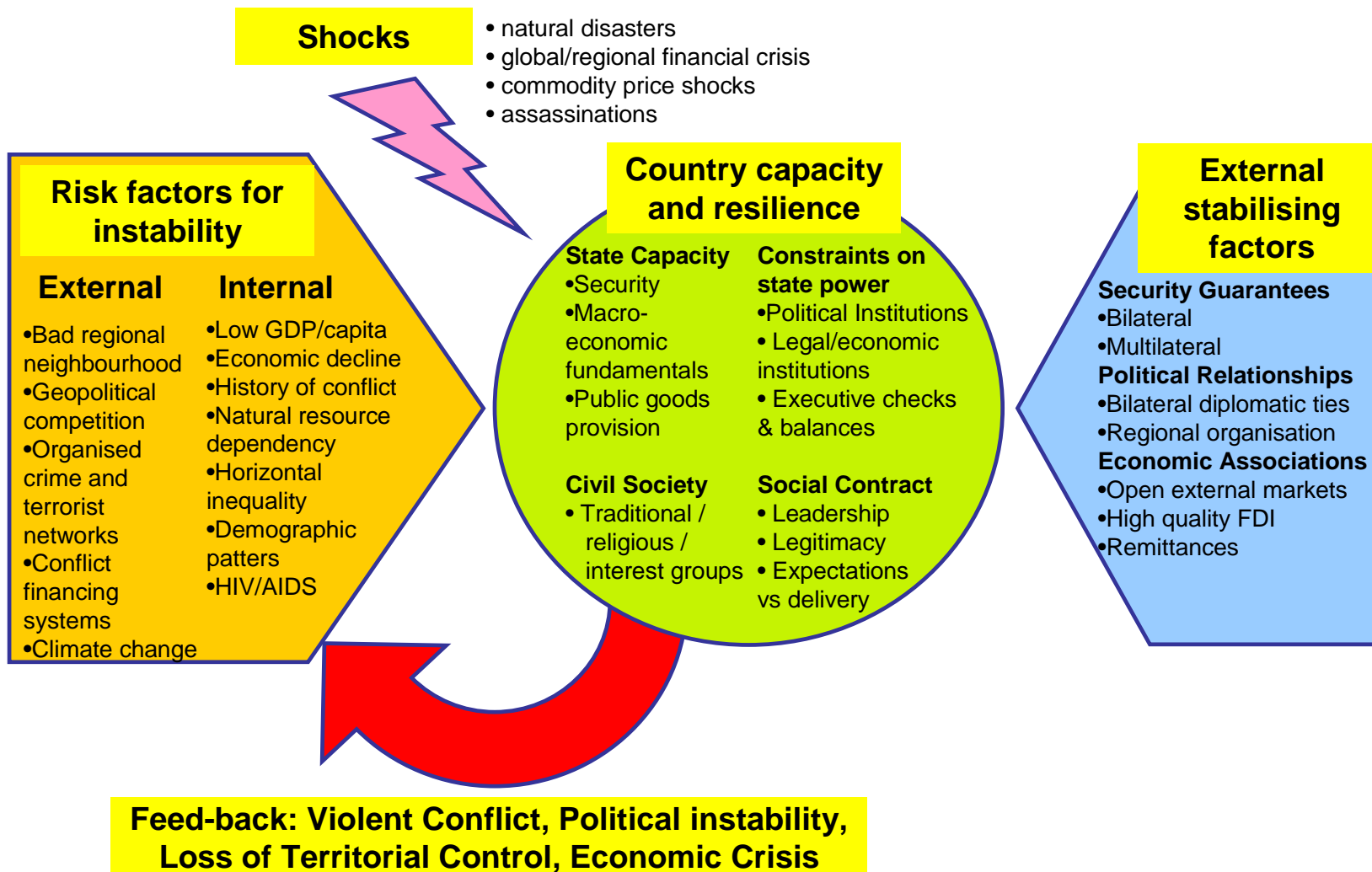
#### **Strengthening Systems for Responding to Instability**

- **There is no single definition of instability.** Describing a country or a region as unstable suggests the presence of **political, economic, or social upheaval**.
  - » Instability can be manifested, *inter alia*, in coups d'état and other types of illegal or unpredictable political succession; breakdown of political, economic, and social institutions; systemic corruption; widespread organised crime; loss of territorial control; economic crisis; widescale public unrest; involuntary mass population displacement; and violent internal or international conflict.
- A **country's capacity to effectively manage and adapt to change is at the centre** of creating stability.
- Reducing **structural risks** - such as poverty and economic decline, natural resource dependence, and a bad regional neighbourhood - and increasing **external stabilisers** - such as security guarantees and strong political associations - are also critical to fostering stability.
- An appropriate preventive response can only originate from a **deep country and regional analysis** that looks at internal and external risk factors as well as national and international capacities

# The Basic Instability Framework



# The Annotated Instability Framework



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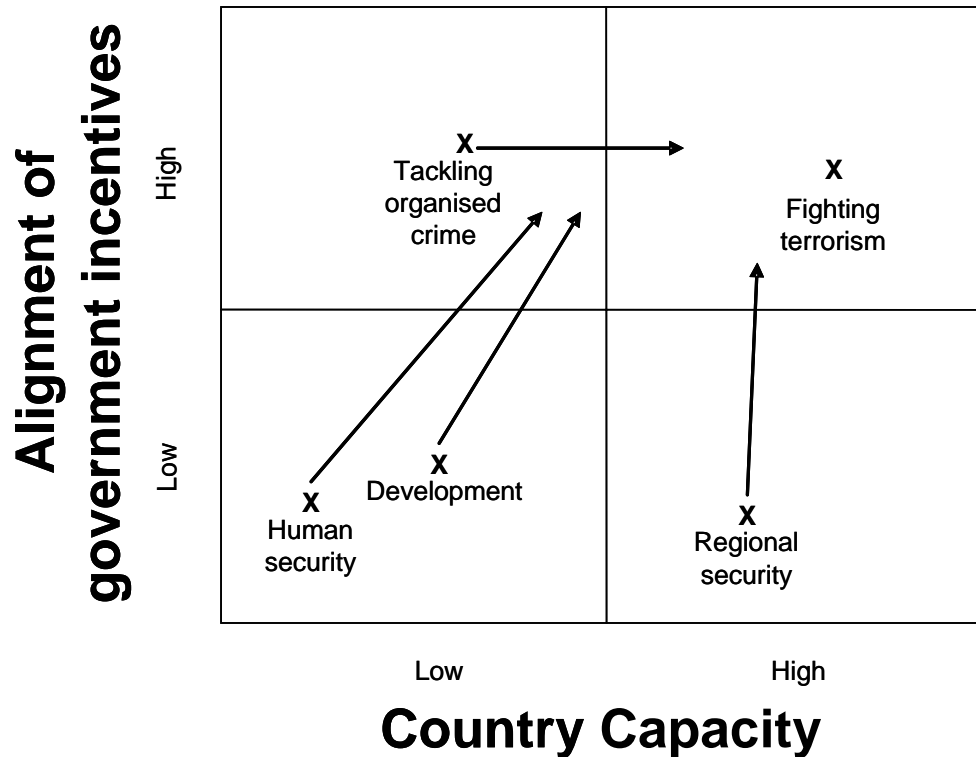
### **Strengthening Systems for Responding to Instability**

# Achieving Preventive Effect Requires Much Greater Commitment in Scale and Coherence of International Action.



- There is a strong **invest to save case for prevention**
  - » Savings in human cost and cost of intervention versus prevention
- Making prevention real requires increasing international commitment in four areas:
  - » **Appropriate scale** of political attention and financial resources
  - » **Sustaining action** over longer time horizons
  - » Developing **systematic approaches** across political, development, economic, security and other dimensions
  - » Achieving more **sophisticated understanding** of countries and regions to inform responses

# Comprehensive Engagement Requires Acting Jointly to Align Incentives and Increase Capacity



- **Align government incentives** with domestic and international responsibility
- **Build country capacity** to address key areas, e.g. domestic security, organised crime, development
- **Cannot usefully build capacity** in any area if government has little incentive to act

# Four Areas of International Response to Reduce Instability

## I Investing in Stability

### **Building country capacity**

Boosting country capacity and resilience by investing in stability lies at the heart of a preventive strategy towards countries at risk of instability.

## II Aligning Incentives

### **Aligning incentives of national elites with longer-term stability**

Understanding elite incentives and influencing behaviour in support of long-term stability.

## III Increasing Inter- national Responsibility

### **Enhancing the international policy environment for stability**

Improving the international environment – including aid, trade and debt policies, as well as combating AIDS, improving financial stability, and tackling transnational organised crime and terrorism – is necessary to improve stability.

## IV Improving Response to Crisis

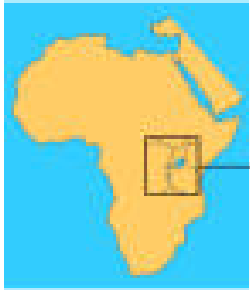
### **Establishing a coherent and credible international framework for crisis response**

Despite best efforts at prevention, crises are likely to emerge. International responses to crisis and post-crisis situations need to address some critical gaps, in order to create a credible deterrence.

# Gap Analysis in Each of the Four Policy Responses

- International actors and HMG have **existing initiatives under each area**
  - » e.g. diplomatic efforts, development assistance, military engagement
- Despite these initiatives, we are **not sufficiently achieving the effect of preventing crises** or stabilising countries post-crisis
  - » 2-3 crises /year, half are repeat crises
- **Gap analysis** identifies priority policy responses which promise high impact and are not currently receiving sufficient attention
- Gaps need to be addressed systematically through a **scaled-up, sustained, and more coherent** commitment to these priority policy responses

# African Great Lakes Region: Gaps in All Four Policy Response Areas



## Africa Great Lakes Region (“First World War of Africa”):

- **11 countries involved.** Major contributing factors have been the Rwanda genocide 1994; slow collapse of Zairean state; rebel camps in eastern Congo
- Estimates put death toll during the 1990s in the Democratic Republic of the Congo (DRC) at between **2 and 3.5 mio. casualties** - making it the scene of the bloodiest conflicts since the Second World War.

### I

#### Lack of investment in country capacity

- Collapse of Zairean state (Mobutu’s criminalisation of state apparatus)
- Sabotage of democratisation process
- Loss of control of territory as well as economic collapse, deepening poverty

### II

#### Elite exploitation of lootable resources

- Lootable natural resources, such as gold, diamonds, coltan.
- Regional conflict perpetuated by elite competition for resource wealth.
- Lack of application of international laws and norms within the region.

### III

#### Destabilising international involvement

- Rivalry of external powers supporting competing groups
- Cases of misappropriation of aid (Rwanda)
- Involvement of private firms in supporting natural resource exploitation

### IV

#### Need for improves response to crisis

- Failure to intervene sufficiently on a number of occasions, e.g. Rwanda 1994, Eastern DRC 1994/6
- Earlier, stronger and more holistic support of PSO mission in DRC (MONUC)
- Insufficient intervention in cutting conflict financing

# 1. Investing in Stability

**‘Partnerships for Stability’ need to be developed** between key international actors and elements within CRI (including government and others). This should provide a vehicle for agreeing a shared vision of how to achieve stability in countries and regions over a medium to long time frame of 10+ years.

- **Investing in Stability Through Development Assistance: Necessary but not Sufficient**

Investing in stability requires widening the scope of donor efforts to include a focus on political institutions, and improving the process of donor engagement, principally better coordination and focus on areas of agreed highest priority.

- **Investing in Institutions that Support Democratic Transitions and Conflict Management**

Core political institutions, such as the legislature, constitution, and a civil society that can hold the executive to account:

- Independent judiciary
- Processes to manage identity politics
- Security sector that is accountable to a legitimate government
- Service delivery of basic health and education

- **Investing in Improved Management of Natural Resources**

Improving transparency of payments and revenues, including through strengthened conditions for IFI lending, discouraging resource-backed loans to countries with poor fiscal management or transparency, and strengthened public expenditure management systems.

## 2. Aligning Incentives for Stability

International actors should improve their understanding of incentive structures of elites in countries at risk of instability and **work to align their incentives with stability**

- **Understanding Elites**

- Understanding internal political dynamics and elite incentives are key to forming a coherent strategy for engaging countries in partnerships for stability.

- **Positive Incentives: Clubs**

- The **European Neighbourhood Policy** (ENP) is an important vehicle to promote stability along the European periphery. The ENP should incorporate benchmarks for reform linked to credible incentives.
- The **African Union** (AU) represents an opportunity in Africa to create stability on the continent. Strengthening the AU at political and institutional levels - including promoting more co-ordinated and coherent use of aid flows, military training assistance to regional rapid reaction troops and capacity building of key AU bodies – can be an important stability investment. This could be done at EU level, through a regional “partnership for stability” with AU.

- **Negative Incentives: Individual Accountability**

- Smart Sanctions should continue to be linked to credible incentives of individuals and avoid negative impacts on the wider civilian population
- Economic Crime should be tackled stronger under existing frameworks for addressing corruption and financial crime.

## 3. Increasing International Responsibility

There is need to continue to work towards the **Creation of a Supportive External Environment** for countries at risk of instability.

- **Development Assistance**

The International Financial Facility is an important way of producing a step-change increase in aid effectiveness.

- **Trade**

Addressing the impact of trade reform on stability through pro-active measures to reduce transition risks.

- **Debt**

Working towards 100% debt relief for HIPCs and extending debt relief as an incentive for reform of CRI that are not HIPC.

- **The AIDS Pandemic**

A comprehensive approach to combat the HIV/AIDS pandemic, including through massive increase in resources and affordable drugs access for affected countries

- **Geopolitical Interests and Transnational Threats**

Improving strategies to tackle transnational organised crime and root causes of terrorism

- **Nuclear non-proliferation, energy security and climate change**

Aligning international programmes and policies on these interconnected issues in support of a stability agenda

## 4. Improving Response to Crisis



**Filling key gaps in international crisis response**, including effective strategies for post-crisis stabilisation, addressing conflict financing, and increasing international peacekeeping and rule of law capacity, is essential

- **Supporting ‘Responsibility to Protect’ Through Increased Capability**

Strengthening early response systems, such as regional ‘special advocates’, ‘good offices’ capacity, and strategic capability in multilateral organisations, particularly the UN, to develop integrated post-crisis stabilisation strategies

- **Conflict Financing**

Develop new international mechanisms to reduce conflict financing, including tackling the financial nexus of conflict and enhancing public and private sector collaboration, as well as strengthening existing commodity certification regimes

- **Peace Support Operations**

Make the case internationally for a substantial increase in PSO capacity to fill the current gap of 100,000 troops and rule of law personnel. Work towards implementing G8 Sea Island commitment to train 75,000 peacekeepers as a substantial contribution to filling this gap

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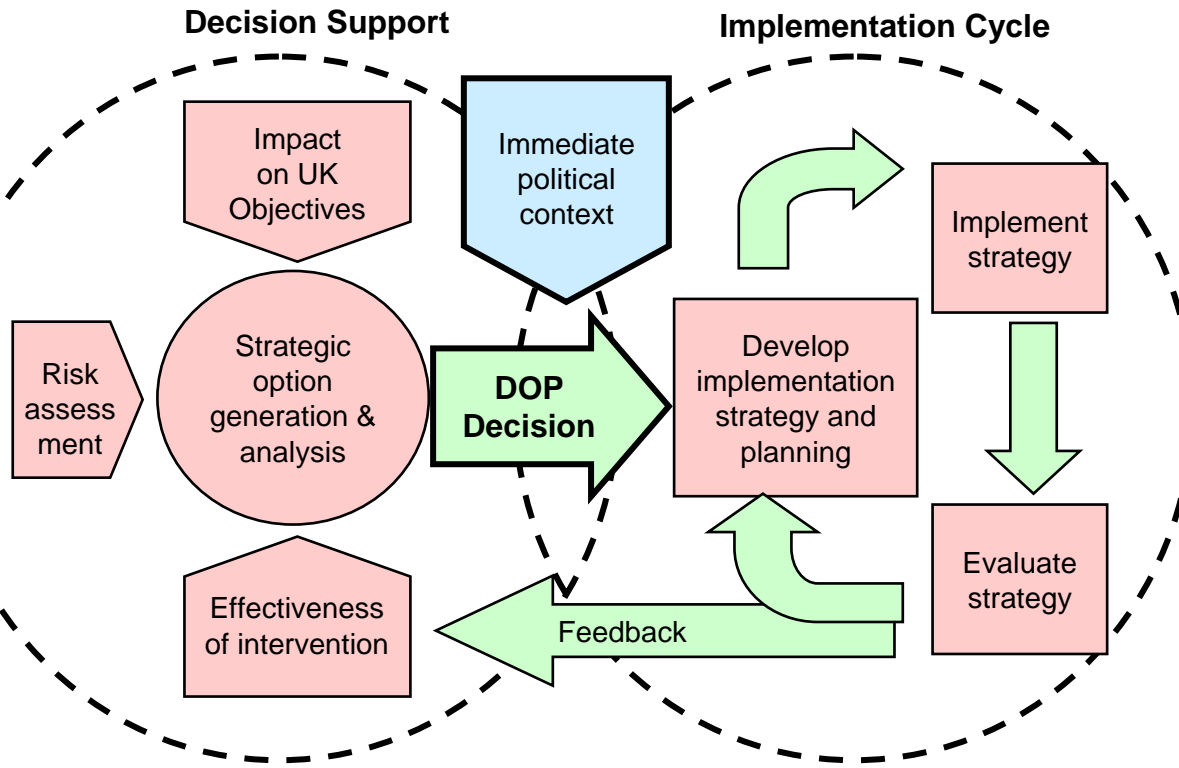
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**Strengthening Systems for Responding to Instability**

# Strengthening International Systems to Reduce Risks of Instability

**Analysis, Decision-Making and Policy Implementation  
need to be interconnected**



- 1) **There is a need for a systematic approach to understanding risk...**
  - that is comprehensive in nature,
  - that allows comparative assessment
  - that contests: compare and contrast different methods of analysis
- 2) **... which understands the impact instability**
- 3) **... and puts a comprehensive risk assessment in place, a series of strategic options to manage these risks**

# Core Areas for Strengthening Decision Support System

- **Improve medium-long term decision support in all dimensions**
- **Improve short term risk monitoring & assessment systems**
- **Systematic evaluation of what interventions work**
- **Need to add more value by presenting richer information and clearer options and choices**
- **Address similar deficiencies/differences in key allies/partners**

# Work Underway to Strengthen UK Systems, Especially to Focus on Crisis and Conflict Prevention Agenda

## **Several different processes underway – including post-Butler review and CRI project implementation:**

- New requirement for regular risk assessment of countries at risk of instability and will be reviewing a variety of risk assessment tools over different timescales. Butler review will also address capacity issues.
- New approaches for developing strategic analysis of priority countries through ad hoc interdepartmental teams drawing on process devised through CRI strategy pilots.
- Other CRI report recommendations currently under consideration on evaluation, international collaboration, support for independent assessment and analysis and integrated planning tools under consideration.