

# ACP-EU COOPERATION IN A CHANGING WORLD



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## Chapter Nine

### TRADE PROMOTION IN ACP-EU COOPERATION

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#### Introduction

Cooperation between Europe and its African Caribbean Pacific (ACP) partners which marks its 54th anniversary in 2011 came about as the result of an historical accident (Fañçois, 2008). However, it has continued as an example for the development of relations between the European Union (EU) and other developing countries. This is a type of cooperation between countries that, despite many differences, is still vaunted as a model of how to do it. Scholars like Mangalam Jack (2007) stated that ACP-EU relations represent, in many ways, a unique experiment in international relations. Over the past fifty years, the two regions have intensely engaged each other and developed a dense and complex web of institutional, economic, political, social and cultural ties. This study is a review of the trade promotion in ACP-EU cooperation since its origin until date with a view to highlighting its milestones as well as establishing possible areas of focus in the future. However, this will be done after the definition of some key terms in the title of this study.

#### Trade Promotion

Trade promotion is the marketing campaign directed at wholesalers or retailers rather than at final consumers. In a trade promotion, wholesalers and/or retailers are offered special price discounts (often in addition to a trade allowance), subsidized or free display racks, or stands, gifts, or other incentives.

#### The African, Caribbean and Pacific Group of States

The African, Caribbean and Pacific Group of States (ACP) is an organisation created by the Georgetown Agreement in 1975. It is composed of African, Caribbean and Pacific States signatories to



the Georgetown Agreement or the Partnership Agreement between the ACP and the European Union, officially called the "ACP-EC Partnership Agreement" or the "Cotonou Agreement" (Wikipedia, 2001).

### **Objectives**

The ACP Group's main objectives are:

- sustainable development of its member-states and their gradual integration into the global economy, which entails making poverty reduction a matter of priority and establishing a new, fairer, and more equitable world order ;
- coordination of the activities of the ACP Group in the framework of the implementation of ACP-EU Partnership Agreements;
- consolidation of unity and solidarity among ACP States, as well as understanding among their peoples ;
- establishment and consolidation of peace and stability in a free and democratic society.

### **Composition**

The ACP Group consists of 79 member-states, all of them, except Cuba are signatories to the Cotonou Agreement which binds them to the European Union: 48 countries from Sub-Saharan Africa, 16 from the Caribbean and 15 from the Pacific.

### **List of ACP Countries**

The following countries are members of the African, Caribbean and Pacific states: Angola, Antigua and Barbuda, Belize, Cape Verde, Comoros, Bahamas, Barbados, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Congo (Kinshasa), Cook Islands, Cote d'Ivoire, Cuba, Djibouti, Dominica, Dominican Republic, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Republic of Guinea, Guinea-Bissau, Equatorial Guinea, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Marshall Islands, Mauritania, Mauritius, Micronesia, Mozambique, Namibia, Nauru, Niger, Nigeria,

Niue, Palau, Papua New Guinea, Rwanda, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Solomon Islands, Samoa, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Suriname, Swaziland, Tanzania, Timor Leste, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda Vanuatu, Zambia, Zimbabwe

### **The European Union**

The European Union (EU) is an economic and political union of 27 member states which are located primarily in Europe. The EU traces its origins from the European Coal and Steel Community (ECSC) and the European Economic Community (EEC), formed by six countries in 1957 (Holland, 2002). In the intervening years the EU has grown in size by the accession of new member states, and in power by the addition of policy areas to its remit. The Maastricht Treaty established the European Union under its current name in 1993. The last amendment to the constitutional basis of the EU, the Treaty of Lisbon, came into force in 2009.

The EU operates through a hybrid system of supranational independent institutions and intergovernmental made decisions negotiated by the member states. Important institutions of the EU include the European Commission, the Council of the European Union, the European Parliament, the Court of Justice of the European Union, and the European Central Bank. The European Parliament is elected every five years by EU citizens. The EU has developed a single market through a standardised system of laws which apply in all member states. Within the Schengen Area (which includes EU and non-EU states) passport controls have been abolished. EU policies aim to ensure the free movement of people, goods, services, capital, enacts legislation in justice and home affairs, and maintains common policies on trade, agriculture, fisheries and regional development. A monetary union - the eurozone, was established in 1999 and is currently composed of 17 member states. Through the Common Foreign and Security Policy, the EU has developed a limited role in external relations and defence. Permanent diplomatic missions have been established



around the world and the EU is represented at the United Nations, the WTO, the G8 and the G-20 (wikipedia,2011).

With a combined population of over 500 million inhabitants, in 2010, the EU generated an estimated 26% (€12.5 billion or US\$16.282 trillion) of the global economy, or 20% (€14.34 billion or US\$15.170 trillion) when adjusted in terms of purchasing power parity (Broekman, 2009).

### **Cooperation**

Cooperation is the process of working or acting together, which can be accomplished by both international and transnational agents. In its simplest form, it involves actors working in harmony, side by side, while in its more complicated forms, it can involve something as complex as the inner workings of a human being or even the social patterns of a nation. It is the alternative to working separately in competition (Wikispace, 2011). Cooperation can also be accomplished by computers, which can handle shared resources simultaneously, while sharing processor time. It is also the combination of persons for purposes of production, purchase, or distribution for their joint benefit for example producers

cooperation; consumers' cooperation(dictionary.reference.com, 2011).

### **ACP-EU Development Cooperation**

Development cooperation between the European Union (EU) and the countries of the African, Caribbean and Pacific Group of States (ACP) celebrated its 54th anniversary in 2011. Although bilateral relations have always been and still remain one of the main features of modern development cooperation, it was the Treaty of Rome in 1957 which first established a collective European development policy. The Treaty of Rome granted associated status to 31 overseas collectivities and territories (OCTs) and provided for the creation of a European Development Fund (EDF) intended to grant technical and financial assistance to the countries which were still under European rule at the time. More significantly, however, by means of the Treaty of Rome the six member states of

the European Economic Community were expressing solidarity with the colonies and OCTs and committed themselves to contribute to their prosperity (ACP-EU secretariat (2005).

The ACP-EU Joint Parliamentary Assembly (JPA) was created to bring together the elected representatives of the European Union (the members of the European Parliament) and the elected representatives of the African, Caribbean and Pacific states (ACP countries) that have signed the Cotonou Agreement. Since the entry into force of the Treaty on European Union and EU enlargement, it has acquired a more prominent role (Nello, 2005). A substantial part of the work of the JPA is directed towards promoting human rights and democracy and the common values of humanity, and this has produced joint commitments undertaken within the framework of the UN conferences

### **ACP-EU Cooperation: Milestone Events**

Milestones in ACP-EU cooperation are varied (Acpsec, 2011), and include the following events that occurred in the important dates listed below:

#### **Important dates**

1957: Signing of the Treaty of Rome which established the European Community, and contains a section on cooperation with Overseas Countries and Territories (OCTs). Creation of the "Regime of Association" with resources from the 1st European Development Fund (EDF).

1963: Signing of the 1st Yaoundé Convention by 18 African states and 6 European countries, supported by resources from the 2nd EDF. That Agreement, like the 2nd Yaoundé Convention, was designed mainly for financial, technical and trade cooperation primarily in the sectors of economic and social infrastructure.

1969: Signing of the 2nd Yaoundé Convention supported by the 3rd EDF.

1973: Accession of the United Kingdom to the European Community opens the way for the extension of Europe-Africa cooperation to Commonwealth countries in Africa, the Caribbean and the Pacific.



1975: Signing of the Georgetown Agreement - the founding Charter of the Group. It defines the rules governing cooperation among the countries of the 3 continents whose main link was the sharing of aid from the European Community. Entry into force of the Lome Convention - signed by 46 ACP countries and 9 European states - marks the beginning of cooperation between Europe and the ACP Group. The Convention grants non-reciprocal trade preferences to ACP countries and established Stabex - compensatory mechanism for loss of export earnings due to price fluctuations. It is coupled with the 4th EDF.

1980: Signing of the 2nd Lome Convention by 58 ACP countries (coupled with the 5th EDF). Appearance of Sysmin - mechanism similar to Stabex, created for mining products.

1985: Signing of the 3rd Lome Convention by 65 ACP countries and 10 European states, (6th EDF). Emphasis was placed on food self sufficiency in ACP countries.

1990 : Signing of the 4th Lome Convention which introduces a political dimension to cooperation.

1995: Signing of the 4th Lome Convention by 70 ACP countries and 15 European countries. The Convention emphasizes the importance of decentralised cooperation and the role of civil society.

November 1997: 1st ACP Summit in Libreville, Gabon, to consider how to strengthen the Group.

November 1999 : 2nd ACP Summit in Santo Domingo, Dominican Republic, with the theme: "On the Road to the 3rd Millennium".

June 2000: Signing of the Cotonou Agreement by 77 ACP countries, which provides for the abolition of non-reciprocal trade preferences after a transition period of ACP-EU trade cooperation. During that time, from September 2002 to the end of 2007, Economic Partnership Agreements (EPAs) was to be negotiated between the European Union and ACP States.

- November 2001: The ACP states obtain a waiver from the rules of the World Trade Organisation (WTO) on the trade chapter of the Cotonou Agreement at the 4th WTO Ministerial Conference.

- July 2002: 3rd ACP Summit in Nadi, Fiji, with the theme: "ACP Solidarity in a Globalized World". The Summit defined guidelines for the group in view of the negotiations for the Economic Partnership Agreements (EPA).
- September 2002: Start of negotiations for Economic Partnership Agreements (EPA) in Brussels.
- June 2003: 1st meeting of ACP Ministers of Culture
- October 2003: Start of EPA negotiations with the regions of West and Central Africa.
- February 2004: Start of EPA negotiations with the regions of East and Southern Africa

### **Treaties and Agreements**

The major treaties and agreements signed by the ACP-EU groups are

- The Cotonou Agreement Revised - (2005)
- The Cotonou Agreement (2000-2020)
- The Cotonou Agreement - Historical Note by the European Commission
- Non-State Actors' Guide
- Compendium on Cooperation Strategies
- Financing ACP Projects: the EIB and the Cotonou Investment Facility
- The Cotonou Agreement at a Glance (Cotonou Infokit 2) (ECDPM)
- The Lomé IV Convention - Part 2 (1995-2000)
- The Lomé IV Convention - Part 1 (1990-1995)
- Lomé IV Dossier - the Courier Magazine N° 120, March-April 1990 (6 MB!)
- The Lomé III Convention (1985-1990)
- Lomé III Dossier - the Courier Magazine N° 89, Jan.- Feb. 1985 (9 MB!)
- The Lomé II Convention (in French) (1980-1985)
- Lomé II Dossier - the Courier Magazine N° 58, November 1979 (16 MB!)
- The Lomé I Convention (1975 - 1980)



- Lomé Dossier - the Courier Magazine N° 31, March 1975 (8 MB!)
- The Second Yaoundé Convention (1969-1975) - in French only
- The First Yaoundé Convention (1963-1969) - OJ 093 , 11/06/1964 P. 1431 , end of validity: 31/05/1969;
- The Georgetown Agreement (as amended by Decision No.1/LXXVIII/03 of the 78th Session of the Council of Ministers, Brussels, 27 and 28 November, 2003)

### **The Future of the ACP-EU Partnership**

Rapid and fundamental changes are taking place at a global level. The multitude of global challenges and the rapid rise of emerging players in the global economy and diplomacy are fundamentally affecting international relations. They require an equally substantial rethinking of development cooperation strategies and modes of operation. At the same time, the EU and the ACP Group are also changing. The implementation of the Lisbon Treaty triggers major shifts in the EU with the aim of reinforcing its role as a global player with the EU reconsidering its various partnership agreements on a geopolitical basis and along regional lines. As a result, growing doubts are expressed in relation to the continuing relevance of the ACP-EU framework and its capacity to accommodate new global challenges. On the ACP side, internal reflections have also begun to redefine the place and role of the ACP Group in a multi-polar world and in a Post Lisbon EU. These major changes will have profound implications for the longstanding ACP-EU Partnership existing since 1975 and currently covered by the Cotonou Partnership Agreement (2000-2020).

The above view is supported by Bossuyt and de Jong (1997) who stated that revitalising the ACP-EU partnership is key to the future of the Lomé Convention. They further posit that from a European perspective, the political message is clear: external support is for "those partners that also help themselves". Self help means governments "making merit" and earning the assistance and

trust they need. They report that this implies greater selectivity in Community support and a stronger focus on recipient performance. Future EU assistance will be based on "needs" as well as "merits"

In a rapidly changing world the ACP-EU Cotonou Partnership Agreement (2000-2020) faces steep challenges. When Cotonou was signed in 2000 it represented a huge step forward in ACP-EU and international North-South relations. Cotonou was setting an ambitious and innovative agenda in terms of political dialogue, non-state actors participation, trade and development and performance based aid management. In several of these areas, major progress has been realised, in others Cotonou was not yet able to live up to the high expectations (Makereta ,2011)). In recent years, some fundamental changes in the EU and the ACP cast a cloud upon the Cotonou Partnership and its future. At first sight, the proposal seems highly controversial for ACP governments. They may see it as a further erosion of the Lomé partnership and a sign of more bad things to come - the imposition of new conditionalities, checklists of quantifiable performance criteria and unilateral sanctions.

On second analysis, however, both parties share an interest in defining a new partnership based on performance. It may help to re-legitimize and safeguard EU cooperation budgets. It may help transform the current, largely inefficient system of donor-imposed conditionalities into a locally owned set of accepted objectives and performance. It may also help ACP governments reconcile with their citizens, who are also pressing for improved governance, resource allocation and accountability

The issue of the future of ACP-EU pact is so important that. a seminar involving a select group of key players and stakeholders from different backgrounds was organised on the occasion of the 25th Anniversary of ECDPM. The independent foundation, based in Maastricht, was created in June 1986 with the aim to be a non-partisan broker in facilitating and strengthening ACP-EU relations and cooperation. The overall aim of the seminar was to critically assess the political implications of the new global, European and ACP landscape for the future of ACP-EU relations.



The specific objectives of the seminar were fourfold:

- (i) to analyse to what extent the ACP-EU partnership provides a suitable political and institutional framework to deal with current global challenges;
- (ii) to assess the role of the emerging players in the ACP (and in Africa in particular), and the implications for the ACP-EU partnership;
- (iii) to identify current and new common interests that could revitalize ACP-EU relations (taking into account the Post Lisbon Treaty reforms and change processes within the ACP Group);
- (iv) to redefine, on the basis of the above, the potential relevance and added value of the ACP-EU framework in a changing world

The result of this seminar revealed that in spite of the gains of the signing the first Lomé Convention on trade and development cooperation between Europe and the 79-member Africa, Caribbean and Pacific (ACP) Group in 1975 and its successor, the Cotonou Partnership Agreement agreed in 2000 and set to expire in 2020, which aimed to bring the special relationship into the 21<sup>st</sup> century by broadening the agenda to tackle a growing list of global challenges, whilst underlining the shared responsibility of EU and ACP partners in advancing their common interests. Despite all these efforts, the future of the ACP-EU partnership looks increasingly bleak (Laporte, 2007). The EU is pushing ahead with implementation of a radical new external cooperation framework under the Lisbon Treaty aimed at bolstering its position as a global player. EU development priorities are therefore increasingly driven by geopolitical considerations in which there is little mention of the ACP as a coherent unit. Further complicating these internal dynamics is the growing political and economic muscle of emerging powers, which has opened up new avenues of cooperation for developing countries.

A common thread across the discussions, irrespective of whether one supports a continuation of the formal relationship or not, is that the ACP-EU framework cannot continue to exist in its

current formulation. Some question the underlying rationale of the Cotonou Partnership Agreement, noting that ACP countries are too geographically dispersed and lack a common economic and political agenda. In effect, they argue, the relationship has been propped up by the availability of EU funding and market access and will collapse once these are withdrawn. The difficult process of negotiating sub-regional Economic Partnership Agreements has further weakened ACP solidarity and damaged trust between the EU and its developing country partners. Another issue raised has been the intensifying partnership between the EU and the European Union including through the Joint Africa-EU Strategy (JAES). This calls for an in-depth reflection over complementarity and role divisions between the ACP Group and the African Union, and between the Cotonou Agreement and the JAES.

Contributors to the discussion offered a number of options for moving forward, these include the need to examine 'triangular partnerships' such as between the EU, African Union and the BRICS economies. Others call for a greater emphasis on South-South cooperation, noting that the ACP countries should have outgrown their dependence on the EU by now. One contributor even pointed out that 37 years is a long time for a relationship in international relations, "...so the overarching question should perhaps be 'why has the EU-ACP relationship lasted so long' rather than 'is it on its last leg'.

Ultimately, ACP countries need to take charge of their own destiny by entering into international partnerships that are in tune with their development aspirations and capacities. Performance will be a cornerstone of future ACP-EU partnership. The European Commission's Green Paper on future ACP-EU cooperation leaves little doubt about this. It calls for a renewed commitment to partnership, based on "a new policy foundation and more effective dialogue, backed by a commitment by ACP governments to reform".

What does this mean in practice? First, while the EU is keen to preserve the "acquis of Lomé" (e.g. predictable aid flows), it aims to give a more political character to its cooperation. It wants its ACP partners to introduce domestic reforms, to adhere to essential



values and to practise responsible management of public affairs. Second, the EU would like to introduce a partnership based on recipient country performance rather than on "aid entitlements". The revised Lomé IV Convention already contains "merit" elements, including "phased programming" and a suspension clause (article 366a). This approach will be extended under a Beyond-Lomé agreement, implying greater "selectivity" in partnership and an allocation of community resources on the basis of both "needs" (i.e. objective development indicators) and "merits" (i.e. qualitative performance indicators). Third, the EU recognises the need for new forms of dialogue, programming and release of funds. These changes will be required to implement a more result-oriented development cooperation.

The EU is not alone in moving towards a performance-based partnership. Several member states already use performance criteria and indicators to determine the volume, nature and *modus operandi* of their cooperation. The International Monetary Fund, for instance, has recently adopted new "guidelines regarding governance issues", which include performance criteria for economic aspects of governance (e.g. fight against corruption, rent-seeking, bribery).

This evolution should not be surprising. The end of the Cold War and the process of globalisation have eroded the traditional rationale for development cooperation. It is increasingly recognised that external resources can do little more than support domestic efforts. Human rights, democracy, and respect for the rule of law are seen as essential elements of the new partnership. The growing competition for scarce aid resources puts a premium on efficiency and impact. The combined result of these pressures is a stronger focus on recipient performance. It also, to a lesser extent, puts a spotlight on the performance of donors and their commitment to a stronger and more effective task division.

What are the views of Africans on the newly proposed partnership and related "merit" criteria? How much political support do the criteria have? How feasible are they? What should be the content of possible performance criteria? How should performance be assessed and monitored? What consequences

should result from "good" or "poor" performance?. This holds particularly true for African civil society and the private sector. In their view, the focus on performance should not be seen as an imposition from outside, but as a much needed African response to pressing development and globalisation challenges. From an official perspective, it is claimed that ACP countries "already live in a world of performance criteria and sanctions". The main problem is not so much the underlying principles (e.g. good governance), but the implementation modalities which tend to be unrealistic and too much controlled by the EU.

According to Mackie et al (2008). Four major reasons help to explain the positive attitude towards a performance-based partnership.

They include:

- *Changes in Africa.* In many African countries, societies are opening up and contesting governments that lack legitimacy. New leaders (both in the public and private sectors) have emerged. They recognise the need to cope with globalisation, to assume domestic responsibilities and to put an end to aid dependency.
- *The Governance Imperative.* For too long, external resources have been allocated without serious attention to government performance. This is a luxury Africa can no longer afford. There are strong internal demands for improved governance and accountability. Human rights, democracy and governance are not seen as "imported values" but are preconditions for Africa's recovery. The EU should actively support these transformation processes, amongst others by providing direct assistance to legitimate civil society groups that can act as necessary checks and controls.
- *Alternative Approach to Conditionalities.* There is much frustration in Africa with the current "conditionality overload" and related "stop-and-go" approaches. The "merits" debate provides a window of opportunity where both the content and process of conditionalities can be changed.



- *Value for Money.* Within Africa, there are growing pressures to improve the allocation and use of domestic and external resources. A strong plea was made for Africa to devise its own performance criteria and monitoring systems, independently from donor agency requirements. Governments displaying a genuine commitment to development should not be afraid of a performance-based partnership with the EU.

This broad support within Africa is a promising sign. It means that a "new deal" can be brokered. In this scenario, the notion of "merits" is not seen as an external imposition, but as a search for "joint investments in development cooperation that can yield mutually agreed returns" (Mackie, et al 2008).

Beyond the broad acceptance of the principle of performance criteria, many concerns have been expressed on the feasibility of the new partnership approach:

- *Old Wine in New Bottles?* It is feared that "merits" may end up as nothing more than a new name for traditional conditionalities. There is scepticism about the EU's commitment and capacity to reduce the current multiplicity of conditions and to agree on performance criteria through a transparent, decentralised and participatory process. Double standards, hidden agenda's and uncoordinated approaches among EU member states may continue to prevail.
- *Abstract Checklists and Slippery Benchmarks:* Measuring government performance is a tricky job. Undifferentiated blanket criteria do not take into account the complexity of reform processes and the huge diversity in local development conditions. Performance indicators are rather slippery tools. For instance, how can the "legitimacy" of a government or the degree of "citizen participation" be measured? Privatisation may be an indicator of sound macro-economic behaviour, but what if this policy only serves the vested interests of a small minority? How are different performance criteria ranked? What action should

be taken where there is strong macro-economic performance but poor progress on political reform? In what time perspective is performance measured? It is feared that the EU will gloss over these complexities and the need for country-specific approaches and instead rely on standard approaches and abstract checklists.

- *Flawed Processes:* Different actors have different worries with regard to the process of performance assessment. African governments are afraid that the EU will be both "judge and jury" and apply performance criteria in a discretionary manner. Civil society fears that it will be left outside the process. While the EU recognises the need for a locally owned and participatory process, it does not really know how this can be done in practice.
- *Penalising the Poor?* EU calls for greater "selectivity" through the use of "merits" criteria may lead to a further marginalisation of the poorest countries and populations (e.g. in cases where aid is suspended). This raises the question of the relative importance the EU will give to "needs" compared to "merits". Is the latter a core element of the new partnership - that determines allocations, levels of commitment and actual release of funds - or only a supplementary incentive allocation?
- *Capacity Problems:* The move towards a performance-based partnership has been compared to opening a Pandora box. It will require new capacities among all actors. Doubts have been raised as to whether African governments have the capacity to formulate and implement a coherent set of policies and performance criteria. In many countries, it is not easy to identify legitimate, representative and well-organised civil society and private sector actors. Donor agencies, and the EC delegations in particular, are poorly equipped to facilitate "second generation" reforms (aimed at political and institutional change), to conduct a continuous political dialogue and to participate in processes of performance assessment with a wide range of local actors and stakeholders. From the above analysis, it clearly



appears that the success of the new performance-based partnership will depend on the ways in which it is put into practice.

To make the current partnership work effectively, four priority actions are advocated:

*Distinguish Merits from Conditionalities:*

Tywuschik. (2008), further state that EU should make it clear that "merits" is not a new label for an old technique, but an invitation to reform current conditionalities and to re-target cooperation resources. First, the new performance approach could change the content of conditionality. Instead of defining a multiplicity of aid conditions - with the danger of suspension in case of non-compliance with a single indicator - a "comprehensive package approach" could be agreed. Based on a realistic set of performance objectives to be achieved progressively, there would be room for a political dialogue on broader issues than aid alone (e.g. trade support, investment, debt).

Second, the process of determining and monitoring performance could change drastically. Rather than imposing conditionalities, the EU could involve local actors and stakeholders in formulating performance objectives and in their monitoring. Third, there could be a higher level of reciprocity in the new partnership, with the EU committing itself to improved coordination and coherence as its performance targets.

*Combine Universal Principles with Country-specific Approaches :*

What should be the substance of future performance criteria? How important are "merits" as compared to "needs"? Should the assessment be based on universal principles or be highly country-specific? What type of performance indicators can most usefully be retained? Should the indicators focus on the overall impact of government policies (in a long-term perspective) or on result-oriented outputs (in a short-term perspective)? From the broad range of views expressed during the consultations, six main conclusions with regard to substance can be distilled.

First, while the "needs" of a given country should remain the point of departure for future EU aid allocation, "merits" are

perceived as a necessary complement to ensure a more efficient allocation of resources.

Second, merits should be based on a universal set of development principles (e.g. human rights, democracy, rule of law), for which country-specific indicators have to be identified. It was proposed that the development principles and related performance indicators be grouped around three main axes: political and institutional development; economic and social development and the management of aid programmes.

Third, there was much support for less traditional indicators, including the implementation of coherent and inclusive social development policies (e.g. reflected in social sector investments); a strong commitment to poverty reduction; re-distributive measures to reduce inequality; and sound environmental and gender policies. Also, the existence of genuine political decentralisation policies and the effective functioning of institutions that combat corruption are considered to be key performance indicators

Fourth, aid management performance is equally important in the future system of performance assessment. Aid effectiveness should be assessed at three levels: the overall contribution of aid to economic growth; the quality of the dialogue between donors, government and civil society; and the impact of individual projects and (sectoral) programmes. Fifth, the need to start from local conditions (e.g. with regard to the nature and timing of reforms) was emphasized. However, this should not be used as an excuse to resist change or to obtain a discount on essential elements of performance. African non-state actors urged the EU not to allow a 'dual interpretation' of fundamental values. The free and democratic choice of leaders through elections was given as an example. That elections in Africa are costly and often rigged is no reason to downplay their importance. The challenge is rather to see elections as "a learning process in democracy"; to improve the election system (e.g. by adapting it to local values and financial means) and to enhance local monitoring through independent or civic associations.

Finally, a strong plea was made in favour of a "tendency measurement". This means making a global and comprehensive



assessment of government performance over time, including an identification of main trends (positive or negative), problems of pace and sequencing (for example between adjustment and democratisation), progress to be expected in the next phase of the reform process, etc.

*Assess Performance in a Participatory Way:*

For a performance-based partnership to be effective, thorny "process questions" will need to be clarified. How will performance criteria be agreed upon? Who should be involved in their elaboration, negotiation and monitoring? What role can be played by independent local institutions? What levels of intra-donor coordination are desirable and feasible?

Four main principles were identified with regard to this process:

- *Ownership.* The EU should not dictate the rules of the game, but rather seek to develop a shared framework for future cooperation. Recipient ownership of both the substance and the process of assessing performance are critical. In this respect, the SPA/Burkina Faso pilot project looks promising. This recently launched joint initiative of several donors (including the EC, World Bank and IMF), aims to enhance government ownership of the performance-based monitoring system. It may provide useful lessons of experience on the use of performance indicators, both as monitoring tools as well as indicators for aid disbursements.
- *Joint Monitoring.* This is undoubtedly the linchpin of the new performance-based partnership. The key message is clear: the process of determining and monitoring performance should be decentralised and participatory. Inevitably, final decision-making will remain the political responsibility of central agencies. However, all other aspects of the process should be open to the participation of a wide range of local actors and stakeholders, independent

resource persons and institutions. Their involvement was seen as a precondition for a locally owned and transparent process. They can play a most useful role in information gathering, identification of performance indicators, monitoring and evaluation, independent reporting, etc.

- *Task Division among Donor Agencies.* As the trend towards performance-based development partnership becomes accepted, the need for improved coordination among donor agencies will increase. Without this, the nightmare scenario of an army of external agencies involved in performance assessment exercises is a real possibility. Particularly at the EU level (EC and member states) strategies should be devised to agree on a task division (including with multilateral institutions).
- *Simple, Flexible and Transparent Rules, Procedures and Decision-making* Promoting a participatory process of assessing performance will not be an easy task. The different partners have little tradition and experience of participating in an open-ended and continuous dialogue at different levels and in different places. It will take time to build trust and capacities to manage the new system. Furthermore, it will be difficult to select appropriate actors for dialogue and performance assessment. Current Lomé programming approaches, management systems and procedures will need to be adapted. Experimentation and learning by doing will be required. Yet, in the final analysis, there seems to be no alternative than to move in this direction if the credibility and effectiveness of development cooperation is to be safe guarded.

The Green Paper is relatively silent on this crucial aspect. The future allocation system will clearly have an incentive-based character, whereby good performers will be rewarded and poor performers 'sanctioned'. What does this mean in practice? What forms will the "premiums" or "sanctions" take?

The consultation process yielded some useful pointers. First, "stop-and-go measures" which interrupt development efforts and



are difficult to catch up with need to be avoided. Instead, aid programmes should have the character of rolling programmes, which allow for a *de facto* differentiation of aid on the basis of annual performance assessments.

Second, government assessment should be based on a so-called "tendency approach", whereby the suspension of aid is only used as an ultimate means. In principle, assessment results should be used to re-orient the aid programme as regards i) areas of interventions; ii) partners and iii) policy dialogue. If shortcomings are observed, external support could help with targeted interventions (especially through the provision of institutional support).

Third, "good performers" should be offered a number of facilities that go beyond aid. In this way, the structural problems facing a country can be addressed in a more appropriate manner. Possible incentives for good performers in this regard could be accessibility to debt reduction, loan and market facilities and competition incentives.

Finally, the EU was invited to develop a much more sophisticated "menu of options" for deciding on the possible consequences of performance assessment. In between "suspension" and "positive measures", there is a grey area that would need to be clarified. For instance, how will the EU respond in case of a sudden improvement or drop in standards of governance? How should aid be re-directed in case of interruption of official aid? What type of support can usefully be provided to put governments "back on track"? African participants made it very clear that the proposed new partnership also opens a huge reform agenda on the EU side. The Green Paper calls on the EU to integrate the political dialogue within the ACP into its emerging common foreign policy, thus ensuring greater consistency and coherence. However, much more is needed to make the new partnership work in a mutually acceptable way.

First, even within an "unequal partnership", it should be possible to agree on donor performance criteria with a view of ensuring credibility (e.g. avoiding hidden agendas and double standards) and effectiveness (e.g. provision of flexible and

comprehensive forms of support to reforming governments). Several donor performance criteria were proposed. These include the degree to which different local actors are involved in assessing performance; the simplicity and transparency of decision-making; the level of consistency and coordination between the EU and the member states as well as improved policy coherence; and bureaucratic performance, including the quality and speed of getting things done (e.g. quick disbursements).

Second, the EU should be prepared to adapt existing Lomé modalities of policy dialogue, programming, management and procedures. These changes are essential to ensure a smooth implementation of a performance-based partnership. For instance, the current review under phased programming could be improved to accommodate the broader, participatory performance assessment envisaged in future cooperation.

Lastly, the EU will need to substantially increase its capacity to manage the new partnership. For too long, donors have tried to combine "heroic ends" with "limited means". If the EU is serious about promoting political and institutional reforms through a truly participatory political dialogue, it should ensure that sufficient resources, processes and people are in place to do the job properly -- especially in its delegations. The above reflect the views of Koeb, (2008) on the future of ACP-EU partnership.

Makereta (2011) in reporting the comments of the leaders considering future direction, stated that the future existence of the 79-member African, Caribbean and Pacific (ACP) grouping is now being mapped out by the group's Council of Ministers in preparation for the coming to an end of the Cotonou Agreement in 2020. The expiry of the 20-year-old agreement with the European Union (EU) in nine years time, has forced the Brussels-based secretariat to convene a Working Group to explore future directions for the ACP group.

ACP's chief of cabinet, Obadiah Mailafia said the working group's terms of reference will consider possible radical changes for the ACP, whose membership includes 14 Pacific Island nations. Led by Mauritius, the working group recommended that ACP will adjust to the changes after 2020 or continue with



business as usual. The other option is to forge a rebirth of the ACP with fundamental changes to include new emerging market economies into the funding arrangement. The senior ACP executive said the European Union has indicated its interest lies with its close neighbours - North Africa, Eastern Europe and Latin America. The most significant signal is in the Lisbon Treaty where there was no single mention of the ACP or its future. According to Mailafia it is now time for the ACP group to consider a future with or without the EU after 2020. The Secretary General Dr Mohamed Ibn Chambas did not mince his words in his opening address of the 93rd ACP Council of Ministers Meeting in Brussels where he challenged representatives of 79 nations to "think the unthinkable".

"The New Europe, with its expanded 27 member countries, is fundamentally a different animal from what we have always known," he said. "The new Lisbon Treaty and the ensuing European External Action Service (EEAS) do not accord the ACP the privileged status that we have always assumed almost as a matter of right." He also noted generation of Europeans view the ACP-EU as being little more than part of a shameful colonial past,".

But the ACP remains hopeful that in the transformed geopolitical environment now facing the globe, it hopes to explore partnerships with the emerging economies of China, Brazil and India. "While we hope to continue to count on Europe's generosity, we must take full responsibility for our own development," said Dr Chambas. One of the initiatives now being closely considered is the formation of an ACP Investment Bank, exploring public and private sector partnership and South-South co-operation between developing nations. Mailafia said the plan is still in the initial stages of planning. "Once we have firmed up the idea, we will distribute it widely for stakeholders and members' scrutiny followed by a technical study around September/October this year," Mailafia said.

Another issue discussed at the ACP Council of Ministers Meeting is the future of the European Development Fund (EDF) after 2013. "You would recall that ACP countries signed the

revised Cotonou Agreement without any clear indication of its financial elements," Dr Chambas said.

"Under the Lome Conventions, we were always availed some idea of the magnitude of the financial envelope to be provided under the Financial Protocol. The EU has informed the ACP that a proposal regarding the successor of the 10th EDF is expected to be made in June by European Commissioner for Development, Andris Piebalgs when he presents the EU's renewed Development Policy. EDF is the main funding instrument for development co-operation with ACP states. Its latest funding envelope of 22.6 billion Euros, known as EDF 10 will expire in 2013.

### **Conclusion**

When, the Cotonou Partnership Agreement between the 79-member African, Caribbean and Pacific (ACP) states and the European Union was signed in 2000, it was widely viewed as offering an ambitious and innovative agenda that would enhance political dialogue, encourage the participation of non-state actors and result in a more effective development cooperation framework. It therefore, went beyond the narrow trade and aid focus that was the hallmark of earlier ACP-EU treaties, right from the first post-independence framework agreed in Yaoundé in 1963 through the four successive Lomé Conventions implemented between 1975 and 2000.

Increasingly however, it appears that a constellation of global changes and internal dynamics has thrown the future of the partnership wide open. A key driver in this has been the adoption of the new Lisbon Treaty in 2009, under which the EU has embarked on fundamental institutional reorganisation to strengthen its position as a global player. This includes a review of all existing EU partnership agreements on a geopolitical basis and along regional lines that has undermined the unity of the ACP Group and heightened doubts on the relevance of the ACP-EU framework. Further complicating these internal dynamics is the growing political and economic muscle of the emerging powers, which has opened up new avenues of cooperation for developing countries. It



is therefore not surprising that the future perspectives of the ACP Group after 2020 has become a topic for debate

### Recommendations

As a result of the finding of this work, the following recommendations are made; The ACP countries should review the terms of their union with a view to exploiting the strength of member nations while at the same time ensuring that the weaknesses of members states are turned to stepping stones using the new information and communication technology; the richer of the ACP countries should begin to consider playing the role of the EU after 2020, should the EU choose to pull out of the relationship.

Secondly, it should brace up with the possibility that there may not be any more ACP-EU partnership after 2020 and therefore begin to make alternative plans

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