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From:  
Date: 23 July 2007  
Extn:  
Room:

To: CHIEF SECRETARY

cc: PS/Chancellor  
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## **CSR2007 – CONFLICT PREVENTION AND POST- CONFLICT STABILISATION**

Issue:

Under CSR2007, it is intended to: merge the Global and Africa Conflict Prevention Pools; improve planning capacity of the single Pool; and provide money to MOD for post-conflict stabilisation.

Recommendation:

That you:

- a. note the history of the existing Pools' structure;
- b. note the problems experienced as a result of no dedicated 'Stabilisation Fund' for military operations; and
- c. agree to the establishment of a single Conflict Prevention Pool within DFID; and,
- d. agree to the establishment of a dedicated Stabilisation Fund, owned by MOD and managed with FCO and DFID.

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**DECLASSIFIED**Timing:

Priority. Given that work will continue with Departments over the summer, your agreement in principle before recess would be helpful.

Background:

Over recent years, notably since the UK deployments to Afghanistan and Iraq, there have been a number of growing issues around: the appropriate use of conflict prevention resources in operational theatres; the long-term sustainability of decreasing conflict prevention elsewhere in support of these operational areas; and, the need to improve the planning and delivery of these projects and programmes, consistent with broader cross-government approaches to conflict prevention.

**Conflict Prevention Pools**

2. The tri-partite Global and Africa Conflict Prevention Pools (GCPP and ACPP) were established in SR2000. The Pools are managed jointly by DFID, FCO and MOD, with FCO leading on the GCPP and DFID on the ACPP.

3. Management of the Pools is patchy. The ACPP is generally considered to be the better model, dividing its funds into a smaller number of 'regions' in Sub-Saharan Africa. DFID Regional teams then determine the appropriate place to spend, often over long periods. The GCPP however is a mixture of over 20 'strategies' (better described as programmes), managed on an annual basis and with a history of poor planning, reporting and spending.

4. Furthermore, there is increasing evidence to support the inter-relationship between poverty and conflict. The Treasury CSR document, *Long Term Opportunities and Challenges for the UK*, highlighted this relationship, and the academic analysis that demonstrates that an increase in a country's GDP has a directly proportional decrease in the likelihood of violent conflict. This suggests that conflict prevention needs to be linked even more closely to poverty reduction.

5. To drive a more consistent and coherent approach to conflict prevention and poverty reduction, and to improve the management of the Pools overall, it is proposed that the GCPP and ACPP be merged into one Conflict Prevention Pool, to be managed by DFID, with advice from MOD and FCO.

### **Stabilisation Fund**

6. Experience in Iraq and Afghanistan has highlighted a requirement for resources to be made available for immediate civilian support to military operations (Quick Impact Projects, short-term development issues, etc). The previous Foreign Secretary has repeatedly raised this as an issue, and military commanders have raised the point with Ministers in all Departments. Typically, this funding has been found through the GCPP, requiring it to divert other planned spending. To provide a separate pot of resources set aside for stabilisation would relieve some of the uncertainty on the current GCPP.

7. Much of this stabilisation work is likely to be scored as ODA, and it has therefore been suggested that an appropriate option would be to pass some of the planned CSR ODA uplift to MOD rather than DFID. Recent discussions with MOD on Settlement issues have agreed on figures of £50/50/100 million over the CSR period.

8. For the purposes of forecasting progress towards the ODA target at the CSR, it is appropriate to assume that all £50/50/100 million will score as ODA. However, there is a risk that it will not all score.

9. There will be inevitable calls to complete short-term work that is not ODA-eligible as well. Based on current GCPP funding levels, it is considered appropriate to transfer a further £15m per annum from the GCPP baseline to this new Stabilisation Fund. This will need to be on the understanding that the Conflict Prevention Pool is now much less likely to be required to fund post-conflict stabilisation projects.

**10. It is therefore intended to establish a Stabilisation Fund of £65/65/115 million across the CSR period. Of this, £50/50/100 would likely be scored as ODA. The Fund will be owned by MOD, but managed jointly with DFID and FCO. As part of the MOD Settlement, any unspent money from this Fund can be switched to core defence spending.**

### **Revised Numbers**

11. MOD, FCO and DFID Ministers have already agreed in principle to a declining settlement at for the ACPP and GCPP of a Real -5%. This included an agreement that the proportion of CPP spending that is ODA-eligible would remain at flat real.

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12. The existing budgetary system enables MOD, DFID and FCO to draw down from the Pools budget, with the spending falling on the DEL of whichever Department incurred the costs. The vast majority of DFID's spending has been ODA-eligible. Moving the merged Pools entirely onto DFID's baseline will increase the non-ODA portion of DFID's budget. This is, in fact, favourable from an ODA perspective: DFID's historic baseline will be recalculated to include previous Pools spending, and budgets for the CSR period will show a drop in DFID non-ODA, as the CPP makes cuts to non-ODA spending.

13. Expected settlement for a single, combined Conflict Prevention Pool:

£m	2007-08	2008-09	2009-10	2010-11
Merged GCPP and ACPP, at agreed -5% AARG	139	135	132	129
<i>o/w ODA</i>	75	77	79	81
Removed responsibility for short-term support		-15	-15	-15
<b>Conflict Prevention Pool Total</b>		<b>120</b>	<b>117</b>	<b>114</b>

14. MOD Ministers are expected to agree the Stabilisation Fund numbers:

£m	2007-08	2008-09	2009-10	2010-11
Core funding, ring-fenced in MOD DEL	–	50	50	100
Transferred responsibility and funds from CPP for short-term support		+15	+15	+15
<i>o/w ODA</i>	–	50	50	100
<b>Stabilisation Fund Total</b>		<b>65</b>	<b>65</b>	<b>115</b>

**Governance**

15. Further work is required on the most appropriate Governance structures for these proposals. The Conflict Prevention Pool is likely to move from a tri-departmental model to a single line of responsibility through the Development Secretary.

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Nevertheless, for coherence in policy, both FCO and MOD will need to retain senior positions in the chain of command.

16. For the Stabilisation Fund, MOD will need to consult and agree proposals with FCO and DFID. It may be appropriate to do this through the tri-Departmental Post-Conflict Reconstruction Unit (PCRU).

17. Discussions on these details will take place with Departments and Cabinet Office over the summer.

### **Presentation**

18. The intention of these proposals is to: improve management of the Conflict Prevention Pools; improve coherence with the Government's existing work on poverty reduction in DFID; reduce uncertainty over the funding of medium- and long-term conflict prevention projects; and, improving the availability of funding for ODA-eligible civilian projects in support of UK military operations. These are positive outcomes and should be welcomed by departments and non-Governmental organisations.

19. For the CSR White Paper, it is proposed that the 'security' section will contain the following paragraphs:

- Over the period of the CSR the Government will further recognise the contribution of tri-departmental conflict prevention programmes in improving development objectives by aligning the Conflict Prevention Pools funding directly with development spending, within DFID.
- Given lessons in post-conflict stabilisation requirements that have been learned from UK deployments in Iraq and Afghanistan, this CSR announces the establishment of a Stabilisation Fund from which the MOD and other Departments can deliver jointly agreed programmes to support stabilisation and reconstruction activities.

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