

The Role of the European Union in Conflict Resolution in Nepal¹

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At the beginning of the 21st century, the European Union (EU) has ambitions to play a more important role in international relations. In recent years, it has developed relations with partners across the globe. The EU put stress not only on political and economic cooperation, but it wants to promote some of the values that it considers important. Among these values are democracy, social welfare, human rights and liberalism. One of the key aspects of European foreign policy (EFP) contributed in manifold ways to peace support operations. As regards the European Commission (EC), it has a strong external relations *acquis* in projecting peace abroad, notably in the form of preventive diplomacy and long-term civilian peacebuilding.²

In this context, European Commission's assistance to Nepal dates back to 1977. In June 1996, the EC–Nepal Framework Co-operation Agreement came into force, outlining the general conditions for providing EC technical assistance and co-operation. The principal objectives of this Agreement are to enhance and develop the various aspects of co-operation between the parties. The EC's assistance to Nepal during the period 2007–2013 has an estimated budget of EUR 120 million and will target the following three areas: education (with human rights, conflict prevention and good governance as cross-cutting issues); stability and peacebuilding; trade facilitation and economic capacity building.³ To further consolidate its effort, on 8 July 2011 the European Union agreed to provide a grant of EUR 22 million for the implementation of the Support for Stability and Peace Building program. Thus peacebuilding & conflict resolution is one of the key priority areas of the assistance from the European Commission to Nepal. This paper outlines the European Union's support to Nepal's conflict resolution initiatives and its implications on the conflict resolution process of Nepal.

Keywords: international relations of the European Union, cooperation between the European Union and Nepal, European Commission's assistance to Nepal, European Union, Nepal

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² M. Merlingen, R. Ostraukaite, *European Union: Peacebuilding and Policing*, London: Routledge, 2006.

³ European Commission, *Nepal: Country Strategy Paper 2007–2013*, Brussels: European Commission, 2006.

1. European Union and conflict resolution policy

The Treaty on European Union (EU) explicitly states that the EU's aim is to promote peace (Article 3(1)) and that its role in the world should reflect the principles that have inspired its creation, development and enlargement (Article 21(1), first subparagraph). The Treaty identifies the preservation of peace, the prevention of conflict and the strengthening of international security among the Union's core foreign policy priorities (Article 21(2)(c)). More interestingly, the EU's conception of peace, which has been elaborated since the 1990s, has been broad, long-term and organic and has included the principles of democracy, human rights, the rule of law, international law, good governance, and economic development.⁴ This conception is tied to that of peacebuilding, which is embedded within the tradition of 'liberal peace' and can be traced back to former United Nations (UN) Secretary General Boutros Ghali's 1992 Agenda for Peace. In other words, as the EU emerged as a foreign policy actor engaged in conflict resolution in the 1990s, it espoused and elaborated the goal of peacebuilding. This goal has been in line both with the EU's own nature and ethos as well as with the approach developed by the UN in those years.

These public pronouncements clearly suggest that the EU is committed to long-term conflict resolution rather than short-term engagements. Although with the development of the Common Security and Defence Policy (CSDP) the EU has deployed a number of civilian and military missions in conflicts worldwide, these have been typically aimed at medium-to-long term aims such as border monitoring, security sector reform and judicial reform. In other words, the EU is not simply interested in pursuing the management of crises and conflicts through the maintenance of ceasefires and the negotiation of political settlements. It rejects the idea that violent conflict is endemic to human nature and espouses the view that conflict resolution and transformation is possible through the search for mutually beneficial solutions that allow for the satisfaction of all parties' basic human needs.⁵ Further still, the EU views as critical 'indicators' of conflict prevention and resolution elements such as human and minority rights, democracy, state legitimacy, dispute resolution mechanisms, the rule of law, social solidarity, sustainable development, and a flourishing civil society.⁶ This suggests that the Union aims at transforming the structural features of violent conflict, eradicating what Galtung⁷ defines as the seeds of structural violence: social injustice, unequal development and discrimination. While theoretically distinct, the EU's approach also fits what Richmond⁸ conceptually and more broadly defines as

⁴ European Commission, *Communication from the Commission on Conflict Prevention*, Brussels: European Commission, 11 April 2001.

⁵ J. Burton (ed.), *Conflict: Human Needs Theory*, London: Macmillan, 1990.

⁶ V. Kronenberger, J. Wouters (eds), *The European Union and Conflict Prevention: Policy and Legal Aspects*, Hague: Asser Press, 2005.

⁷ J. Galtung, *Human Rights in Another Key*, Cambridge: Polity Press, 1994.

⁸ O. Richmond, *The Transformation of Peace*, London: Palgrave Macmillan, 2005.

third-generation ‘peace-building approaches’, which cover the wider economic, political and social make-up of countries before, during and after the end of violent conflict.

Beyond foreign policy objectives, the EU is also endowed with policy instruments, which are particularly well suited to pursuing conflict resolution and peace-building. Alongside the sphere of the Common Foreign and Security Policy (CFSP), the Union promotes conflict resolution principally through its ‘constructive engagement’ with the conflicted parties.⁹ By constructive engagement, EU actors mean the deployment of a wide variety of measures of cooperation, which are normally specified in contractual agreements with third countries. These contractual relations take different forms, providing for different degrees of integration in and cooperation with the EU. They range from the accession process, aiming at the full membership of a candidate country, through looser forms of association, which envisage measures of economic, political and social cooperation with EU structures, to trade and development agreements with African, Caribbean and Pacific countries. These looser forms of association are also ‘contractual’ in nature. Rather than a Treaty of Accession, as in the case of the accession process, they foresee Association Agreements, Partnership and Cooperation Agreements, Stabilisation and Association Agreements, etc. Beyond the goal of achieving varying degrees of cooperation with the EU, these contractual ties aim at fostering long-term structural change, such as conflict resolution, within and between third countries.

2. European Union’s engagement in Nepal

1975–2006: EU’s poverty reduction agenda

The EU established diplomatic relations with Nepal in 1975, and assistance of the European Commission to Nepal dates back to 1977, provided largely through development assistance in such areas as irrigation and watershed management, animal health, reproductive health, primary education, refugees, and institutional capacity building. The EC–Nepal Co-operation Agreement was signed on 20 November 1995 covering the following areas: respect for human rights and democratic principles, cooperation in trade, development, science and technology, energy, agriculture, the environment, and action to combat drugs and AIDS.

The 2002–2006 EC strategy supported development efforts as defined in the Agenda of Priority Reform Actions and the Poverty Reduction Strategy Papers (PRSP) Five Year Plan (2002–2007). This addresses Nepal’s foremost objective of poverty reduction including: broad-based economic growth (development of agriculture), social sector development, targeted programs, good governance and decentralisation. Several EU Member States are long-standing development partners of Nepal, and five

⁹ European Commission, *Communication from the Commission on Conflict Prevention*, Brussels: European Commission, 11 April 2001, pp. 8–9.

of them have established individual diplomatic missions in Kathmandu: Denmark, Finland, France, Germany, and the United Kingdom.

The EC's Technical Office was opened in Nepal in 1992 and was upgraded to the Delegation of the European Commission to Nepal in 2002. Since 1996, development donors and NGOs in Nepal faced increasing challenges of how to position themselves with respect to formal state (royal) permission for internal access and for operating in rural areas increasingly governed by de facto Maoist authorities. After the breakdown of a ceasefire in August 2003, the European Commission, together with other bilateral donor agencies, adopted a set of Basic Operating Guidelines (BOG) to emphasise the importance and responsibility of all parties to the conflict to maintain development space and provide access to beneficiaries in Nepal. The BOGs relied strongly on internationally recognised Humanitarian Law principles and reflected the specific conflict situation in Nepal.

The BOGs were agreed among the donors in autumn 2003 and they were intended as operational guidelines or aspirations for development and humanitarian activities, project partners and their staff to operate in Nepal. The BOGs were drafted and made public to state how donors operate in Nepal and to appeal to the parties in the conflict not to interfere in project activities.

The European Commission had allocated aid amounting to EUR 70 million for the EU Country Strategy Paper (2002–2006; CSP). In 2005, in response to the royal takeover, the EC suspended all programming activities and the launch of new projects was put on hold. However, in that same year, an ad hoc commitment of EUR 5 million was made outside the framework of the CSP for support to the Office of the High Commissioner for Human Rights (OHCHR) for strengthening human rights monitoring. In addition, an ad hoc commitment of EUR 7 million was made as a token of immediate support to the People's Movement and Nepal's return to democracy. All cooperation activities were reactivated in June 2006, marking the EC's support for the democratisation process.

2006 Onwards: the EU's conflict resolution & democratisation agenda

After the April Revolution of 2006, the political coalition of Nepal changed. The 250 years old monarchy lost its prominence and Maoists (once declared as terrorists), who had been undertaking a violent insurgency for the preceding decade, joined mainstream politics. This led to the increasing donor concern with engagement in Nepal; the intended or unintended impact of development or governance assistance on the very dynamics of the conflict. Most of the international development actors operating in Nepal conducted their own conflict analyses. The broad conclusion of all of them is that economic deprivation and inequality have at least an indirect link to the conflict and that further efforts to promote development are warranted both to ameliorate the effects of the conflict and tackle the causes. There is, however,

also recognition that providing development assistance in itself does not necessarily contribute towards a peaceful resolution of the conflict and that any efforts need to be assessed on their individual merits.

The April Revolution was followed by negotiations and agreement of a Comprehensive Peace Agreement, establishment of an interim government and preparations for elections to the constituent assembly. Subsequently, different groups have started to voice their dissatisfaction with the current state of affairs; some by taking up arms in order to ensure that their voices are heard and that equal and proportional representation is ensured in the future political process. The issues of inclusion, participation and representation have become major, often heated discussion topics; the extent to which structures will be changed to include a wider segment of the society will be a determining factor for the success of the peace process. In this respect, many are looking at the contributions of the international community and the extent to which it can contribute to the ongoing peace process.

Table 1. CSP 2007–2013

Sector of Concentration	Amounts	% of MIP
MIP I (2007–2010)	60 million	100.0
Priority 1: Support to Education	36 million	60.0
Priority 2: Stability and Peace Building	22 million	36.6
Priority 3: Trade and Economic Capacity Building	2 million	3.4
MIP II (2011–2013)	60 million	100.0
Priority 1: Support to Education	30–36 million	50–60
Priority 2: Stability and Peace Building	15–21 million	25–35
Priority 3: Trade and Economic Capacity Building	3–9 million	
Total CSP	120 million	

In the light of these rapid changes that are taking place in Nepal, the EU Country Strategy Paper (2007–2013) focused on the following three sectors: Education (with human rights, gender, conflict prevention and the environment as cross-cutting issues); Stability and Peace Building; and trade facilitation and promotion of trade and economic activities with an estimated budget of EUR 120 million. The new strategy paper directs funding from 2007–2013 with a mid-term review in 2010.

3. Impact of conflict resolution initiative of European Union in Nepal

Minimum engagement with CSOs in conflict resolution

The EC's increased reliance upon budget support measures has delegated spending negotiations to donors and governments. As a result, civil society organisations have

no significant influence on the spending decisions. For example, there was no formal consultation process for CSOs in Nepal regarding the latest CSP for 2007–2013. In addition, the EC delegation to Nepal is a sub-office of the larger EC delegation to India, based in Delhi. Initiatives to consult with civil society more broadly are sometimes not possible, and it remains difficult to reach every NGO operating in the country.

The first instalment of the Stability and Peacebuilding Grant under the CSP (2007–2013) amounting to approximately EUR 22 million was utilised mainly on three major sectors that constrained Civil Society's funding on conflict resolution initiatives. The major EC grant was utilised for the Nepal Peace Trust Fund, which is a mechanism of the Government of Nepal for Development Partners as the preferred instrument for channelling support for the peace process. Similarly, major grants were also utilised for observation of the Constituent Assembly Election of 2008. The European Commission provided funding for the setting up of the national and international observation mission for election monitoring. The EC set-up an EU Election Observation Mission in 2008, which aimed to provide support for elections and election observation.

The third major grants were dispersed for strengthening the government institutions such as the judiciary, training of government employees, peace & security trainings to the security personnel such as the Nepal Police, the Armed Police Force, etc. Thus, due to the specific targeted programs for the government, there was much less funding for civil society's initiative of conflict resolution.

Ethnicisation of issues

Ethnic issues have overshadowed political and economic issues during the country's political transition mainly because they have been well-funded from external donors to redress discrimination against marginalised communities. The Canadian International Development Agency (CIDA) has doled out NPR 120 million to 19 ethnic groups and networks over the last three and half years. The United Nations Development Programme (UNDP) has spent NPR 25 million on 15 ethnic and regional networks to promote ethnic issues under a project on inclusive constitution. The Swiss Development Cooperation has been providing NPR 2.25 billion annually to the CA, political parties as well as other NGOs since 2009. The Danish Human Rights and Good Governance Advisory Unit (HUGOU) launched a project called the Madhes Initiative worth NPR 624 million. Similarly, the German aid agency (GTI) has already spent NPR 82.5 million during the first phase and an additional NPR 110 million has been dispersed for discussion on federal issues. There are 34 EU projects supporting the ethnic agenda. The EU has been openly advocating ethnic issues in Nepal since 1998.

The European Instrument for Democracy and Human Rights (EIDHR) is one of the major European Initiatives for democracy building and human rights. The rights

of the indigenous people are one of the major priorities under the EIDHR. The goals are to increase the indigenous people's rights and capacity to control their own social, economic and cultural development, while enhancing territorial rights and capacity for sustainable management of biological resources. Given that Nepal is a small country – with 103 recognised ethnic groups and a country which is in transition to democracy, such overemphasis of rights by the donor community is slowing down and prolonging the process and adding major hurdles to it. Since Nepal is now trying to experiment on demarking the federal set-up. Thus growing sense of ethno-nationalism is hampering the entire constitution-making process and prolonging the dilemma. The ethnic movement is now one of the major hurdles to peace and stability of Nepal. The bombing by Samyukta Jatiya Mukti Morcha in Kathmandu on 27 February 2012 was a testimony to this fact.

The centre–periphery disparity

In most developing countries, there are big socio-economic and cultural differences between the centre and the periphery. Nepal is no exception; there is a big difference between the environment in Kathmandu and outside the Kathmandu Valley. The international community was criticised for not managing to overcome the barriers and actually reach outside the capital. There is a view that this gives rise to discrepancies in information, and that the international community's understanding of the national overview and complexities could be improved for better engagement.

Though many projects of the EC/EU are intended to benefit people located outside Kathmandu Valley, a disproportionate amount of the allocated EC funds is being invested in NGOs and INGOs based in Kathmandu and a considerable amount of money is spent before even reaching the intended project sites or the intended beneficiaries. It is suggested that such projects have been designed and are implemented by the dominant groups, who are also recruited to implement them through their own agencies, thereby not spending the money in a way that would benefit the marginalised communities the most.

Divorce of policy and aid harmonisation with european partners

One of the major challenges for the European Union is the serious lack of coordination with its Member States (particularly Germany, Finland, Denmark, and the United Kingdom). Each of these countries is a very active partner of the conflict resolution process in Nepal. The United Kingdom with its Department for International Development (DFID) funds massive amounts of grants which are primarily focused on Security Sector Reforms (SSR). Similarly, both Denmark and Finland are also primarily funding SSR programs. Germany, through Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and other INGOs, is working on rehabilitation

of ex-Maoist combatants. Thus, making aid more effective by enhancing coordination and harmonisation between donors, ensuring alignment with the partner countries' strategies and preparing the ground for more complementarity as well as division of labour by adopting multi-donor arrangements, such as co-financing or delegated cooperation, is a must for aid harmonisation.

There are also many instances where there are policy differences between the European Union and its Member States. One popular instance that can be referred to was the controversial sale of more than 5,500 machine guns to Nepal by the Belgian government in 2002, which were meant for the fight against Maoists rebels by the then government. This has had serious impact on the position of the European Union, which was stressing the human rights accountability of the then Nepalese Army. This deal also violated the EU Code of Conduct on Arms Exports, which was adopted by the Cardiff European Council in June 1998 and which states that 'Member States will not allow exports which would provoke or prolong armed conflicts or aggravate existing tensions or conflicts in the country of final destination'.¹⁰ Such differences in policy can undermine the credibility of the European Union.

4. Conclusions: Treading water or drowning?

The EU's Conflict Resolution policies in general are not based on a deep or common understanding of the reasons behind the conflicts or the forces that continue to separate the conflicting parties. EU policy has been reactive, driven by events rather than by long-term considerations, and as such has not significantly contributed to conflict resolution. For instance, the European Union's constant support to ethnic issues in Nepal is not resolving the conflict, in fact creating bases for future conflicts. Given the difficulties and varying complexity of the conflicts, is the EU a viable actor in conflict resolution, or is it out of its depth? It has the potential to coordinate conflict resolution processes among multitude donors of Nepal but has shied away from this role, preferring instead to involve itself in its own petty initiatives. Its policies have contributed to conflict resolution in a general way but have not had a significant and measurable impact.

The EU's conflict resolution initiative in Nepal suffers as a result of the Member States' hesitancy over adopting the harmonisation on aid and policy creating a lot of duplicity and policy contrast. Its focus mainly on funding government initiatives and less on engagement with the civil society organisations is also limiting its capacity to make a difference in people's lives. Its focus on Kathmandu-based NGOs is creating disparity in its approach of equality. What does this tell us about the EU's role as an international actor? Problems of internal coherence persist as the EU expands its

¹⁰ K. Holm, 'Europeanising Export Controls: The Impact of the European Union Code of Conduct on Arms Exports in Belgium, Germany and Italy', *European Security*, June 2006, Vol. 15, No. 2, pp. 213–234.

external relations role, and working with other actors presents further challenges. Clearly, the organisation is having some difficulties extending the scope of its external relations activities. It has adopted some of the language of conflict resolution without developing the necessary tools and expertise that it needs to carry out the task. A more pragmatic, coordinated and robust approach towards the conflicts and the conflicting parties could make all the difference between sustainable peace and the renewal of hostilities.