

## **From Lomé to Suva: Confronting the real challenges of Africa?**

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### **Introduction: a lively debate, preceding complex and lengthy negotiations**

Although negotiations for a successor agreement to Lomé IV started on 30 September 1998, they were preceded by several years of intense and constructive public debate, involving a wide range of actors from governments, civil society and the business sector. This mobilisation of interest in the future of ACP-EU relations resulted in an unprecedented flurry of conferences, seminars, debates and reflection processes in both the ACP and the EU.

How to explain this sudden emergence of a broad public interest in a Convention which, until 1995, as “the most complete North-South aid and trade instrument”, had hardly been put into question?

In the last decade profound changes have taken place in the political and economic world order. These include the end of the East-West polarisation, the increasing interdependence of national economies and the acceleration of exchanges in goods, capital and information (globalisation), the formation of regional blocks and the growing differentiation among development countries. These changes have provoked a radical re-assessment of traditional development cooperation relations. In most donor countries, development cooperation entered a severe crisis in the 1990s, which was reflected in shrinking aid budgets and erosion of public support. Despite decades of aid, many developing countries remain trapped in economic decline, debt, poverty and external dependency. This general pervasive mood has also been present in Europe’s relations with the ACP and with Africa in particular. The factors behind Europe’s declining interests in the ACP have been widely documented. In essence they relate to shifting geopolitical priorities, transformations in Europe (enlargement) and a loss of legitimacy and support for aid. The perceived limited impact of successive Lomé Conventions has compounded the problem. More than two decades of privileged relationships and four consecutive Lomé Conventions have not brought about development nor solved the structural problems in the ACP. With such a range of pressures the EC has deemed it useful to publish a “Green Paper”(November 1996) with the aim to “revitalise ACP-EU relations, open new horizons and boost the chances of success”. The Green Paper served as the basis for a vast programme of consultations in both the ACP and the EU. It provided a good overview of the changed context within which the EC has to operate and which priorities it wanted to set for a new ACP-EU Convention. The major changes can be synthesised as follows:

- an increased politicisation of aid, reflected in greater donor concerns for fundamental human and social rights, democracy and good governance;
- a widening policy agenda, reflecting new priorities, such as the private sector and institutional development and conflict prevention;
- the need to involve new actors in the development process, civil society, local government, business interests and social organisations;
- a growing pressure to account more fully for aid funds

In reply to the Green Paper, the ACP Group also embarked on similar reflection processes on the future of the Lomé Convention, at the level of their representations in Brussels and in the field at national and (sub)regional levels.

As independent foundation with strong linkages to both the ACP and the EU, ECDPM actively contributed to the debate on the future of ACP-EU relations. Already in early 1995, the Centre engaged in the promotion of an ACP-driven debate, with consultations held in some 25 ACP countries. The ECDPM initiative aimed to inform a wide diversity of ACP players on the issues at stake, and to involve ACP views and research in the reflection process. It also tried to promote linkages between different sources of expertise on Lomé in the ACP and the EU, so as to create a base to be used by policy-makers and negotiators during the negotiations. Acting as an ‘honest broker’, or informal mediator, the Centre offered a platform for a diversity of groups of ACP actors, including civil society and private sector organisations, to put forward their own views and proposals as to the future partnership agreement. At first, many ACP representatives, consulted by ECDPM, were sceptical, if not pessimistic, on the chances for a fair debate. They feared that “Europe had already made up his mind” with regard to the ACP and that consultation, dialogue and negotiations would not be able to make a difference.

This paper tries to provide an overview of the major innovations and changes introduced in the new Suva partnership Agreement. When reflecting on the lessons learnt from past negotiations, a number of key questions need to be addressed : Where does the new Convention differ from the previous ones? To what extent have the wide variety of consulted ACP actors and stakeholders, as well as the ACP negotiators, been able to influence the outcome of the negotiations? Or is the new Convention the reflection of what Europe had proposed in its Green Paper and its negotiating mandate? What will be the major implementation challenges for the years to come?

### **How does the new Convention differ from previous ones?**

In the course of 1998, both the EU and the ACP presented their negotiating mandates. These mandates were the result of sometimes difficult compromises between member states positions, both in the EU and in the ACP. In general terms, both mandates clearly expressed the wish to deepen the partnership or to thoroughly reform or adapt it to the new international context and the changes in Europe and the ACP group. However, behind the apparent consensus on some of the major principles and objectives of cooperation, there appeared to be many divisions, divergent positions and varying interpretations both *between* negotiating parties and *within* each of them.

Negotiations formally started in September 1998 and were led in four Groups at experts', Ambassadorial and Ministerial levels. In February 2000, after several Rounds of sometimes difficult negotiations, agreement was reached over a new cooperation agreement that will cover the next 20 years of ACP-EU relations.

The new agreement, to be signed in Fiji and likely to be called the Suva Convention, will be quite different from its predecessors. It provides a comprehensive and integrated approach to a strengthened partnership which—at least on paper—should be more effective in addressing the major challenges of the ACP, and Africa in particular, of poverty alleviation, sustainable development and the gradual integration of development countries in the world economy. Major changes can be noted in (i) the strengthening of the political dimensions of the partnership (ii) the extension of the partnership to new actors, (iii) the preparation of a new WTO compatible trade regime and (iv) and rationalised and performance-based aid management.

The first major difference in the new agreement as against the previous Conventions is the ***stronger political foundation*** given to ACP-EU cooperation. Political dialogue is at the core of the new partnership agreement. The dialogue will be deeper and wider than at present. Its aim is to discuss political issues of mutual concern or of general significance for the attainment of the objectives of the agreement. The dialogue will therefore cover areas such as peace and security, prevention and resolution of conflicts, progress in human rights and democratisation, institutional reforms and capacity building to ensure good governance, poverty reduction and the sensitive issue of migration. It is the intention of both parties that the joint ACP-EU institutions will play a more effective role in addressing these issues.

Furthermore, as was already the case with the Lomé IV Convention, there will be ongoing and continued dialogue on the consolidation of democratisation processes and on strengthening the respect for human rights and the rule of law. Alongside these three “essential elements”, the EU had wanted good governance to be included as a fourth one, which, if violated, could lead to the suspension of aid. After lengthy discussions, good governance defined by both parties as “the transparent and responsible management of public resources for the purposes of equitable and sustainable development” was accepted by the ACP as a “fundamental element”, which, contrary to an “essential element”, does not constitute grounds for suspension of cooperation. Nevertheless, both parties agreed that serious cases of corruption, including acts of bribery leading to such corruption, could constitute grounds for suspension or activation of the non-execution clause.

At the last Round of Ministerial Negotiations in February 2000, another “last-minute” sensitive issue was brought to the negotiating table by the EU: a proposal to include an article on the repatriation of illegal immigrants. The EU’s determination to push this issue at the last moment stemmed from an EU commitment made at the Tampere EU Heads of State Meeting (October 1999) to add this type of standard clause in all EU agreements with third countries. Under this readmission clause, ACP countries would be obliged to readmit non nationals or stateless persons who have entered illegally the EU from their territory. The ACP Group, supported by legal experts in migration, rejected the EU proposal, expressing the view that the proposed clause had no legal basis in international law. It was agreed that binding texts will be negotiated bilaterally instead of being included in the new Partnership Agreement.

A second major new feature of the new ACP-EU agreement is related to *the participation of new non-governmental actors*. Whereas previous Lomé Conventions virtually excluded the practical involvement of actors other than central governments, the new arrangement places significant emphasis on achieving development through non-government players. A new chapter on the actors of partnership underlines the priority given to participatory development strategies. While ACP governments shall continue to be responsible for determining the development strategy for ACP countries, non-governmental partners shall be able to participate and fully play their complementary role. Non-state actors (civil society, private sector,..) will be:

- involved in *consultations* and planning of national development strategies;
- provided with access to *financial resources*;
- involved in the *implementation* of programmes;
- and granted support for *capacity building* in order to strengthen their organisations and representativity.

Additional new articles on investment and private sector development further recognise the role of the private sector as engine for development. For the first time, the private sector will have access to funding via the European Investment Bank (EIB) without previous requirements of a State guarantee.

Although decentralised cooperation already existed in previous conventions, it is the first time that the roles of the new actors are acknowledged in the texts and that a basis for dialogue is formally established. For the private sector, dialogue will be conducted through an ACP-EU Business Forum. For civil society, no mechanisms to ensure dialogue have been specified in the new Convention, which may deter implementation of these provisions. There can be no doubt that moving from a strictly government-to-government to a more pluralistic approach to development cooperation will still require fundamental changes in attitude and working methods on all sides.

A third difference—and probably the most radical change— is in the area of *trade cooperation*, with the gradual move away from the non-reciprocal tariff preferences which ACP exports have been enjoying on the EU market, towards a set of WTO-compatible, reciprocal trade agreements. The existing preferences for the ACP countries, which have always been more generous than to any other group of developing countries, will be rolled-over during a preparatory period of 8 years until January 2008. During this eight-year period, new trade arrangements will be negotiated, which could take the form of WTO-compatible free trade agreements between the EU and ACP countries (either grouped in regions or individually)<sup>1</sup>, or 'other WTO-compatible alternatives'. The new Convention sets out a framework to assist the ACP in their opening to EU exports as a step towards multilateral trade liberalisation. The implementation of these new trade agreements will take place from 2008, over an additional transitional period of up to 12 years.

I must be noted that the 39 least developed countries (LDCs) of the ACP —which make up more than half of the ACP group and two thirds of ACP sub-Saharan African countries— are guaranteed free access to the EU market for “essentially all” their

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<sup>1</sup> In its negotiating mandate, the EC proposed 'regional economic partnership agreements' (REPAs) between the EU and several ACP regions.

products by the year 2005 at the latest. In other words, they are entitled to "keeping Lomé", or even a slightly improved version of it, without having to reciprocate by opening their own markets to EU products. By contrast, non-LDCs who would not enter into reciprocal trade agreements with the EU from 2008 could be transferred into the EU's Generalised System of Preferences (GSP), a non-reciprocal set of preferences less generous than Lomé. A joint assessment of the particular situation of the non-LDCs by the EU and the ACP will be made in 2004.

A fourth innovative element in the new Convention is related to the *simplification of instruments and the reform of programming*. The new Convention includes a system of rolling programming where the allocation of funds is based on an assessment of each country's needs and performance with the possibility of regularly adjusting financial resources in the light of this assessment. The export earning compensation schemes —Stabex and Sysmin— have been converted to structural adjustment support under the National Indicative Programmes and some argue that the range of beneficiaries is likely to be wider than those who currently benefit by Stabex and Sysmin. Whether the ambitious objectives of the new Convention will be achieved with a financial envelope of 13.5 billion Euro and an additional 1.7 billion available in European Investment Bank (EIB) loans remains to be seen. This amount covers the period 2000 to 2007, i.e. two years more than previous EDF's. The unused resources of the previous Conventions, amounting to almost 10 million Euro, will also be available during the same period.

### **Has the ACP group weighted on the outcome of the negotiations?**

For the first time in the history of ACP-EU relations, a Convention has been concluded that does not respond entirely to the original proposals put forward by the EU in its negotiating mandate. To quote the ACP Secretariat: "the Convention is less harsh than might have been anticipated". In other words, the shift from Lomé to Suva is less abrupt than the EU originally had proposed. On each of the most controversial items on the negotiating agenda, the ACP have scored important points resulting in a package that gives them much of what they wanted. This has been the case on topics such as good governance, the readmission clause, but most importantly on trade where the right has been secured to decide against Regional Economic Partnership Agreements (REPAs) and look into alternative WTO compatible trade arrangements (although these remain a vague concept), with a considerable length of transition time and support packages. Two major factors may have influenced this outcome. Firstly, there are a number of external factors such as the need for the EU to restore its credibility as a global player in development after the debacle of the Seattle WTO Ministerial meeting. In the words of the Caribbean Council for Europe (CCE):

"Seattle altered perceptions about the nature and pace of trade liberalisation and caused negotiators to look at what was politically desirable, what realistically might be achieved and what was just. At the WTO Ministerial meeting the initiative and the prevailing confidence about the nature of the future world economic order shifted dramatically away from the developed nations to the developing (...) No longer can a small group of wealthy countries determine what is best for all."

A second major factor was the huge investment that some ACP regions and individual countries have made in strengthening their negotiating capacities by mobilising their best high-level expertise in close and permanent consultation with all the relevant

actors concerned. This was particularly the case with the Caribbean Regional Negotiating Machinery (RNM) and with countries such as Mauritius.

On paper the new Convention offers a comprehensive framework to address most of the major problems of the ACP and Africa in particular. It remains to be seen, however, whether the ambitious arrangement will work in practice. This may, once again, be the Achilles tendon of the new agreement. Although the ink of the new agreement is barely dry, it is not too early for all the actors concerned, in the ACP and Europe, to raise the difficult and delicate question of how the new provisions in the agreement are to be implemented.

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