

EUROPE'S DEVELOPMENT AND PEACEBUILDING CUTS

SECURING SHORT-TERM INTERESTS, RISKING
LONG-TERM SECURITY

Katariina Mustasilta



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- Development cooperation budgets are tightening in the EU amid economic pressures and a focus on security and defence.
- Two broad shifts are taking place in EU and member state investments in peacebuilding and conflict prevention: a general decline in funding and decreasing attention to conflict-affected regions and countries in particular.
- Local and international conflict prevention and peacebuilding actors need to frame their work to align with the EU's economic, security and geopolitical interests in order to remain relevant in an era of strategic competition.
- The implications of the shifts in funding will depend on how changes are implemented and under what types of strategies.
- A general risk is that policy decisions will be based on a short-term and largely reactive rationale at the expense of a long-term perspective on Europe's interests.



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INTRODUCTION

Development cooperation in Europe has come under increasing pressure. Increased investment in security and defence, shifting domestic political dynamics – such as the rise of far-right parties – and the economic fallout from Russia's war in Ukraine have led several EU member states to announce cuts to their development cooperation budgets. The EU institutions' globally substantial development portfolio is also being reshuffled, and the general framing of development cooperation is changing: alongside the aims of poverty reduction and sustainable development, European donors are increasingly emphasising trade relations, geopolitical ends, and migration management.¹

These cuts and reforms to development budgets are having an effect on international funding for peacebuilding and conflict prevention. Despite the changing international landscape, European states and the EU remain the top funders of international peacebuilding and civilian conflict prevention efforts.² The aid cuts and reforms can therefore shape peacebuilding efforts both directly and indirectly by influencing the target regions and recipients of aid. All this is taking place in a global 'polycrisis' environment with a record number of violent conflicts, pandemic recovery, climate and ecological crises, and intensified geopolitical competition.

This Briefing Paper takes stock of the general trends in EU and member states' official development aid (ODA) related to conflict, peace and security. It discusses the nature of the recent shifts and their implications for peacebuilding efforts and European donors. It reports on a downward shift in ODA funding for peacebuilding and peace-fostering efforts in recent years. Specifically, funding for fragile and conflict-affected countries, as well as other at-risk regions, has declined. Besides the support for Ukraine in the face of Russia's full-scale invasion, increased aid is flowing to regions of strategic interest to the EU, such as countries along migration routes and EU countries themselves.

While accelerated by the war in Europe and the immediacy of security and defence concerns, these shifts reflect broader changes in the priorities of EU institutions and member states. Hence, the big picture is likely to outlast the immediate economic pressures to cut budgets. How this will impact civilian conflict prevention and peacebuilding is shaped partially by how local and international conflict prevention and peacebuilding actors are able to align their work with the EU's economic, security and geopolitical interests. A general risk is that policy decisions will be based on short-term and largely reactive rationales at the expense of a long-term perspective on Europe's interests. This threatens to neglect areas and situations that may not be immediately urgent for the EU, yet could become increasingly costly and difficult to manage if left unaddressed.

INVESTMENTS IN PEACEBUILDING AND CONFLICT PREVENTION ON THE DECLINE

Germany announced a major budget reduction in international development cooperation as a result of the coalition government's budget deal in late 2023. These aid cuts by the world's second largest bilateral donor also hit peacebuilding and conflict prevention measures, with reports of an approximate 20% cut to Germany's peace and stability programmes. Similarly, the Swedish government has also announced considerable cuts to its peacebuilding funding.³ At the EU level, the member states agreed to reshuffle funds from existing financial instruments, including international development tools, to boost funding for migration control and border management.⁴

These recent decisions by the global heavy lifters in conflict prevention, resolution and peacebuilding funding are not unique. In Europe, countries such as Finland, Norway, the Netherlands, Denmark and the

1 Ainsworth, David (2024) "Why are billions being cut from European aid budgets?". Inside Development, Devex, 21 May, 2024; Alemayehou, Mimi and McNair, David (2024) "False economy: why Europeans should stop slashing development aid to Africa". ECFR Council, 28 February 2024.

2 OECD (2023) "Peace and Official Development Assistance", OECD Publishing.

3 Kresse, Theresa (2024) "Germany's 2024 budget: Massive ODA cuts after a fiscal odyssey", Donor tracker, 21 March 2024; Worley, William (2023) "Sweden cutting peace-building budget by 40%", Devex, 19 January 2023. <https://www.devex.com/news/sweden-cutting-peace-building-budget-by-40-104784>.

4 PICUM (2024) "Revision of the long-term EU budget: what implications for migration and asylum policy 2024-2027?", 19 February, 2024. <https://picum.org/blog/revision-of-the-long-term-eu-budget-what-implications-for-migration-and-asylum-policy-2024-2027/>.

UK have also reduced their peacebuilding allocations.⁵ A closer look at the OECD's ODA flows up to 2022 reveals a broader shift in contributions to peacebuilding and conflict prevention efforts. This shift can be characterised in two parts: A) the EU's overall investment in global peacebuilding and civilian conflict prevention is shrinking, particularly in fragile settings, and B) development cooperation with fragile and conflict-affected countries, as well as other at-risk groups, is in decline in general.

Notwithstanding an increase in funding in Europe, and for Ukraine in particular, the data shows a downward shift in EU member states' funding for peacebuilding and conflict prevention. Although the recent budget cuts in Germany and Sweden are not yet reflected in the data, the overall share of the peacebuilding and conflict prevention activities in the total development aid of EU countries declined from a meagre 3.1% in 2018 to an even smaller share of 2.2% in 2022. The share dedicated to core civilian peacebuilding, conflict prevention and resolution also decreased slightly.

The EU institutions' funding for peacebuilding and conflict prevention has dipped even more sharply. Following the adoption of the latest multiannual financial framework in 2021 and the Neighbourhood, Development and International Cooperation Instrument (NDICI)⁶, the share of funding allocated to peacebuilding and conflict prevention has dropped from 3.7% to 2.6%. This downward shift is visible in the peacebuilding funds allocated to fragile states and conflict-affected countries, which decreased from 54% of the EU institutions' overall peace funding in 2018 to 35% in 2022. A similar decline in funding for these regions is also visible in the contributions of individual EU member states in 2022.

The withdrawal of the large-scale intervention from Afghanistan after the fall of the internationally supported regime in 2021 explains some of the decline in Asia-specific peacebuilding funding. However, there is a considerable absolute decline in peacebuilding and conflict prevention support for other regions as well. In 2022, the EU institutions' peacebuilding and conflict prevention support was at a five-year low in Africa, and has increased only in Europe. Similarly, EU countries' funding for Africa dropped in 2022, as did funding allocated to the Americas. This shift in peacebuilding and conflict prevention support for Africa,

and particularly sub-Saharan Africa, is noteworthy given the escalatory conflict trends in many parts of the continent – including those with EU crisis management operations – and the continent's overall importance for Europe.⁷

Beyond the diminishing peacebuilding and conflict prevention funds, overall EU and member state support for countries and regions most vulnerable to conflict escalation appears to be in flux. In 2018, fragile and conflict-affected countries accounted for nearly 26% of all EU countries' development cooperation, but this share had dropped to 19% by 2022. Similarly, EU-level aid to the least developed countries dropped from \$4.6 billion in 2018 (24% of total aid) to \$3.8 billion in 2022 (13%). The share of total development cooperation with sub-Saharan Africa also declined among both EU member states and EU institutions. Notably, these reductions are not solely due to shrinking peacebuilding contributions. Sectoral support for government and civil society has also decreased in these vulnerable regions.

Rather than indicating an immediate overall reduction in ODA flows, the cuts in 2022 and prior to that took place in the context of record levels of development aid spending, with European countries alone spending nearly \$72 billion. The support for Ukraine in the face of Russia's full-scale invasion explains some of this increase, but not primarily through a direct increase in aid flows to Ukraine. Instead, most of the increase stemmed from a major rise in the use of ODA to fund refugees in donor countries: in 2022, EU countries spent 22% of all ODA on funding refugees at home, almost tripling the budget from previous years.

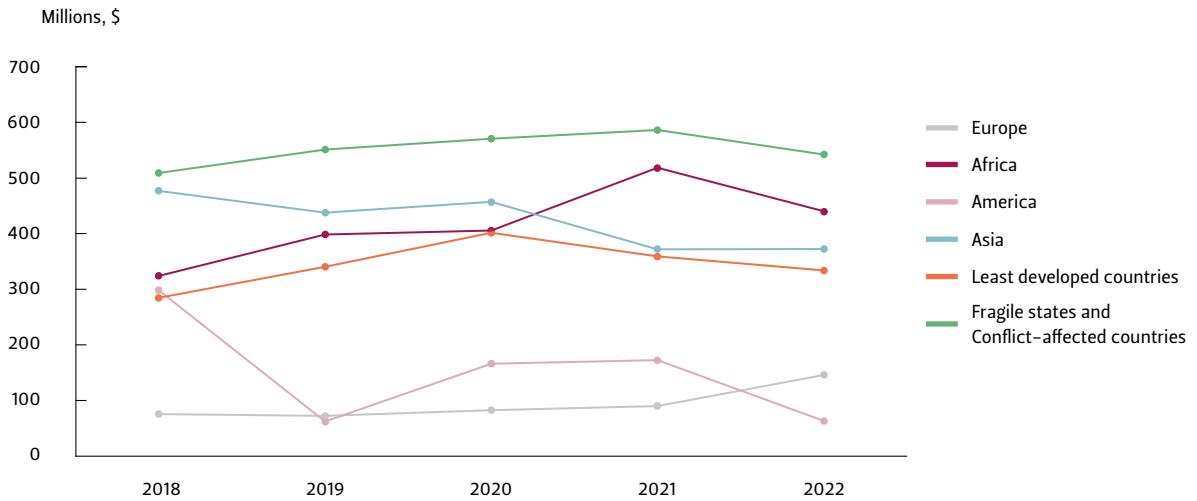
In addition, funding for health, humanitarian aid, economic infrastructure, and production sectors increased in the last recorded years, although humanitarian aid to fragile and conflict-affected countries declined. In terms of the target countries, beyond the swift prioritisation of Ukraine in 2022, countries vital for migration management, such as Tunisia, as well as those pivotal from the perspectives of strategic partnerships, trade, resources, security and geopolitics – like Brazil, India, Moldova and South Africa – stand out as having increased their development cooperation flows. Among the fragile and conflict affected-countries, Syria, Afghanistan, Ethiopia, Yemen and Palestine were the largest recipients of EU and member state funding, although contributions to Syria and Afghanistan have been on a downward trend.

5 This Briefing Paper analyses the OECD's ODA statistics using the Creditor Reporting System data on flows. Specifically, the paper examines contributions under the "conflict peace and security" sector, which includes funding for security sector management, mediation and dialogue processes, inter-communal peace efforts, peacekeeping contributions (within ODA rules), and the prevention of child soldiers. Within this sector, a sub-category of "civilian peacebuilding, conflict prevention and resolution" captures the core of civilian peacebuilding, conflict prevention and resolution efforts. See OECD (2023) and the OECD Data Explorer (2024).

6 European Commission (2024) "NDICI Global Europe (NDICI)". <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/ndici>.

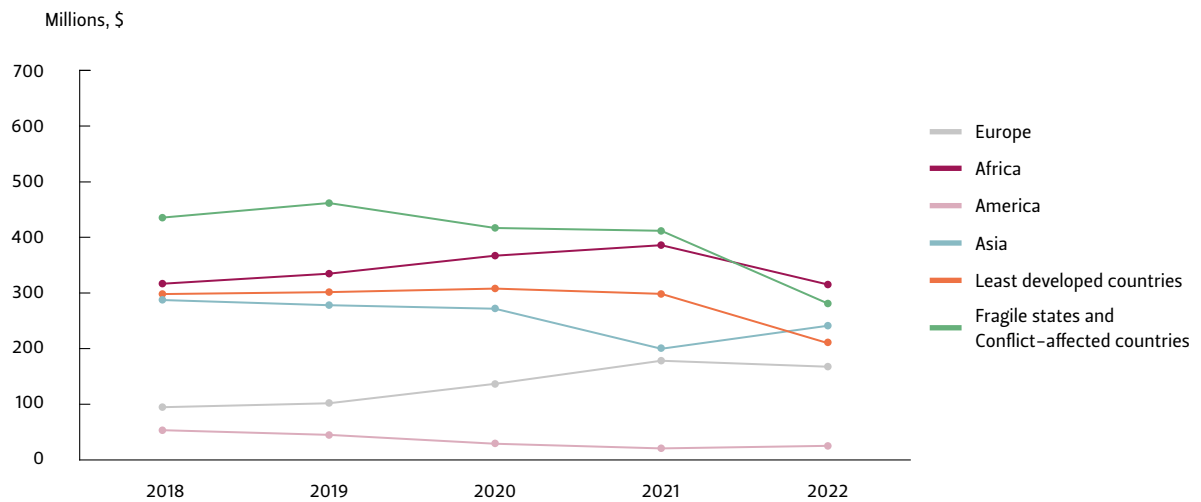
7 Alemayehou, Mimi and McNair, David (2024); European Commission (2024) "Africa-EU partnership". https://international-partnerships.ec.europa.eu/policies/africa-eu-partnership_en.

EU member states' funding allocated to peacebuilding and conflict prevention in different regions, 2018–2022



Data source: OECD Creditor Reporting System, sector 152 "Conflict, peace and security"

EU institutions' development funding allocated to peacebuilding and conflict prevention in different regions, 2018–2022



Data source: OECD Creditor Reporting System, sector 152 "Conflict, peace and security"

WHAT DO SHIFTS IN FUNDING MEAN FOR THE PEACEBUILDERS?

The recent budget cuts in development cooperation by European actors have raised concerns over the weakening political and financial attention to preventing the escalation of violent conflicts and building sustainable peace. Experts and peacebuilding practitioners have criticised the announced cuts in Sweden and Germany, for example, arguing that these cuts undermine peacebuilding efforts and diminish the countries' leadership in supporting peacebuilding. When EU leaders decided to redeploy funds from international cooperation instruments to finance migration management, a broad group of international non-governmental organisations warned that this would result in thematic and geographical imbalances, jeopardising the EU's long-term development objectives, its relations with Africa, as well as its climate policy commitments.⁸

On the basis of the ODA data presented, concerns about expanding imbalances in the international cooperation agenda of the EU and its member states are justified. Alongside the tightening peacebuilding and conflict prevention budgets, the overall funding – including humanitarian aid – for fragile states and conflict-affected countries is shrinking. This risks neglecting those societies and communities most in need of comprehensive support in the face of specific threats to peace and the polycrisis environment at large. Moreover, it contradicts commitments to channel development funds to the least developed and most vulnerable countries.

The strong focus within the EU on competitiveness and mutually beneficial frameworks for international cooperation can further contribute to this risk. The least developed, fragile and conflict-affected states offer relatively little in the way of business opportunities or space for the EU's flagship Global Gateway projects, thus easily falling off the radar – unless they are important from the perspective of migration routes. Concerns over the EU's geopolitical influence have also led to a greater emphasis on so-called “hard” security tools, such as the European Peace Facility, which supports the security apparatus of partner states in conflict-affected

societies.⁹ Long-term support for local governance institutions, civil society peacebuilding initiatives, or climate change adaptation are much less prominent in key messages regarding the EU's geopolitical pursuits. As a result, civilian agents in fragile settings may find it difficult to attract attention and support for their efforts.

At the same time, tightening European development budgets should not be automatically equated with negative shifts in peacebuilding realities on the ground. As demonstrated by years of stabilisation efforts in Afghanistan, for instance, pouring money into fragile states without a shared and locally-led strategy can be ineffective and, at worst, counterproductive. Moreover, with most of today's conflict environments characterised by fragile state actors, and a multitude of armed groups and external actors, spaces for peacebuilding are not only scarce but increasingly contested. Indeed, while European and Western donor funding has been on a downward trajectory, the Gulf States, for example, have recently increased their investments in peacebuilding and conflict prevention.

Against this backdrop, the changing dynamics of development cooperation among European donors – although not a reaction to the evidence-based criticism against liberal peacebuilding efforts – could be translated into a reform of international cooperation to better respond to the lessons called for by experts.¹⁰ For example, a shift towards a more strategic or interest-based framing of development cooperation could facilitate improved coordination of EU action by directing funds in a more integrated and consistent manner, and by building on the strengths of European actors. The EU's ability to support societal actors beyond the state and the elites in power – for example by channeling support to local civil society – could be seen as a strength within peacebuilding. On the other hand, the emphasis by EU leaders on being able to better respond to partners' needs in a competitive world aligns, at least in theory, with the message that critics of the dominant peace- and state-building frameworks have been conveying for years: international peace and security interventions tend to be externally driven and ill-suited to the shifting priorities and needs on the ground.

8 Statement “Wrong at all levels: Civil Society Response to the December 15 MFF Negotiating Box”. <https://www.linkedin.com/feed/update/urn:li:activity:7155193654087720960/?updateEntityUrn=urn%3A%3A%3AfeedUpdate%3A%28V2%2Curn%3A%3Aactivity%3A7155193654087720960%29>. For a scholarly critique, see Justino, Patricia and Saavedra-Lux, Laura (2023) “Development Aid Cuts Will Hit Fragile Countries Hard, Could Fuel Violent Conflict”, United Nations University, UNU-WIDER. <https://unu.edu/article/development-aid-cuts-will-hit-fragile-countries-hard-could-fuel-violent-conflict>.

9 Teevan, Chloe and Bilal, San (2023) “The Global Gateway at two: Implementing the EU's strategic ambitions”, Briefing note n. 173, ECDPM. <https://ecdpm.org/work/global-gateway-two-implementing-eu-strategic-ambitions>; Karjalainen, Tyne and Mustasilta, Katariina (2023) “European Peace Facility: from a conflict prevention tool to a defender of security and geopolitical interests”, TEPSA Brief, 30 May 2023. <https://tepsa.eu/analysis/european-peace-facility-from-a-conflict-prevention-tool-to-a-defender-of-security-and-geopolitical-interests/>.

10 De Coning, C (2018) “Adaptive Peacebuilding”. *International Affairs* 94 (2): 301–317. <https://doi.org/10.1093/ia/iix251>; Paffenholz, T. (2021) “Perpetual Peacebuilding: A New Paradigm to Move Beyond the Linearity of Liberal Peacebuilding”. *Journal of Intervention and Statebuilding*, 15(3), 367–385. <https://doi.org/10.1080/17502977.2021.1925423>.

What is clear is that, in an era where geostrategic competition and conventional military warfare are at the forefront of major donors' minds, international NGOs and local actors working in conflict prevention and peacebuilding need to adjust their discourse to demonstrate their relevance. This is already apparent in the way that such actors have adopted the dominant framing, emphasising Europe's geopolitical influence and strategic interests when promoting their own work.¹¹

In order to make their case, however, development and peacebuilding advocates would benefit from articulating the value that long-term development investments bring to EU interests in the current global context. Rather than promising quick geopolitical wins or threatening losses, a sounder approach would emphasise the long-term perspective of the EU's key priorities and argue for the contribution of conflict prevention and peacebuilding investments.

Beyond the narrative linking fragility and conflict to increased migration pressures, this could be done by underlining the connection between the EU's interests in taking care of global public goods – climate and nature, technology, energy and health – and its continued support for institutions, actors, and structures that foster peaceful development and strengthen human security across the world.

WHAT DO SHIFTS IN FUNDING MEAN FOR THE EU?

The observed shift in data concerning the EU's development cooperation in general, and peacebuilding and conflict prevention in particular, is unlikely to be just a temporary dip that will be quickly reversed. Domestic political dynamics across the EU shape the scale of budget cuts, and the easing of economic pressures may reduce the need for further cuts. However, the international system's shift towards multipolarity and the ongoing war in Europe will keep the attention of the EU and its members firmly focused on the intensified geopolitical competition and security and defence issues in the short and medium term.

In this context, traditional development cooperation does not seem to be a top political priority for the EU. This was evident in European Commission President Ursula von der Leyen's proposal regarding the new Commissioners and the priorities of the International Partnership portfolio in particular. According to the proposal, the portfolio will focus heavily on the Global

Gateway and on developing mutually beneficial partnerships, with much less emphasis on traditional conflict prevention and sustainable development objectives. It is of course too early to assess the concrete implications of the new Commission, but the changes in portfolio emphasis are indicative of shifting priorities in the EU's international partnerships.¹²

How these dynamics will influence the EU and its member states in the long term will depend on how and under what type of strategies the changes are implemented. Since the adoption of the Global Strategy in 2016, the EU's conflict and crisis response has been guided by the Integrated Approach, which underlines the interdependence of different conflict response tools and aims to strengthen coordination between the different actors engaged in conflict response. This integrated approach is even more important today, as it can mitigate the effects of downscaled budgets through enhanced coordination of existing measures, particularly in fragile and conflict-affected countries. Moreover, it can guide a more conflict-sensitive approach when it comes to the increasing prioritisation of trade and private investment and ensure their compatibility with other measures. Notably, the integrated approach is also vital for managing the scale and multidimensionality of EU and member state support in Ukraine.

In this light, it is noteworthy that while the Integrated Approach was consolidated in the Strategic Compass in 2022, the subsequent annual progress reports on the EU's Strategic Compass fail to mention it at all, let alone discuss how the new security and defence capabilities being accumulated contribute to the existing tools. This points to a rather narrow understanding of security agency, and thus reflects a broader danger of overlooking the long-term perspective of the EU's security and other interests in the face of immediate crisis response demands.

There are two general risks stemming from this. The first relates to losing sight of one's own relative advantages and added value in the system by getting stuck in crisis response mode. For the EU, this could mean de-prioritising existing strengths, such as the comparatively wide range of peacebuilding and conflict prevention tools and networks, as well as the overall drive towards more integrated efforts. The second relates to equating crisis response with preparedness, and neglecting proactive and cost-effective prevention. In a world where technological advances enable violent

11 For example, in the civil society response to the EU's funding reshuffle: "Wrong at all levels: Civil Society Response to the December 15 MFF Negotiating Box".

12 von der Leyen, Ursula (2024) "Mission letter to Jozef Sikela", European Commission, 17 September 2024: https://commission.europa.eu/document/download/6ead2cb7-41e2-454e-b7c8-5ab370d07dd_en?filename=Mission%20letter%20-%20SIKELA.pdf.

attacks from across the world, it is dangerous to neglect fragility and conflict, even if geographically distant. More generally, while a focus on short-term responses to manage and put out the most urgent fires is justified, it should not overshadow the long-term rationale for investments designed to proactively and progressively contribute to preventing fires in the future.

CONCLUSIONS

In the midst of a war raging in Europe and a world that looks much more competitive from the perspective of the EU and its member states, the search for further prioritisation and strategic focus within foreign and security policies continues. Russia's war in Ukraine, both in terms of its devastating consequences in Ukraine and its wider ramifications for the European security order, will continue to occupy much of the EU's attention, with implications for development cooperation as well. Beyond Ukraine, the emphasis on mutually beneficial partnerships and safeguarding European interests and

security has implications for the type and targets of development cooperation. Consequently, conflict prevention in the face of escalating local tensions or support for the mediation capabilities of national and regional actors may easily become sidelined, unless explicitly tied to the broader geopolitical and geostrategic dynamics.

However, in parallel with the risk of neglecting situations and areas that, in the long term, have far-reaching implications for the Union's international status and security, there is a recognised need for change in the development and peacebuilding fields. For example, the EU's attempts to better tailor its peace and security efforts to respond to the needs of its partners is a promising step. Yet rather than trying to imitate its strategic competitors as an international partner in peace and security, the EU would be wise to reflect on and build on its strengths. Ultimately, this could mean more committed and comprehensive partnerships rather than transactionalism, together with a long-term strategy to proactively mitigate and prevent threats to peace and security, addressing these alongside – not just in response to – current challenges. /