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# THE EU'S EMERGENCY TRUST FUND FOR AFRICA: COMBINING THE REFUGEE AND DEVELOPMENT AGENDAS

By Dr. Ashley N. Bybee

The UN Refugee Agency truck fills a water tank at Kalobeyei Settlement. UNHCR through its water, sanitation, and hygiene (WASH) partner, Norwegian Refugee Council, trucks water to over 16,000 people at Kalobeyei settlement. (Source: UNHCR/S.Otieno, http://www.unhcr.org/ke/2045-optimism-and-hope-as-refugees-relocate-to-kalobeyei-settlement.html.)

On November 12, 2015, the European Commission, European Union (EU) member states, and other European donors launched the EU's Emergency Trust Fund for Africa—a new model for addressing the root causes of irregular migration and displacement in Africa. The EU has historically been an important donor in Africa, providing much development assistance to the continent. With a migration crisis now placing extraordinary pressures on European governments, the EU is more eager than ever to implement programs in Africa that will reduce the flow of migrants to Europe. To do this, the EU has adopted a two-layered approach, placing equal emphasis on (1) building the capacity of North African law enforcement and border security institutions to more effectively manage migration into Europe and (2) addressing the root causes of destabilization, forced displacement, and irregular migration in Africa. The second area of focus is exemplified by the EU's Emergency Trust Fund (known simply as EUTF) for Africa, which in part views the migration crisis in Europe as a development issue in Africa. *more...*

Dr. Ashley Bybee is a Research Staff Member in the Africa Program at the Institute for Defense Analyses.

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Botswana, a landlocked and sparsely populated Southern African country, emerged decades ago as a somewhat surprising success story on the continent. Rich deposits of diamonds were discovered shortly after Botswana's independence in 1966, and the country's government used the resulting wealth well. Botswana transformed itself from a poor, agricultural society into an upper middle income economy. More recently, Botswana's economy has stalled, and increased unemployment, especially among youth, has produced strains within a traditionally peaceful society. Although the proximate cause of Botswana's economic troubles is the worldwide decline in resource prices, the difficulties may be more deeply rooted. *more...*

Ambassador (ret.) George F. Ward is editor of Africa Watch and a Research Staff Member at the Institute for Defense Analyses.

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IDA's three federally-funded research and development centers provide objective analyses of national security issues and related national challenges, particularly those requiring scientific and technical expertise.

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## Background: A New Financial Vehicle for Assistance

The EUTF, an innovative mechanism at the EU's disposal, is used in the field of development cooperation to pool large resources from different donors to enable a swift and flexible response to a complex emergency situation. The premise underpinning the EUTF is that Africans are migrating to Europe to escape poverty and conflict, seek protection from persecution or serious harm, or build better lives. The EUTF therefore supports programs for vulnerable populations that focus on development, the expectation being that their security and livelihoods in their home countries will improve as a result, so that they can remain in place rather than make the often dangerous journey to Europe in search of greater opportunities. Those programs include economic initiatives to promote employment opportunities, resilience programs that provide basic services to vulnerable populations such as refugees and displaced people, migration management programs that focus on border security and counter-trafficking, and governance programs that focus on conflict prevention by enforcing the rule of law. EUTF resources will be applied in a wide range of countries that encompasses the major African migration routes to Europe: the Sahel and Lake Chad area, the Horn of Africa, and the North of Africa. As of January 31, 2017, a total of 106 projects worth approximately $1.6 billion have been approved.

## Emphasis on Local Ownership

One of the principles underpinning the EUTF is ensuring local ownership. Programs funded by the EUTF are therefore contingent upon the African partner nation's active participation in their design and implementation. In Kenya, for example, the EUTF is providing financial support to the Kalobeyei Integrated Social and Economic Development Program (KISEDP), which operates under the leadership of the Kenyan government and officials from Turkana County. The program targets residents of a new refugee settlement near the Kalobeyei Township in Kenya's western Turkana County, on the border with South Sudan. A humanitarian crisis in South Sudan has driven record numbers of refugees into Turkana County, prompting Kenyan authorities to open the new refugee camp to accommodate the overflow from Kakuma, which currently hosts about 163,192 displaced people and is expecting more with the impending famine in South Sudan.

The provision of free food and basic services had been considered appropriate until such time as refugees could return to their homelands, but an entire generation of East Africans has been born in Kenyan refugee camps, and the prospects for their return home look grim. The Kenyan government, which has hosted refugees from East Africa in Kakuma since 1991, is testing a new approach to the issue. The KISEDP program therefore seeks to

> re-orient the refugee assistance program to contribute to improvement of the socio-economic conditions of the refugees and host communities, better prepare the host community to take advantage of emerging economic opportunities in upcoming extraction and potential irrigation-fed agriculture, and reduce over-dependence on humanitarian aid and support the refugees to achieve durable solutions.

In addition to EUTF funding, the Kenyan government has allocated 15 million euros to implement KISEDP.

## Exclusionary Undertones and Unintended Consequences?

As the EU provides financial support to African countries through the EUTF, the EU is attempting to ensure that the funds have a purpose other than simply paying Africans to remain in Africa because their presence in Europe is undesirable. Likewise, the EU does not want to aid governments that have paid lip service to protecting refugee populations while simultaneously repressing them. The European United Left/Nordic Green Left (GUE/NGL), a left-wing political group in the European Parliament, has suggested this to be the case in Sudan, where the EUTF has provided 100 million euros, on top of 878.8 million euros for the wider Horn of Africa, as part of a special measure to support the people of the Republic of Sudan. The GUE/NGL's report suggests the Sudanese authorities are using the refugee crisis in Sudan to secure EU funding, while the EU takes advantage of the Sudanese government's proclaimed intentions to enforce anti-migration policies in the region, all while numerous claims of gross human rights abuses committed by Sudanese security forces against civilians and refugee populations have been voiced by Human Rights Watch.

Numerous nongovernmental organizations (NGOs) operating in Libya expressed similar concerns, believing that the EU's recently announced plan to bolster the capacity of the Libyan Coast Guard will have the unintended consequence of returning captured migrants to squalid, unhealthy, and dangerous Libyan detention centers. As the NGO Doctors Without Borders recently tweeted, "hypothetically, blocking people in Libya would prevent them from drowning. In reality, it would condemn them to slow death." Others question the reliability of Libya's Government of National Accord, which is backed by the UN but controls only a small portion of the county's coastline.

A final concern about this program is rooted in the claim by some development researchers that rising incomes in developing countries will encourage emigration from those countries. That is, the wealthier portion of the population is more likely to move than the poorer. If this hypothesis is true, then the EUTF may be inadvertently promoting more migration rather than reducing it.

## Conclusion

The EUTF is a novel approach to the refugee issue that promotes self-reliance in African countries through better economic opportunities, enhanced service delivery, and longer term solutions for refugees. However, to ensure these programs are as effective as possible, the EU needs to manage carefully the partnerships with African countries, discouraging investments in countries with poor records on human rights or an inability to provide vulnerable populations with safe places to reside.

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Botswana, a landlocked and sparsely populated Southern African country, emerged decades ago as a somewhat surprising success story on the continent. Rich deposits of diamonds were discovered shortly after Botswana's independence in 1966, and the country's government used the resulting wealth well. Botswana transformed itself from a poor, agricultural society into an upper middle income economy. More recently, Botswana's economy has stalled, and increased unemployment, especially among youth, has produced strains within a traditionally peaceful society. Although the proximate cause of Botswana's economic troubles is the worldwide decline in resource prices, the difficulties may be more deeply rooted.

The 1109-Carat "Lesedi La Rona," the largest gem-quality rough cut diamond discovered in over 100 years, was unearthed in Botswana in 2015 and was estimated to sell in London on June 29 for over £49.4 million ($70 million or €62.4 million), but failed to meet the reserve. The decline in diamond production is working against the government's strategy of turning Botswana into a global center of diamond cutting and polishing. (Source: AP Photo/Matt Dunham.)

## Botswana Has Led the Way

Botswana has been widely heralded as an example of good governance in sub-Saharan Africa and, indeed, in the developing world. It ranks second in the Ibrahim Index of African Governance. Botswana scores better than any other sub-Saharan African country on Transparency International's Corruption Perceptions Index, ranking 35th out of 176 worldwide. Botswana is relatively business friendly, coming in third in sub-Saharan Africa in the World Bank's Ease of Doing Business ranking. It is one of only six sub-Saharan African states that have achieved a place in the World Bank's upper middle income group (Gross National Income per capita of between $4,036 and $12,475). Both Standard and Poor's and Moody's credit rating agencies assign investment-grade ratings to Botswana's debt.

Botswana's wealth has also translated into improved social and economic development. Life expectancy increased from 51 years in 1960 to 64 years in 2014. Child mortality fell precipitously. Thousands of kilometers of paved roads were built. Per capita income growth averaged 7.0 percent between 1966 and 1999. The proportion of poor people fell from one-half to one-third of the population in only nine years, from 1985 to 1994.

## A Pause in the Growth Trend

Botswana's pattern of growth paused in 2015, when its economy of $14 billion GDP contracted by 0.3 percent. Growth picked up to perhaps 3 percent in 2016, but remained well below the decade's average of 5 percent. Most of the decline was attributable to difficulties in the mining sector. Amid a worldwide decline in the diamond industry, Russia overtook Botswana as the world's largest producer. Diamond sales represent one-third of Botswana's GDP. A number of diamond mines in Botswana have closed, as have some of the companies in the country's relatively new diamond-processing industry. The damage was not confined to the diamond sector—copper and nickel mining also declined significantly. Botswana's tourism industry, which contributes 12 percent of GDP, was affected by low global economic growth and fears of the Ebola virus.

## Concern about Recovery

If the recent downturn in Botswana proves temporary, there would be little reason for concern. There are a number of disquieting signs, however, that Botswana may be facing a prolonged period of low growth. These indications include the following:

- Diamonds are running out, and could be gone within 15–20 years.
- The decline in diamond production is working against the government's strategy of turning Botswana into a global center of diamond cutting and polishing. The hoped-for employment growth in this relatively new sector is not taking place.

- Botswana's substantial coal deposits are likely to remain undeveloped. The country possesses significant low-grade coal deposits, reportedly amounting to 212 billion tons. In other times, this resource might have made an important contribution to economic growth. Currently, prospects for development of coal mining are limited by the general shift away from carbon-intensive fuels, slow growth in Chinese demand for coal, and the absence of heavy-duty rail infrastructure needed for export.

- Government revenues are heavily dependent on the sharing arrangement within the Southern African Customs Union (SACU), the world's oldest customs union, which includes South Africa and the smaller economies of Botswana, Lesotho, Namibia, and Swaziland. Historically, SACU proceeds have contributed about one-third of government revenue, as much as the diamond sector. The traditional SACU revenue-sharing arrangement, which has favored the smaller economies, has come under criticism by South Africa, which faces its own economic challenges. The future of the de facto subsidy of the smaller economies is in doubt.

- Job creation is lagging. From 2013 to 2015, 40,000 new entrants came into Botswana's labor force, but according to government statistics, only 2,707 jobs were created. The government launched an Economic Stimulus Program to address the jobs problem, but the program has been criticized for its poor implementation.

- Finally, although progress in poverty reduction has been made in Botswana, a high level of income inequality continues to exist. The higher a country's Gini index, the greater the degree of income inequality. Botswana's latest reported Gini index was 60.5, the sixth highest of countries ranked worldwide.

## Conclusion

Botswana's current situation is a cautionary tale of the difficulties inherent in the economic development process. Even though it has made good use of its natural resources and has generally followed wise policies, there seems to be no easy way out of the current predicament. Fortunately, Botswana still has considerable time before its diamond resources are exhausted. In that interim, it would be wise for Botswana to make a renewed push toward market-based industrialization, emphasizing sectors that would provide substantial numbers of jobs and a cushion against future downturns in resource prices.

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