The Future of ACP-EU Relations: A Political Economy Analysis Perspective

PROGRESS REPORT

With Preliminary Findings and Emerging Conclusions

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The future of ACP-EU cooperation: The need for an open, well-informed and result-oriented debate

The discussions on the future on the ACP-EU partnership beyond 2020 are in full swing. This complex policy process deserves a broad and evidence-based debate. Even if there are signs that its star has faded in light of the expanding universe of EU external relations and the globalisation and regionalisation dynamics within the ACP, the stakes involved in the review of the Cotonou Partnership Agreement (CPA) are high.

The CPA links the EU and its 28 member states with a tri-continental group of 79 States. It governs the (inter-governmental) European Development Fund (EDF) that enjoys a larger share of EU financial resources for development than any other external instrument. The CPA remains the principal point of reference for EU Delegations and Member States in ACP countries and regions. For over forty years, the EU and ACP countries have forged strong ties and developed tested ways of ensuring dialogue (including on sensitive topics) and working together upon which future arrangements could build.

However, the parties to the CPA – led by governments but including parliamentarians, civil society, private sector operators and local authorities – should also address a series of thorny questions that have arisen in the past 15 years of CPA implementation. Does it still make sense in today’s globalised and increasingly regionalised world to maintain this partnership between an enlarged EU and three geographically distant regions, mainly tied together for historical reasons? How well has the CPA delivered on its objectives? Did it provide value for money through its three cooperation pillars and dedicated joint institutions? Does it respond adequately to the growing heterogeneity and interests of the ACP regions and states (with many countries likely to attain MIC status in next 10-15 years)? What are the trade-offs of consolidating the ACP-EU partnership in terms of the relevance and effectiveness of the regional strategies agreed upon between the EU and respectively Africa, the Caribbean and the Pacific? Is a continuation of the CPA, co-existing with other overlapping policy frameworks, the best way to defend Europe’s interests and ensure coherence in its external action? How fit for purpose is the ACP-EU ‘North-South’ partnership framework to accommodate and eventually deal with the new priorities and modes of cooperation required to realising the Agenda 2030 for Sustainable Development?

All this suggests that it is in the interest of all parties to ensure an open, well-informed and result-oriented debate on the future of this partnership. There is broad agreement that a ‘business as usual’ approach – aimed at preserving the status quo or merely adapting the existing framework – will not suffice. There is however little common ground on what the best way forward might be. The challenge at hand is to objectively explore how to build a modern and mutually beneficial cooperation system between the EU and the various ACP regions and countries, aligned to the new geopolitical realities and equipped to confront the global development agenda in the next two decades. In this context, it is important to remind that the review process is essentially about the future form, structure and modalities of the partnership with countries and regions from the ACP. The content agenda is quite clear (particularly with the new 2030 Agenda) and it is also obvious that cooperation, trade and political dialogue will continue with the countries and regions concerned –whatever the outcome of the review.

As an independent, non-partisan broker, ECDPM has a longstanding involvement in ACP-EU cooperation processes. For more than 25 years, the Centre has continuously provided an open platform for dialogue on how to improve and renew the partnership. Building on this tradition, it seeks to play a similar broker role at this critical juncture.
To this end, ECDPM is conducting a political economy analysis (PEA) of the ACP-EU partnership. Contrary to traditional formative policy analysis (aimed at examining desirable policy options for the future) a PEA presents an evidence-based summative analysis to understand how things work out in practice and why. To achieve this it looks beyond legal frameworks, formal institutions and processes of the CPA. In order to examine how the partnership functions in the real world, the PEA focuses on the underlying power relations as well as the political/economic interests of the different actors and their respective incentives, and how these change over time.

Applying this PEA ‘lens’ may help to better understand why the ACP could effectively act as Group in certain policy processes (e.g. the ACP group’s engagement in the WTO) while achieving only limited progress on longstanding priorities (e.g. promoting intra-ACP cooperation). Or it can clarify why both parties struggle to organise an effective political dialogue or join forces in international fora. The results provide a picture of the present state of cooperation effectiveness in a historical and institutional perspective, that aim to inspire the identification of realistic and above all effective, result-oriented scenarios for the future.

This progress report presents a set of preliminary findings and emerging conclusions of the PEA study in 10 sections. It was written by an ECDPM core team with contributions from the German Development Institute. It benefitted from internal peer review as well support from colleagues and ACP experts in the elaboration of specific case studies. It will serve as an input into the upcoming seminar organised by the Luxembourg Presidency and ECDPM related to the future of ACP-EU cooperation (Brussels, 30 September). The feedback received on this preliminary report as well as the main outcomes of the seminar will feed into the final report of the PEA study, foreseen for November-early December 2015.
1. Major Changes Since 2000 and how these Affect ACP-EU Cooperation

1. The relationship between the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU) has a long history dating back to the early days of the European Community. Building on the Yaoundé association agreements¹, the Lomé I Convention of 1975 defined the basic shape, substance and architecture of this partnership with Europe’s former colonies. This foundational agreement was reviewed several times in the past decades, ensuring both continuity and adaptation to changed conditions. The partnership evolved from an approach based on non-interference and recipient autonomy towards a stronger focus on pursuing shared norms and values. The ACP-EU relationship has often been lauded as an “unique model for North-South cooperation because of (i) its contractual, legally binding nature, (ii) its comprehensive scope covering three pillars: trade, development cooperation and political dialogue, and (iii) its institutional framework consisting of joint institutions based on the principle of joint management which aims at promoting ownership and equality between partners.

2. The Cotonou Partnership Agreement (CPA), signed in 2000, currently governs relations between an expanded group of countries: 79 ACP States and 28 EU Member States. In some areas the CPA reflected a continuation of the Lomé spirit, while in others it marks a clear aspiration to make a break with the past. The CPA considerably strengthened the political dimension of the partnership and opened-up cooperation to non-state actors. It also introduced a new arrangement to phase out unilateral trade preferences through the conclusion of Economic Partnership Agreements (EPAs) that would prove highly controversial and a source of many tensions between both parties in the past decade.

3. However, the overall purpose of the CPA remained the same as that of the successive Lomé agreements, i.e. to contribute to the “economic, social and cultural development of ACP States” (Preamble of the CPA). According to article 1, the partnership is centred on “the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development and gradual integration of the ACP countries in the world economy”. Though the CPA sought to strengthen the political dimension and gradually included global issues as priority topics (e.g. migration, climate change) this provision indicates that the CPA remains first and foremost a development cooperation tool. Some even argue that this perspective “perpetuates an attitude [among EU policymakers] towards the ACP as something we are doing for them, not for us”. This also helps explain why the ACP Group “does not have a strategic status” within the EU external action system².

4. Since 2000, the CPA has been revised twice through the regular five years review cycle. In 2005 the focus of the revision was on further extending the political nature of the partnership to include security aspects. New clauses were added on the International Criminal Court, on the fight against terrorism and on cooperation on the non-proliferation of weapons of mass destruction. The revision also confers local authorities the status of a distinct actor with its own identity and added value in ACP-EU cooperation. The 2010 revision was primarily concerned with reinforcing the principles of differentiation and regionalisation, with a particular focus on recognising the principal role of the African Union (AU),

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amongst others through the Joint Africa-EU Strategy (JAES) and peace and security issues in particular³.

5. While ACP-EU cooperation has displayed an ability to be contextually responsive and resolve contrasting if not competing demands and interests through compromise⁴, the question arises whether this time it can respond to the fast and profound changes in the global context. Most recent studies and reports on the future of ACP-EU cooperation start from a contextual analysis illustrating how much the world has changed since the signature of the CPA in 2000. Figure 1 below visualises **five key changes and their implications for ACP-EU relations**:

6. These five contextual changes have a profound **impact on the nature of the ACP-EU partnership**. The combined effect of these contextual evolutions has contributed to the:

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Gradual marginalisation of the partnership on both sides. In the past decade, the whole notion of ‘Cotonou’ has lost momentum. It has largely disappeared from EU policy discourse and institutional set-up. Contrary to the Treaty of Maastricht, the Lisbon Treaty did not explicitly mention the EU’s cooperation with the ACP countries, and three years after the signing of the CPA the EC put forward a comprehensive proposal for the budgetisation of the EDF. The CPA now has to co-exist with a range of other policy frameworks such as the Joint Africa EU Strategy (JAES), the European Neighbourhood Policy (ENP), a variety of EU strategic partnerships that tend to take the centre stage, and a specific Development Cooperation Instrument (DCI) within the EU budget. Also within members of the ACP Group, the CPA construction has lost ground in favour of continental and regional governance dynamics and bodies. The African Union (AU) and the Regional Economic Communities have become the first entry point and interlocutor to deal with a whole range of policy areas also covered by the ACP-EU framework. This marginalisation is also reflected by the scant attention ACP-EU issues receive in academic circles, research institutes, think tanks, civil society campaigns or media both in the EU and in ACP countries.

Erosion of the three-pillar structure of the CPA. One of the often-cited ‘unique’ features of the CPA is its comprehensive agenda; covering political cooperation, trade as well as development cooperation. Yet in practice, both the ‘political dialogue’ and the trade component have been largely ‘regionalised’ and are therefore increasingly take place outside of the ACP-EU framework. This also explains why, for an increasing number of ACP and EU actors, the CPA has become a mere tool for managing donor-recipient relations and channelling aid.

Reduced political value of the CPA. In theory, 28 Member States and 79 ACP countries represent quite a force in multilateral processes. Yet such coalitions have never materialised. In a recent interview, the Director General of DEVCO has made the point that this questions “the political value” of the partnership and it is “mainly up to the ACP to demonstrate that this Group has a value that goes beyond Brussels, that exists beyond the Secretariat and the ACP institutions”.

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7. In recent years, various studies and meetings have reflected on the future of the ACP Group and its future cooperation with the European Union after 2020 when the CPA expires. Some of these discussions took place in formal settings, informed by inputs from various experts, while others were more informal in nature. Most of these discussions, however, focused on a slate of Brussels-based actors that are involved in the day-to-day ACP-EU cooperation. Also the Joint Parliamentary Assembly (JPA) has regularly tabled discussions on this topic in its plenary sessions. These reflection processes have tended to concentrate on the current set-up of the partnership, the valuable elements that are deemed worth preserving, possible new themes to include in the CPA and institutional/managerial issues. Several studies elaborate on various possible ‘options’ or ‘scenarios’ for the future.

8. The ACP was the first of the official parties to start preparing themselves for the review process. From the outset, the aim was to fundamentally rethink the ACP Group itself and the terms of its engagement with the EU. ACP Heads of State set the tone during the 2012 Summit. The resulting Sipopo Declaration expressed the highest political commitment to reinventing and transforming the ACP while consolidating unity and solidarity among its member states. Various internal reflection processes have since taken place, resulting in a report by an Ambassadorial Working Group presented in December 2014 and a soon to be published report by the ‘Eminent Group of Persons’ (EPG). Two common threads appear in this future thinking. First, to turn the ACP into a more dynamic and cohesive group that can act as an effective global player. Second, to become less dependent on Europe by diversifying partnerships and engaging in South-South cooperation.

9. On the side of the EU, the reflection process has long been of a rather informal, low profile nature. Though Commissioner Piebalgs delivered a frank analysis of the challenges of the CPA during the ACP Summit and clearly signalled the need to adapt it to the 21st century, the formal launch of the internal reflection process started when the new Commission took office. President Juncker mandated Commissioner Mimica to prepare post-Cotonou negotiations. In a speech given to the JPA in Strasbourg on 2 December 2014, Commissioner Mimica confirmed the priority status of the review process and declared that: we should not be asking whether our cooperation and partnership is still important. Because it is - more so than ever. Instead, we should be asking how we can best equip our cooperation for the future, so that it delivers maximum benefits”. He furthermore added: “in a world of partnership and ownership, development cooperation should be about more than donors and recipients. It should be about mutual benefits. All of which opens up development cooperation in a range of other policy areas”.

10. The process intensified in 2015, including with the organisation of a set of Commission-sponsored Round Tables that gathered views and perceptions from a wide range of stakeholders on a variety of themes related to the future of ACP-EU relations. Annex 1 provides an overview of the next steps in the process. At the same time, several EU Member States are organising themselves to participate in

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6 An example is a Policy Briefing prepared by the secretariat of the European Parliament on: ACP-EU Relations after 2020: review of options. Directorate-General for External Policies. February 2013. It identifies three different options for the future: (i) a dissolution of the joint partnership and its replacement with regional arrangements; (ii) the development of an overarching ACP-EU partnership underpinned by strengthened regional arrangements; (iii) a revamped ACP Group beyond an EU partnership. Further analysis of publications looking at options can also be found in ECDPM. 2014. The Future of ACP-EU Relations post-2020, Maastricht, ECDPM, December.


10 White, V. et al. 2015. ACP - EU relations after 2020: Issues for the EU in consultation phase 1 Final Report, Brussels: EU.
the review, amongst others by consulting their Embassy staff and other stakeholders. Sweden is the first country to make a concrete public contribution in the form of a report produced by an Ambassador. In addition, EU Member States have invited the Commission to generate evaluative evidence on key aspects of the CPA to complement the Commission’s series of roundtables with evidence on the implementation of the CPA to date.

11. **How suitable are the conditions for an open, well-informed and result-oriented debate** on the future of the ACP-EU partnership? While all parties agree on the need for truly forward-looking and inclusive discussions, particularly with the respective constituencies in the field, there are some factors that may complicate the process. These include:

(i) *The weakened status of the partnership* in the (foreign policy) ministries in ACP countries, in ACP regions and EU member states as well as in large sections of the EU institutions (including EEAS and DEVCO).

(ii) *Limited knowledge of and interest in the CPA* at the level of actors ‘beyond Brussels’. This may hamper the effectiveness of the planned consultation round as stakeholders may have views on future thematic priorities but no experience with the actual functioning of the ACP-EU cooperation system.

(iii) *The long heritage of more than 40 years of ACP-EU cooperation*, which may make it difficult for the actors directly involved to move out of their ‘comfort zone’ or think ‘outside the box’ when discussing the CPA.

(iv) *The scant evidence/evaluation material on the effectiveness* of the ACP-EU partnership and its institutions.

(v) *The existence of ‘vested interests’* in maintaining a status quo;

(vi) *The perception or fear that no credible alternative(s) exist(s) to the CPA*; closely linked to this is the legitimate position defended by those who argue that one should not abandon a policy, an agreement or a set of instruments unless it proves possible to devise a better alternative which is politically feasible.

12. These conditions lead to a number of **risks** that can shape a review process that is insufficiently evidence-based and result-oriented because it follows patterns and lines of argumentation that reflect:

- **Path dependency and normative approaches.** This is the case in discussions where the ‘acquis’ of Cotonou (in terms of contractual partnership, political dialogue, predictability, joint management) is presented as a good thing *per se*, without looking at evidence indicating whether these laudable principles are put into practice (coherence) and actually yield the expected benefits (effectiveness and impact). Such an approach also prevails when the CPA continues to be presented as something unique without recognising that the EU has largely harmonised its cooperation approaches towards third countries and regions. Other manifestations of normative stances are flawed comparisons between different cooperation agreements.


12 This became clear during several roundtables organized by the EC on the future of ACP-EU cooperation, particularly on relatively new policy issues such as the Post 2015. The thematic experts involved could make contributions on content issues, but were generally unaware of the specificities of the ACP-EU framework and related institutional provisions.

13 Academic research has initially investigated the contents of the CPA as well as in recent years focused on EPA negotiations. Yet only limited research has looked into the functioning of ACP and ACP-EU as such.

14 An example of such a normative approach is when people argue for a continuation of the ACP-EU relationship on the ground that “the Cotonou Agreement has worked much better than the Joint Africa-Europe strategy”. This comparison is shaky on many...
Aspirational projections. This occurs when actors largely agree on the weaknesses of the current CPA and the need to modernise it profoundly yet then immediately make a big leap forward into the future by proposing a set of new ambitions and roles for the ACP-EU cooperation – without undertaking a reality check on feasibility and asking the question if the ACP-EU partnership is the right vehicle to pursue these goals effectively. A typical example of this approach is to claim that the CPA can be modernised by shifting its mandate towards jointly pursuing political agendas in the UN (while evidence shows that both parties have never succeeded in doing so far) or by integrating the new policy domains of the Agenda 2030 into the existing framework (while evidence clearly indicates that the objective conditions may not be there to deliver concrete outcomes on global issues – as further examined in section 9 below).

Standalone approaches. A third major risk in debates on the future of ACP-EU relations is to formally recognise that the world has changed but then to deal with the future of Cotonou ‘in splendid isolation’ from global, regional and foreign policy realities affecting both the ACP Group of States and the EU. This danger particularly applies to the EU. At first sight, dealing with the review of the CPA ‘separately’ in some form of silo may seem justified. It could make the negotiation process more manageable by restricting it largely to the development community and the existing interests around this agreement (in particular the EDF). It could insulate the ACP relationship from wider EU political and security considerations and preserve the CPA as a tested aid delivery channel. Yet, this choice is risky for the EU if it is serious about building a more coherent EU external action and in the light of on-going strategic processes and new EU initiatives (Europe 2020, the preparation for a Global Strategy for Foreign and Security Policy, the ENP review, the global trade strategy review). Disconnecting the CPA from these core EU processes may further marginalise ACP-EU cooperation.

grounds, particularly if one makes abstraction of the huge amount of financial resources the EU dedicates to the CPA. If these EU resources were to be invested in the JAES the dynamics and effectiveness of both policy frameworks would most likely change drastically.

15 As proposed by the earlier mentioned AIV Report by the Dutch Advisory Council, p. 37.
3. Added value of a political economy analysis

13. As its name indicates, a PEA examines how political and economic processes interact and shape policies and practices. The analysis seeks to look behind the façade of policy discourse, action plans and formal institutions. It focuses on the (political/economic) interests and incentives that drive the key actors, the distribution of power between them and the conditions required to generate collective action by groups of actors –through a set of formal and informal rules- to change things.

14. All of these factors are critical to explain questions such as: why is there often a major gap between stated policy ambitions and actual implementation? How to move beyond explanations such as ‘lack of political will’ to explain why needed reforms fail? How can one get a better understanding of the drivers of change and the factors of resistance? In order to address these questions, a PEA has to respond to a set of methodological principles and tools (see Annex 2 for details on approach used).

15. A major advantage of PEAs is that they avoid normative approaches. The focus is not on ‘what should be done’ but on ‘why things function like they do’ – considering the contextual realities of a given reform, sector, policy process or cooperation agreement (such as the CPA). By shedding light on often less visible aspects such as power, interests and incentives; a PEA can be of added value to and complement other forms of analysis -in this case the range of studies produced by the EU and ACP that look into the future of the partnership16. First, it can be instrumental in getting a more subtle understanding of the reality than what can be obtained through formal consultations organised by official parties. Second, it may help to understand better the underlying factors behind successes or failures of ACP-EU cooperation. Third, the insights thus gained can be used to move ‘from analysis to action’: the identification of the most feasible reform options can inform the course of action and strategies of the different stakeholders.

16. A key methodological challenge of any PEA consists in delineating core questions that can usefully be examined. For this the following five questions were identified (see Box 1).

**Box 1: Core questions underpinning the PEA study of ACP-EU relations**

- What are the foundational (historical) factors (or building blocks) of the ACP-EU partnership and how have these evolved over time?
- How strong are these foundations today – in terms of facilitating effective collective and bargaining between parties – in view of major contextual evolutions in the EU, ACP and beyond described above?
- Who are the key actors, rules of the game, interests and incentives at work in ACP-EU cooperation processes and how does this affect the functioning and delivery capacity of the ACP Group, of the EU and of the partnership itself?
- What external trends, factors and processes influence/affect the ACP-EU partnership and its ability to produce concrete benefits to the parties involved?
- To what extent can the ACP-EU framework provided a suitable vehicle to contribute to realising the new universal agenda of SDGs and organising effective collective action around global challenges17?

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16 I.e. ACP commissioned studies include Babirus (2006); Van Reisen (2012); the report of its Ambassadorial Working Group (2014) and the Eminent Persons Group (forthcoming). The EU commissioned a series of roundtables (2015) while various member states commissioned their own analysis, such as Germany (DIE and ECDPM 2013); Sweden (2014) and the Netherlands (AirV 2015).

17 This fifth question is of a more prospective nature. The purpose of the ACP-EU partnership is to promote the development of ACP States. The CPA was not designed with a view to addressing global challenges. It would therefore not make much sense to assess the CPA performance on the basis of an agenda that it was not set up for. Yet the PEA can usefully focus on how the ACP-EU partnership has sought to deal with this upcoming global agenda (see below chapter 8). This could help to draw lessons on the conditions required for meaningful collective agenda around this agenda in the future.
4. Foundations of the partnership and evolution over time

17. The analysis of foundational factors is a standard component of a PEA study. They relate to contextual factors such as history, geography or deeply ingrained economic characteristics. In principle, these remain stable in the medium and even longer term. It is important to capture these foundational factors as they tend to have an ongoing impact, shape existing power relations, condition the behaviour of the actors and influence outcomes.

18. The purpose of this section is to analyse (i) the nature of the key foundational factors that made it possible to broker this ‘unique partnership’ between two blocks in 1975; (ii) the evolution over time of these building blocks and (iii) the current solidity of these foundational factors (2015).

19. Based on existing literature related to the evolution of the ACP-EU partnership, table 1 below gives an overview of the evolution of seven key foundational factors that underpin the ACP-EU partnership.

Table 1: Evolution of the foundational factors of the ACP-EU partnership (1975-2015)

<table>
<thead>
<tr>
<th>Foundational factors of ACP-EU cooperation</th>
<th>1975 (first Lomé Convention)</th>
<th>2015 (CPA and planned review)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Existence of asymmetrical relations between Europe and its formal colonies</td>
<td>✓ High level of asymmetry</td>
<td>Still high level of asymmetry of power, resources (as reflected in dominant position EU)</td>
</tr>
<tr>
<td>2. Level of dependency</td>
<td>✓ High levels of dependency</td>
<td>✓ Reduced dependency levels of several ACP countries ✓ Existence of alternative sources of funding (BRICS, Gulf States)</td>
</tr>
<tr>
<td>3. Geopolitical context</td>
<td>Call for a New International Economic Order (NIEO) ✓ Rise of strong coalitions of southern countries (Non-Aligned Movement, G77, OPEC)</td>
<td>✓ Globalisation ✓ Market economy as dominant model ✓ Multi-polar world ✓ Universal Agenda 2030 related to SDGs</td>
</tr>
<tr>
<td>4. Existence of common interests</td>
<td>✓ Strong common interests to conclude a post-colonial partnership (EC) and obtain aid and trade concessions (ACP) in the wider context of transforming international relations</td>
<td>✓ Dilution of common interests as a result of growing heterogeneity ✓ Shift from trade preferences to EPAs ✓ Both the EU and ACP seek to defend their interests in other fora</td>
</tr>
<tr>
<td>5. Bargaining power ACP</td>
<td>✓ Strong as result of cohesion of the Group, existence of a clear agenda, technical capacity and</td>
<td>✓ Limited bargaining power as a result of decreased cohesion and capacity to act jointly</td>
</tr>
</tbody>
</table>

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| political leadership | Unclear benefits resulting in reduced ownership and engagement |
| ✓ Capacity to negotiate beneficial deals (thus creating ownership and interest among members) |

6. Existence of alternative policy frameworks

| ✓ Limited set of alternatives |
| ✓ Proliferation of overlapping and competing policy frameworks that both the EU and the ACP can use |

7. Existence of binding (legitimating) narrative

| ✓ Strong reliance on colonial past provides historical legitimacy |
| ✓ Historical legitimacy watered down by integration of new member states on both sides |
| ✓ No new narrative to legitimate ACP and privileged position of the ACP-EU partnership |

20. Preliminary findings suggest that each of these factors has changed quite dramatically over the past 40 years and that the current ACP-EU construct therefore now rests on rather fragile foundations. This, in turn, has major implications for the political ability of both the ACP and the EU to effectively use the CPA as an instrument to broker political deals, undertake joint action in international fora, ensure the effective promotion of shared values or manage possible conflicts of interest (in relation to migration, policy coherence for development) as we will see in sections below.
5. Rules of the game within the ACP Group and its capacity to undertake collective action

21. The focus of this section is on the formal and informal rules of the game that have determined the functioning of the ACP Group since its inception. The Georgetown Agreement (1975) created a variety of ACP institutions to facilitate the relations with the EU. It also formally spelled out the values (e.g. ACP unity and solidarity) as well as the rules that govern the Group, including the role of the ACP Secretariat. Later revisions of the Cotonou Agreement as well as partnership agreements with the European Community led to the creation of additional institutions, some of which are jointly managed with the EU.

22. While formal institutions tend to capture the eye, in reality they thrive, like in any organisation, on the basis of what is less visible: beliefs, norms, cultural mechanisms and informal institutions and practices (linked to accessing power positions, resources, services or privileges). PEA takes particular interest in the interaction of these formal and informal rules of the game and how their interaction determines the achievement of policy outcomes.

23. First, this PEA perspective is applied to the functioning of key ACP and joint ACP-EU institutions. This is then complemented with three concrete cases that illustrate how the prevailing political economy conditions affect the capacity of the Group to deliver on its ambitions in:

- Promoting intra-ACP cooperation
- Forging an ACP identity in international fora
- Defending the interests of the ACP in the WTO

5.1. Overall functioning of ACP institutions

24. With the 1975 Georgetown Agreement, the 46 countries that founded the ACP Group of States created two key institutions: the Council of Ministers and the Committee of Ambassadors. These were to be assisted by a General Secretariat. In 2003, the revision of the Georgetown Agreement introduced the Summit of ACP heads of state and paved the way to establish an ACP Parliamentary Assembly that first convened in 2005.

25. During the Lomé I negotiations, the ACP Group convinced Europe of the need to have a permanent secretariat which would be co-financed by the ACP and the EEC. Considering its demanding dual mandate of servicing the Group and managing all-ACP development programmes, the Secretariat is small. The Secretariat’s current 75 staff members are co-financed by the EU and the ACP. When including the two trade experts based in the Geneva office and excluding the SGs and four Assistant SGs, a total of fifteen technical experts (with expertise on the three respective pillars of the CPA) are available at the Secretariat. The ACP states’ contribution to the financing of the Secretariat’s running costs, at the moment de facto 50% of its annual budget of 15 million euro, is unpredictable and plagued by frequent delays. Several states have accumulated significant arrears in their contributions. This however is not unique to the ACP and also applies to other international and regional organisations that many ACP states are party to.

26. While the ACP Institutions allow for frequent exchanges at the ambassadorial and technical level through the Committee of Ambassadors and its Sub-Committees and Working Groups, interaction at the political level is much less frequent. Between 1997 and 2012, the ACP Group has held six Summits...
of Heads of State and Government—which struggled to have adequate levels of attendance. The same problem of attendance affects the Council of Ministers that meets twice a year. In practice, the Committee of Ambassadors is the main decision-making body of the ACP Group. The Secretariat enjoys little autonomy. The Secretary General, for instance, requires prior consent from the Committee of Ambassadors for using the Secretariat’s travel budget. The SG can only add an issue to the agenda of the Council of Ministers if the Ambassadors agree.

27. This also affects the reflection process on the future of the ACP Group. A case in point is the draft report of the Eminent Persons Group (EPG) from December 2014 that proposes to bestow the Secretary-General with full executive authority and to create a non-resident Governing Board to oversee the operations of the ACP secretariat. The Committee of Ambassadors’ mandate would reorient towards a monitoring and liaison function. The Ambassadorial Working Group report, in contrast, suggests widening the mandate of the committee of ambassadors to roughly the same responsibilities as the Governing Board, while the report makes no proposals as to the SG’s mandate. The Council of Ministers meeting of May 2015, prepared by the Committee of Ambassadors, mandated the Committee of Ambassadors to ensure follow-up to the Ambassadorial Working Group report. The latter report was adopted in the Council in December 2014 and sent to the EPG for its consideration during the finalisation of its final report, currently planned for November 2015.

28. The strong position of the Committee of Ambassadors does not mean that it always behaves in an effective and results-oriented matter. On an individual level many ambassadors are dissatisfied with its functioning. The rules of procedure for the Committee of Ambassadors that currently apply date from 1981 when the Group had 46 members and foresee unanimity for decision-making. This often slows down decision-making and has in the past led to decisions being delayed or blocked by small groups of ACP states. Although its legal status and UN-recognition as an international organisation in principle enables the Group of Ambassadors’ engagement, in practice the member states involved tend to show a strong attachment to national sovereignty, thus constraining the Group’s capacity to self-organise and act.

29. While the Secretariat’s role and agency towards the ACP Group is limited, its responsibilities in managing intra-ACP cooperation through the EDF have increased since the signing of the CPA. Despite the considerable amount of resources involved (comprising over 20% of the 9th EDF and 12% of the 10th EDF) few evaluations have been carried out. As such it remains unclear to what extent the various programme have effectively facilitated sustainable intra-ACP cooperation (see below). The skewed incentive structure (primarily geared at managing EDF resources) also means there is less space, capacity and time available for dealing with the broader political agenda or the institutional development of the Group. This suggests that the power and interest configuration is such that the ACP states mainly regard the partnership as a convenient aid delivery mechanism.

5.2. Limited progress in intra-ACP cooperation

30. The ambition to foster intra-ACP cooperation has been around for a long time. It was reiterated in the revised Georgetown Agreement and still features prominently in the Report of the Ambassadorial Working Group on the Future Perspectives of the ACP group. Yet all available sources concur that practice has lagged seriously behind the intentions. Though valuable initiatives have been taken, internal cooperation within the Group has tended to be ad hoc and almost exclusively focused on EU policies and global issues—rather than aimed at enhancing intra-ACP cooperation.
31. To better understand this gap between stated ambitions and actual practice, the PEA zooms in on two key aspects of intra- and inter ACP cooperation: (i) the programming of the EDF-funded intra-ACP initiatives (focusing mainly on the 10th EDF) and (ii) the establishment of the ACP Inter-Regional Organisation Coordination Committee (IROCC).

32. Preliminary findings regarding the **programming of the intra-ACP envelope** indicate a move towards a more strategic programming approach from the 10th EDF onwards (leading for instance to the production of Annual Action Plans). On paper, there is a clear division of labour between the EU and the ACP in deciding on the use of the funds, with the onus being clearly put on the ACP in terms of ensuring a true intra-ACP focus. In practice, however, the ACP Group and Secretariat have played a subdued role in this exercise, and the EU has been largely in the driving seat (sometimes to the extreme of deciding unilaterally). In reality, only a limited number of programmes have allowed for the establishment and/or reinforcement of robust networking and experience sharing frameworks between ACP countries and regions.

33. Several elements explain this state of affairs. Some are linked to issues of limited experience with strategic programming and/or capacity constraints at the level of the ACP Secretariat. Others are of a more intricate nature. Preliminary findings clearly suggest that the **balance of power** is actually weighted in favour of the European Union. Yet the gap between policy and practice is also linked to the **interests of the ACP Group**. In practice, these are seen to prioritise ACP-EU relations at the expense of relations between ACP members. This, in turn, does not necessarily create the right incentives for the ACP Secretariat to ensure a strategic management of intra-ACP funds is made possible, or to articulate a consistent set of ACP interests and objectives. The Secretariat also lacks **authoritative power** as regards intra-ACP funds taking into account the primacy of the ACP Committee of Ambassadors (whose effectiveness is affected by rotation of its members).

34. Both under EDF9, EDF10 and EDF11 substantial budgets are made available at the intra-ACP level through joint management between the EU and ACP institutions. Despite taking up over 20% of EDF 9 resources and roughly 12% of the budgets for EDF10 and EDF11, the intra-ACP envelope has been under-evaluated compared to the regional and national programmes – both in relation to the concrete interventions funded but more importantly with regard to whether it furthers the overall aims of the CPA. In reality most of the budgets were used to contribute to the provision of global public goods, including peace and security through the Africa Peace Facility as well as contributions to the Global Climate Change Alliance. An independent evaluation observes a disconnect between what the countries want to cooperate on as a Group and the EDF funds managed by the Secretariat: “There is currently no example of an ACP state being mandated to represent the interest of the ACP Group of States in the governance structure of an international organisation or fund receiving Intra-ACP funding.”

35. The case regarding the ACP Inter-Regional Coordination Committee (IROCC) that became operational in 2011 is also interesting from a political economy perspective. On paper this was a laudable and timely initiative from an all-ACP point of view. The IROCC process aimed at fostering collaboration between ACP regions beyond mere aid management issues. It sought to foster a sense of belonging to the ACP family and promote regular interactions between the stakeholders and the adoption of common actions to challenges of mutual interest. The expected outcome was a better alignment of interests among regional organisations within the ACP Group. However, these promising dynamics unravelled quite soon. Despite the existence of interests among parties and the prospect of substantial benefits to be derived from an effective IROCC, the process could not be sustained.

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19 SACO (2013) Evaluation of the EDF Support through the Intra-ACP Cooperation, Brussels: EU
36. Capacity problems in the ACP Secretariat and the early termination of Secretary General Ibn Chambas’ tenure did not facilitate things. Yet there were more profound factors at work, including the limited commitment/interest of various key players (the new SG, the Committee of Ambassadors, the regional organisations involved) to get this process on track as well as the lack of clarity of the real benefits that could be obtained by engaging in this collective action (beyond the actual meetings).

5.3. Successful involvement of the ACP in the WTO

37. Trade is at the core of the ACP’s history and mandate as an international organisation. ACP members’ trade and development profiles compel the Group to assume active participation in the WTO. On the whole this involvement has proven to be successful in defending interests in specific areas. The Group also sees the ACP’s role in shaping the negotiations in the Doha Development Agenda as an important achievement. A recent ACP commissioned study posits that the ACP Group has secured tangible successes in the WTO in large measure due to the combination of its astute leadership, systematized coordination, support of a Geneva-Based ACP Office and the technical assistance mobilized from a variety of partners.20

38. The initial stage of WTO negotiations in which the ACP invested were characterised by a focus on a narrow, defensive slate of issues. Indeed, the ACP’s introduction to the multilateral trading system was first on the basis of the Lomé waiver followed immediately by the more than a decade long dispute settlement case on bananas. In the 2000s, as the Doha Development Agenda (DDA) was losing momentum and EU preferences were handled outside the WTO, the ACP adopted a more proactive approach which yielded important outcomes in terms of visibility, participation in influential (informal), or concluding deals (using the ACP’s numerical strength and strategic acumen) on specific issues.

39. Four key factors behind the ACPs performance can be identified:

- **ACP member state leadership.** The ACP group in Geneva consistently benefitted from the tactical leadership and technical competence of its successive convenors. Pragmatic and analytically strong leadership coupled with the Group’s strength in numbers led to strategic participation in important consultative processes.

- **Use of ACP focal points.** A group of 17 focal points complemented the work of ACP Ambassadors. These are technical experts working for member state missions or regional bodies such as the Organisation of Eastern Caribbean States (OECS) or the Pacific Forum. The decisive factor behind the contribution of these trade diplomats was their capacity to technically prepare for intra-ACP consultations and subsequent engagement with other WTO Members, providing an added incentive for members to pursue their interests through the ACP.

- **Technical assistance.** The ACP historically benefitted from technical support from a myriad number of actors, including UNCTAD, the Commonwealth Secretariat and South Centre. More recently, call-down technical expertise funded by various donors (including the EU) allowed for a qualitative change in the capacity of the ACP to table concrete policy proposals.

- **Contextual factors.** The start of the DDA in 2001 meant that the negotiating agenda looked at a list of development issues that were familiar to the ACP. Even though the negotiations reached a

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20 Lodge, J. 2014. A Study on Successes and Failures of the ACP Group Since its Inception
near standstill on several occasions, there were particular opportunities for the Group to advance their interests collectively.

40. ACP collective action in the WTO depended on the alignment of a number of key factors relating to the political environment (DDA) as well as the particular construct of negotiations in the WTO. It was able to mobilise technical and diplomatic capacity through its member states and use its numerical strength (with almost 40% of the WTO membership). When member states align on pursuing an issue through the ACP, the Group has shown to be able to proactively engage in trade negotiations and shape the outcomes.

41. The presence of an ACP mission contributed to this strategic and effective engagement of the ACP Group. However, despite having an ACP Secretariat satellite in Geneva, there is limited involvement of the ACP as a political body in its work in the WTO. This is partly because the negotiation mandate of its members comes directly from their ministries, a dynamic that is further reinforced by the prominent role of the ACP convenors and focal points that generally rely on their own mission's administrative and support measures.

5.4. The ACP identity in international fora

42. The PEA study also looked at the identity and impact of the ACP Group on the international scene. The establishment of the ACP Group in 1975 through the Georgetown agreement conveyed the Group's ambition to articulate, frame and contribute to international debates on development, trade, human rights, etc.

43. In spite of the ACP's strong aspirations, there is ample evidence that the Group has not been able to deliver on its promise of becoming an international political force. While the ACP maintains relations with a host of international organisations, in practice, the presence and impact of the ACP beyond Brussels and the WTO in Geneva remains very limited. The ACP group itself recognised this in the revision of the Georgetown agreement in 2003 and has repeatedly restated the ambition to strengthen its international identity.

44. The gap between the ACP's ambition and practice in the multilateral arena is due to historical, systemic and persistent political and institutional factors that underpin the ACP group's functioning:

- **Exclusive relation with the EU.** While the Georgetown agreement introduced an ambitious internationalist perspective for the ACP, the main task at hand remained managing the Group's relationship with the EU, more specifically implementing the Lomé Convention and organising intra-ACP coordination. This made sense in light of the successes emanating from the Lomé I negotiations, which reflected the Group's development aspirations through preferences and ambitious (now discontinued) mechanisms to compensate ACP agricultural and mining actors for fluctuations on the world market. Since 1975, the EU's foreign relations have changed fundamentally, gradually diminishing the political importance of the ACP Group on the EU's radar. Enlargement broadened the EU's geographic focus and important reforms in agriculture (CAP reform) and trade (EPAs) further eroded the EU-ACP development-focused coalition.

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21 STABEX (Lomé I) was a financial compensation scheme for ACP countries with the purpose of remediying the harmful effects of instability of export revenue from agricultural products. SYSMIN (Lomé II) was a similar scheme for mineral products. Both were discontinued under the Cotonou Agreement.
ACP co-constituent groups. In the initial years of its existence, the ACP benefited considerably from the G77’s political work of seeking a new economic order, but failed to establish an independent identity in the international fora. The G77’s influence has waned considerably as the tide shifted towards more economic orthodoxy with the Washington consensus. This made the establishment of a muscular ACP identity within the UN system even more challenging. While the ACP group enjoys observer status since 1981, today many regional groupings or other more specialised coalitions (e.g. LDCs and SIDS) are more active in the multilateral arena.

Political and institutional constraints. The fact that the group’s internationalist aspirations have been overtaken by other and overlapping coalitions is also linked to the limited institutionalisation of the ACP group and the constraints imposed by a slow-moving intergovernmental decision-making process. While the Georgetown agreement calls for legal personality, in practice, the ACP representatives are largely unable to speak for its members in international fora without the consent or explicit political mandate from the Summit or Council of Ministers. Similarly, the ACP secretariat’s executive power is severely limited, in that its members do not allow it any supranational powers. As such, it is limited to largely administrative duties, which it performs on request in a largely reactive manner. Furthermore, the ACP secretariat’s technical capacity has remained limited and is mainly diverted to operational matters managing Intra-ACP cooperation with a key focus on organising the many meetings required. This further restricts the group’s options in pursuing a strong position in global governance, and especially through the UN system.

Instrumental partnerships. The ACP has memoranda of understanding (MOU) with 23 entities, the vast majority of which are international organisations. They include the Commonwealth Secretariat, FAO, ITC, IMF, OIF, IOM, UNCTAD, UNDP, UNEP, UN-Habitat, UNIDO, UNESCO, UNISDR, UN Women, WCO, WHO and WTO. In practice, these MOUs tend to serve as mere requirements to access EDF-funded Intra-ACP cooperation projects. Because the MOUs were signed largely for instrumental reasons, the majority of them remain unused.
6. Rules of the game within the EU – How the ACP evolved from a privileged to a rather marginalised partner

45. The gradual withering away of the central position given by the EU to the ‘unique’ relationship with the ACP in its foreign relations is a factual reality. During the past decade, the whole notion of the ACP has become less visible in EU policy discourses and in the institutional framework of the EU (DEVCO and EEAS) as well as the most recent Treaty on European Union. It has de facto been supplanted by alternative frameworks such as the continent-to-continent EU-Africa partnership, regional arrangements, a more global approach to development cooperation and new EU development policies.

46. This section seeks to understand the political economy factors that explain this gradual marginalisation of an erstwhile so prominent partnership from a European perspective. This is linked to the main contextual changes mentioned above (section 1) as well as to the evolving foundations of the ACP-EU partnership (section 4). It is also related to the influence of formal and informal rules that determine the EU’s overall approach to the ACP group and how these have evolved over time in an increasingly complex political and institutional landscape. Below some key rules of the game are presented that impacted on the evolving EU approach to the ACP.

47. To further illustrate how these political economy factors work in practice, two specific case studies have been carried out. They deal respectively with the impact of globalisation and regionalisation on the EU’s external action and with the issue of how to apply the rule of ‘burden sharing’ in funding the EU’s development work in the various partner regions (including the political economy of the EDF).

6.1. Rules of the game within the EU and their influence on the partnership with the ACP

48. The ways in which the EU has dealt with ACP cooperation over the past 40 years are intimately linked to the evolving place and role of EC/EU development cooperation and external action in the European integration process. In the Treaty of Rome (1957) a space was carved out for Community actions in the field of development, which was effectively used in these early years by the Commission to establish relations with former colonies (first through the Yaoundé Conventions, soon followed by the Lomé Conventions from 1975 onwards). This process would bring along the gradual growth of a European development administration (the so-called ‘DG-8’) with its own vision, culture, methods of work and bureaucratic interests in an evolving European landscape. In the period from 1958 until 1984 the relation with the ACP was overseen by mainly French development commissioners in the period and managed by its own Directorate General, which was allowed to act in relative autonomy, with funds allocated outside the regular EU budget (EDF) and through quite personalized forms of interactions with the élites of the ACP countries.

49. Over time these rules of the game changed as new Member States came in (bringing along different visions on development and more rational-managerial modes of operation) and partnership agreements were concluded with other regions and countries of the world. The Maastricht Treaty and its successors consolidated the place of development cooperation in the Union while reinforcing (step-
by-step) the architecture for external action. The rules of the game changed drastically with the Lisbon Treaty (2008) and the resulting creation of the European External Action Service (EEAS) and function of the High Representative of Foreign Affairs and Security Policy/Vice-President of the European Commission (HR/VP). The Lisbon Treaty is a key indicator of the reshaped and expanded competencies for the EU in foreign policy. The stated aim is to ensure a more coherent, efficient and visible EU in the world. The responsibilities and powers of the EU institutions were enhanced relative to those of European Member States as a stronger collective action through the EU was seen to compensate for the relative decline of its individual Member States and loss of power in today's multipolar world.

50. Other (informal) rules of the game that have continuously impacted on ACP-EU cooperation are: (i) the principle of burden sharing among EU Member States with regard to the development funding channelled through the EU for its different partnerships (a principle that now also manifests itself in the tense debates on how to manage and fund the migration crisis in the EU); (ii) the need to reconcile the values promoted by the EU (as a norm entrepreneur) in external action with the pursuit of various political, economic and security interests by the Union and its members; and (iii) the fragmentation of EU development cooperation (considered as a field where the Union and Member States have parallel competence) resulting in a proliferation of actors and an often limited ownership by Member States of the ‘European’ part of the system (including the cooperation with the ACP).

51. It is also interesting in a PEA study to identify the various EU institutions and players that formally relate to the ACP, their core interests, weight and influence on decision-making and strategic position in the debate on the future of ACP-EU cooperation. Table 2 below provides a basic actor analysis with regard to the relationship with the ACP (as of today). Yet obviously in any overview table important nuances can be lost and further refinements may be needed.

**Table 2: Basic actor analysis**

<table>
<thead>
<tr>
<th>Institutions/Actors</th>
<th>Core interests</th>
<th>Weight and influence</th>
<th>Strategic position on future ACP-EU relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEVCO</td>
<td>Taking the lead in ensuring a privileged and dedicated development policy framework with the ACP Group of countries</td>
<td>The major EU institutional player on both ACP-EU and EDF with major influence on agenda setting and implementation.</td>
<td>ACP-EU relations should be modernised but maintained as a dedicated system where DEVCO retains influence within EU.</td>
</tr>
<tr>
<td></td>
<td>Retaining primary control of development resources by managing and implementing resources channelled to the ACP through the EDF.</td>
<td>The EC (primarily DEVCO) has the right of initiative on proposals for external action instruments and hence decisions regarding the future of the EDF budgetisation and maintains a lead role in agenda setting on the EU negotiating position.</td>
<td>Dedicated financial resources should be as large as possible for development reasons and the preservation of influence in the myriad of competing EU interests.</td>
</tr>
<tr>
<td></td>
<td>Bureaucratic/development interests in maintaining largest possible size of resources for ODA/development/EDF.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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24 See van Seters and Klavert (2011) for a more detailed overview of the post-Lisbon arrangements for EU external action.

| **TRADE** | Furthering EU trade interests globally.  
Retaining DG TRADE’s central position in trade related issues.  
Ensuring effective implementation of EPAs (with EU aid as incentive). | As trade is a full EU competence DG Trade is widely perceived as more influential than those DGs dealing with competences shared with EU member states, such as DEVCO. | The CPA remains the framework agreement for EPAs, which refer to the objectives and essential elements of the CPA.  
It is mainly from the point of view of what matters for EPAs that DG Trade will engage in post-Cotonou discussions. |
|---|---|---|---|
| **EEAS** | Furthering EU economic, political and security interests while also ensuring some reconciliation with value agendas.  
Assuming a more central and influential position in the EU’s external relations and a growing regional and global role for the EU.  
Retaining useful elements of the CPA to pursue EU external relations interests. | EEAS is somewhat squeezed between Commission and EU member state interests.  
EEAS wants strong political relationship with ACP states, but the ACP construct is not part of EEAS heritage or structures.  
EEAS Council Decision (2010) and Working Arrangements (2012) provides EEAS with shared responsibilities with DEVCO in EDF programming. | Interest to keep good relations with major EU institutional player on ACP-EU and EDF (the Commission) while moving EU external action towards more coherence and extending its own influence.  
Keen to retain certain aspects useful to political and security interests such as African Peace Facility funded under EDF if alternatives are not available / articulated. |
| **Other Directorates (including Secretary-General Office)** | Retaining specific articles of CPA that may be useful for them.  
Ensure maximum amount of Commission managed resources as possible.  
Interests may grow with Agenda 2030 as they will be more involved in international cooperation. | Limited influence when compared to DG DEVCO and DG Trade. | Align behind overarching Commission formulated position (led by DEVCO).  
Ensure maximum size of Commission managed financial resources. |
| **European Parliament** | Ensuring greater role for itself through ‘democratic oversight over management’ of all EU resources including any future EDFs.  
Retaining forums that privilege Parliamentary interaction. | Currently not directly involved in EDF negotiations nor party to post-Cotonou negotiations. | To be involved in the oversight and influence of EDF – ACP-EU resources or any successor finances in the future.  
To retain privileged parliamentary forums (e.g. JPA) which partly goes against its budgetisation interest. |
D(EVE) Retain maximum amount of resources for ODA/development which may be interpreted as being against budgetisation.

| **Member States (See section 6.2-6.3).** | Influencing geographic and thematic focus of Commission managed funds for external action including EDF at the general and specific level (related to own foreign policy and development interests). Limited commitment to continue ACP-EU Partnership among EU-13 as well as with other Member States. Influencing the amount they pay into EDF vis-à-vis other items within the EU budget. Have to ratify any legal agreement. | Currently maintains large influence on EDF negotiations. Member-states who pay more into EDF have more influence through its management committee. | Negotiations on ACP-EU and the EDF should be seen in light of MS interests in wider EU budget negotiations and the amount they want to contribute to the EDF and the geographic and thematic focus of ODA. |

52. The Commission DGs and EU services have sophisticated and a host of formal and informal mechanisms to ensure alignment and the emergence of a clear position vis-à-vis other EU institutions, member states, and third parties. While the nature of formal and informal inter-service consultation can be robust it is rare that the DG with the largest stake in position is not “in the driving seat” despite divergent interests and direction from the EC’s Secretary-General’s office and College of Commissioners. The emergence on the scene of the EEAS has complicated this consultation yet has not fundamentally changed it. Indeed the Commission would be highly unlikely to cede leadership to the EEAS on the future of this dedicated strategic framework. This is because the ACP-EU framework directly governs large amounts of financial resources (EDF) that can only be administered by the Commission and also has a related Commission competence (Trade) directly associated with it.

6.2. Globalisation and regionalisation in EU external action: what does it mean for ACP-EU relations?

53. The starting point of this case study is the hypothesis that the pursuit of Europe’s collective international interests and of individual EU actors is increasingly driving the EU to engage with both a wider global group and also with more focused regional groupings than that offered by the ACP-EU. To assess whether there is validity to this assertion the analysis looked at the major interests of actors, indicators to illustrate a move to more global and regional groupings and provides an analysis of why this may have occurred. To this end, it reviewed the EU actors and institutional setting and the policies, frameworks, strategies and partnerships between the EU and the regions of the ACP, but also in relevant areas beyond the ACP, and how they have changed since 2000.
54. Preliminary findings first confirm that the globalisation and regionalisation dynamics are a critical driving force behind the evolution of EU external action. Available evidence suggests that an increasing regionalist approach exists within a globalist approach of expanding EU external action. The Lisbon Treaty from 2009 is seen as an important factor which reshaped and expanded competencies for the EU in foreign policy, seeking to bring different strands of external action closer together. Clearly member-states and the EU institutions have seen a value in promoting and developing a global approach to international cooperation worldwide while at the same time an increasing regionalised approach to EU external action.

55. This has had significant consequences on ACP-EU relations. One result is that ACP matters are increasingly spread across different units in the DEVCO and EEAS and no longer act as a vector or focal point for EU development cooperation nor the full extent of EU external action concerns in regions within the ACP (e.g. West Africa or the Caribbean). It also reintroduces a longstanding division within the EU. While Member States like France have held fast to the privileged ACP-EU partnership, other Member States such as Sweden, the Netherlands or Germany have advocated moving away from the exclusive EU-ACP relationship in favour or an overall European development cooperation involving all developing countries. The ‘regional’ approach towards the ACP is based on the recognition of historical and strategic linkages with former European colonies can be contrasted with a ‘global’ approach towards developing countries, which is concerned with poverty reduction.

56. Second, these trends have led to a myriad of new partnership agreements:

- Within the ACP framework. Over the course of the past 15 years since the Cotonou Agreement was signed, the EU and ACP member states have signed a number of complementary, yet sometimes overlapping in terms of content, agreements with sub-regions of the ACP. In particular, the EU-Africa relationship has seen a renewed partnership discourse, leading to the creation of the Joint Africa EU Strategy (JAES) in 2007. The emergence of the African Union and the Joint Africa-EU Strategy, but also other frameworks such as the Joint Caribbean-EU Strategy are also seen to exemplify an increasing (sub-) regional approach of the EU to address global foreign policy, security, trade and development concerns within the ACP region. While these regional frameworks may still be fragile and criticised in lacking means of implementation, combined with a number of sub-regional geographic strategies towards Africa they present examples of more geographically focussed strategies in the EU’s external action. The Caribbean-EU strategy and efforts towards a renewed EU partnership with the Pacific region clearly have not experienced significant traction over the years when compared to the JAES - EU Member States collective interest in the Pacific and Caribbean being of a lesser nature than that devoted to Africa.

- With a wide range of “strategic partners”. Over the last decade, the EU has set up strategic partnerships with a range of important countries, however the category of strategic partnerships remains ill-defined and as such the EU has not yet been able to outline what sets strategic partners apart from other partnership and what strategic partnerships should contain.  

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26 See for example, Mario Telo and Frederik Ponjaert (ed.) 2013. The EU’s Foreign Policy: What Kind of Power and Diplomatic Action?. Farnham; Ashgate Publishing
27 See Arts and Dickson (eds). 2004. EU development cooperation: from model to symbol? Manchester University Press.
28 Strategic partnerships have been agreed between the EU and Brazil, Canada, China, India, Japan, Mexico, Russia, South Africa, South Korea and the United States. See for example Grevi and Khandekar. 2010.; or FRIDE’s European Strategic Partnerships Observatory for more information.
Induced by security concerns. Another trend towards increasingly regional approaches to EU external action are seen with the regional strategies, which have been adopted from 2011 (Sahel) until the most recent in 2014 (Gulf of Guinea) aim to address the security and development nexus. A number of EU Special Representatives (EUSRs) have also been appointed to some of these regions to promote EU’s foreign policies and interests and play an active role in efforts to consolidate peace, stability and the rule of law.

57. Third, the strengthening discourse on partnership is seen to reflect a broader trend in EU foreign policy as a response to increasing competition from Brazil, Russia, India, China and South Africa (BRICS) and other emerging nations. However, another key interest which is increasingly evident is the link between security and development agendas which have been underlined in various EU policy documents ranging from the European Security Strategy of 2003, to the European Consensus on Development of 2005 as well as in e.g. the JAES of 2007 and various Communications and Council conclusions most recently on the Comprehensive Approach.

58. Fourth, the downside of these evolutions is the proliferation of overlapping and possibly competing EU policy frameworks, which inevitably lead to inefficiencies, higher transaction costs and above all impinge on the overall coherence of the EU external action. Africa provides a case in point, as Europe is currently managing its engagement through a continental framework (JAES), through increasingly important partnerships with regional bodies (RECs) as well as through the ENP (North Africa), the CPA and a strategic partnership with South Africa. There is also a resultant proliferation of EU committees dealing with the EDF and DCI separately (even though the DCI also includes the Pan African Instrument). In this context, it seems to be in the interest of the EU to seize the opportunity of the review of the CPA to consider a rationalisation of these policy frameworks and the resultant linked bureaucratic structures.

6.3. The EDF and EU Actors’ Interests

59. The question of the EDF and its possible budgetisation will come back in the review process. It is an interesting area to observe from a PEA perspective as it allows going deeper into the question of the interests of the various EU actors.

60. A first question to consider is: why is this an important issue to understand EU dynamics/rules of the game and what is it all about? Some pointers to clarify things:

- The EDF is currently one of the most tangible and significant aspects of the ACP-EU relationship, yet some major decisions around the EDF involve only European actors. Indeed despite the joint management structure of the Cotonou Agreement, the EDF decision-making procedures highlight the power of the European Commission who administers it and the EU member states who fund and decide on the overall size of the EDF. Therefore the EDF like other aid modalities is inherently constrained to a donor-recipient asymmetry.

- The ACP has no official say over the initial major allocation decisions of the EDF across countries and regions as long as these decisions do not breach any provisions of the Cotonou Partnership Agreement. Yet they are nominally co-deciders on how the financial envelopes are spent within a country or region. Other ECDPM research indicates that even this is very unevenly applied.29

- Because the EDF is currently negotiated and managed outside of the EU budget, the EU member states negotiate amongst themselves with the European Commission (without involvement of the

European Parliament) along a ‘voluntary’ contribution key, which differs from that used for EU budget contributions. The contribution key of the 11th EDF meets the difference between the EU budget key and the 10th EDF key halfway, with the stated aim to facilitate the future integration of the EDF in the budget. The EU’s intention to do so was communicated through the overall agreement around its Multi-Annual Financial Framework for the period 2014-2020, yet whether it will still remains in question.

- This discussion of integration of the EDF into the EU budget, its so-called ‘budgetisation’, has regularly been brought up over the past decades yet it has thus far not been possible to reach an agreement on this meaning the status quo has prevailed. The most recent serious attempt took place more than a decade ago, when the Commission published a Communication on budgetisation and drafted a legal basis for the integration of the EDF into the Development, and Economic Cooperation Instrument (DCEI).

- The evidence of the last EU budget negotiations and most recent budgetisation debate as well as earlier attempts provide interesting insights into the interests at play behind negotiations regarding the EDF. The position of parties regarding ‘budgetisation’ has not been constant with positions shifting over time as interests of the EU parties have shifted and been reassessed. The rationale for an EDF linked to ACP-EU relations exclusively if there is no follow-up to CPA would be tenuous. Yet whether an EDF inside the budget would be able to maintain the total size of financial resources of Commission administered ODA is a point of discussion given some Member States’ position on no growth to the overall size of the EU budget is open to question.

61. In order to examine the political economy factors at play, a specific analytical framework was developed. The EU cannot be seen as a monolithic actor, nor simply as the sum of a group of states and institutions. The interplay between EU institutions and actors, national member states and even differing administrative cultures and interests within national systems (Finance Ministries and Ministries of Foreign Affairs/Development, Interior, etc.) must be taken into account to fully understand how the ‘European position’ emerges.

62. In order to analyse the underlying drivers which push and pull against each other to shape a European position on the EDF (and the future of ACP-EU relations post-2020), four interrelated and not exhaustive dimensions may be considered:

- A financial dimension based on the premise that actors may operate with an underlying financial logic based on whether they will contribute more or less to the ACP-EU partnership funds via the EDF. This is also in relation to other amounts in the overall EU budget negotiations, as well as part of the typical ‘mercantilist’ approaches to Member State engagement in the negotiation of the EU budget (putting as little in as possible while seeking to get as much out for their own priorities).

- An influence dimension based on the premise that EU actors may have perceptions of more or less control over the way in which the EDF is managed within or outside the EU budget as a dedicated instrument or not. EU decisions are made in the EDF committee, in which Member

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32 For instance, after the adoption of the CPA France has asked DG DEV to study inclusion of the fund in the Community budget and was thus a key factor in the Commission’s decision through its right of initiative to propose budgetisation in 2003. Source: Claeyts, A. (2004) ‘Sense and sensibility’: the role of France and French interests in European development policy since 1957, in: Arts, K. and Dickson, A.K. (eds.) EU development cooperation From model to symbol, Manchester University Press
33 One example of a typical non-development rationale is that keeping the EDF out of the budget was seen as a means by MS that are net-contributors to the EU budget to keep the overall size of the EU budget below lines they established in the national political debate.
States have more influence compared to similar management committees for financing instruments funded through the EU budget.

- **An effectiveness/efficiency dimension** based on the premise that actors may have varying positions on the EDF in terms of both administrative efficiency of the EDF’s particular management system but also in terms of the effectiveness of the EDF with regard development impacts compared to other development instruments. For instance, DFID through its multilateral aid review in 2011 has assessed the EDF to provide more ‘value for money’ than EU budget financed cooperation.34

- **The geographic/thematic focus dimension** based on the premise that actors have differing positions on the relevance of the geographic focus of the ACP grouping and whether other geographic or thematic focus should be prioritised. Proponents see the EDF as effectively ‘protecting’ a given budget to the ACP countries.

63. Preliminary findings suggest the following:

- **Fundamentally the EDF exists as the main financial instrument funding the ACP-EU partnership yet its future as currently set up is intrinsically linked to the EU side of the partnership and EU and member states separate as well as collective interests. Therefore the EU internal negotiation on the next EU budget period for which positioning will start soon will also have an impact on the future of ACP-EU relations post 2020.**

- **The case study highlights that a multi-layered analysis of the European position on decisions regarding the EDF must take into consideration that:**
  o EU Actors’ formal positions are the result of an internal process of weighing needs and interests which may differ between actors, but also within internal departments of each actor (e.g. between the Ministry of Finance and Ministry of Foreign Affairs in an EU member state, or between EEAS and DEVCO within the EU institutions).
  o EU Actors’ positions on the total amount available for the EDF/development and issues such as budgetisation are often driven by wider negotiation positions on the overall EU budget rather than specific considerations of the EDF, development or ACP-EU relations.
  o Decisions regarding the EDF have consequences both in terms of what it means for EU member state actors individually, what it means for the EU as a whole, as well as what it means for ACP actors. Decisions are normally also informed in that order.
  o Questions regarding the EDF are linked to and should not been viewed separately from the actors’ positions on a future ACP-EU relations in a post-Cotonou framework, or funding and supporting EU external action and the EU budget more widely.

64. A few questions for the ACP-EU debate emerge from this analysis:

- The discussions about the EDF must be seen in the light of wider discussions about ‘Europe in the world’ and the multiannual financial framework (MFF) discussions - in particular in relation to Heading IV (Global Europe). Juncker’s Commission which will take this debate forward for the next 5 years has been given the mandate to ensure coherence in EU external action and the review of the Cotonou Agreement and the EDF is an opportunity to ensure just that. The factors that drive the resistance or push to change are connected to the issues outlined but in order to frame a

strategic debate, stakeholders should not be afraid to think radically different about the ACP-EU partnership and the EDF itself.

It must be noted that the Commission has the legal right of initiative when it comes to proposing external action instruments and their size, i.e. a decision to budgetise the EDF can only be initiated by the European Commission. Therefore, as it last did in 2003, the Commission must make a proposal and Member States must negotiate for example to budgetise the EDF or not, but also on what the format of any ‘within budget’ successor to the EDF might be. The Commission is therefore a key actor in enabling any significant changes to the EDF to adapt it to a new reality, and as per the current MFF agreement the Member States are expecting it to do so. Yet the Commission could also make the case once again that conditions were not optimal to move the EDF inside the budget if it didn’t see it in its interests to do so.

This draws up a picture where EU Member States negotiate financial allocations and the Commission is the actor who can propose innovations - what may be the interests/incentives/disincentives driving these linked up proposals? Would a dedicated financial instrument to the ACP countries still be considered the most appropriate way to allocate and manage resources for effective outcomes beyond 2020 - particularly if the economic status of ACP states improves? Are other options to move certain items inside and keep others outside of budget possible?

7. The ACP-EU Partnership in Practice

65. The next step of our analysis is to look at how all these elements together affect the CPA partnership in practice. There is no shortage of formal rules that govern the ACP-EU partnership. The Preamble and general provisions chapter of the CPA specifically outline not only the fundamental principles and shared values, including the principle of reciprocity but also the provisions for political dialogue, joint institutions, the ‘co-management’ of the EDF.

66. Existing research and evaluations suggest there is often a major gap between these formal rules and actual practice of engagement and cooperation. To better understand that gap, the study looked at three specific elements of the ACP-EU partnership:

- Political dialogue on shared values (through Article 8-9 and 96-97 of the CPA);
- The practice of ‘co-management’ of EDF resources; and
- The functioning of joint institutions.

7.1. Political dialogue on shared values

67. The ACP and the EU share a long history of political dialogue that precedes the CPA. In the 1980s, the European side began to insist on strengthening the political dimensions of the partnership, particularly on human rights. This initially met with heavy resistance from the ACP Group, based on the principles of non-interference in internal affairs and neutrality that until then had characterised international cooperation. The successive Lomé Conventions however gradually integrated more and more references to democracy and human rights as ‘essential elements’ of cooperation as well as provisions for possible sanctions in case of violations. This marked a clear trend away from non-interference towards conditionality and value-driven cooperation. In the area of development cooperation, this also meant a shift from historical entitlement to a performance-based partnership and increasing differentiation between partner countries based on their domestic politics.

68. The CPA further reinforced the ‘political dimension’ of the ACP-EU partnership by making it one of the three main pillars of the agreement, underpinned by political dialogue (articles 8 and 9) and the non-execution clauses (articles 96 and 97). The CPA does not give detailed guidelines for this political dialogue, as it is intended to be flexible and include both formal and informal processes, according to the context and needs. In principle it also allows for other actors than central governments (e.g. civil society, private sector, parliamentarians) to be involved. The focus of the dialogue provisions is on positive conditionality and preventive measures. Only when all political dialogue has failed, sanctions may apply.

69. European policy-makers from different walks of life (i.e. Commission, EEAS, EU Delegations Member States) tend to highly appreciate this legal and institutional architecture of the CPA to engage with the ACP around shared values, which is often perceived to be ‘unique’ compared to other EU policy frameworks with partner countries or regions. EU Delegations and EU member state missions

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36 This cannot be seen in isolation from the geopolitical and EU integration context of that time. Following the end of the Cold war, democracy and human rights became a new leitmotif in the emerging EU foreign relations, which fully suited the EEG’s ambition to establish itself as a global political player. A role which it formally took up with the Maastricht Treaty in 1993, which also introduced CFSP as one of the pillars of the EU.

37 Article 12, which allows the ACP to enter into dialogue with the European Community on European policy processes that may affect their interests, can also seen as part of the political dialogue. Formal use of the Article by the ACP Group since the adoption of the CPA is however very limited and is therefore not included in the analysis.
generally see political dialogue as a useful *diplomatic instrument* to access the political level in a confidential yet structured setting, where sensitive issues can be discussed.

70. EU Delegation staff involved in the practice of political dialogue, however, report a mixed track record with regard to actually applying these provisions across the ACP (corroborated by several studies and reports)\(^38\). However, in the emerging debate around the future of the ACP-EU cooperation, different EU stakeholders have expressed the view that this is nonetheless a key part of the ‘acquis’ that can only be maintained through ensuring the continuity of the existing ACP-EU partnership.

71. This study looks beyond the normative and legal basis in order to better understand the practice of political dialogue since 2000\(^39\) and its overall effectiveness. The following key points regarding the implementation of the CPA provisions on political dialogue are worth noting in the framework of this progress report:

- Many ACP interviewees involved in this type of dialogue see article 8 as a periodic obligation. Others experience it as a one-sided performance review rather than an open discussion on issues of mutual concern. Involvement of civil society organisations and other actors (e.g. parliaments) is rare and depends mostly on the initiative of the EU to consult these actors. In many ACP countries the political dialogue has been more or less ‘neutralised’ by turning it into ceremonial or overly formal events. In some cases governments send a high number of dignitaries and senior staff from the administration, confirming the dialogue’s high importance but effectively pre-empting conditions for a frank and open political dialogue.

- The effectiveness and impact of the dialogue largely depends on contextual and political conditions. Even though article 8 is a legal obligation, the willingness of all parties to engage in a constructive manner is a *conditio sine qua non* for it to have any added value or to even occur at all. While in principle, political dialogue takes place in a spirit of partnership, there is a sense in several ACP corners that the EU’s normative credibility has now run its course, which may help to explain why a growing number of ACP countries tend to abstain from engaging in political dialogue,

- The option to apply appropriate measures under article 96 furthermore is firmly rooted in the assumption of financial dependence of ACP governments on EU assistance. While budget support is still an important support modality, the general aid dependence of ACP countries has dropped dramatically since 2000. In 2009 the average EDF share in ACP countries government expenditure was 2.8%, most of which accounts for African countries. In addition the number of high and middle-income countries in the ACP has risen from 31 (2000) to 50 (2015) (see Annex 3) This reveals the limited and in some countries negligible financial leverage of the EU.

- Strategic, security and economic *interests* on both sides have a significant impact on the agenda and potential for political dialogue on human rights and democracy and tend to undermine the normative power of the EU in many high-profile countries\(^40\). At the same time, the Lisbon Treaty

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\(^{39}\) Since 2000, the EU has significantly upgraded its foreign policy. In the past five years it not only established a mature diplomatic presence in most of the ACP, it also adopted a more sophisticated approach to supporting human rights and democratisation in third countries, and is targeting a much broader range of actors in partner countries to this end. Official (formal) article 8 dialogue is therefore now only one of the available avenues through which the EU maintains political dialogue with partner countries

requires the EU promotes its core values through external action. The European Parliament is increasing its profile as a ‘guardian of the Treaty’ in this sense. The EU fundamental values discourse however has little effect on many authoritarian regimes and the primacy of ‘hard’ interests and stability over ‘soft’ power often highlights the inconsistency between what is formally agreed and the reality of foreign policy.  

- The CPA’s legally binding nature and detailed consultation procedure make it difficult to compare its non-execution clause (article 96) to other EU cooperation frameworks. However, the track record of article 96 procedures is mixed at best. The rare positive experiences are determined by (i) a strong partner country willingness to engage and (ii) a coherent response from the entire international community. In most cases either or both of these conditions were not present, and as a result, ‘appropriate measures’ failed to produce a positive response. This has led the EU to adopt over time a more pragmatic approach whereby the option of invoking Article 96 is reserved for cases in which it feels it can realistically influence decision-making. In practice, however, this selective, context-driven application of article 96 is often perceived as inconsistent.

- From the ACP side, article 96 is mostly seen as a punitive and cumbersome process. Inconsistent use of the clause gave rise to a strong sense that the EU uses a double standard and targets certain regimes while absconding others. Research confirms that the use of article 96 has been inconsistent since the very beginning. Hard EU and member state interests can dilute the EU’s normative position in countries that are of high strategic or economic importance. Moreover, individual EU member states with a strong historical link to particular countries have in a number of cases either prevented the use of Article 96 or even compensated the suspension of cooperation with increased bilateral support. In other cases (e.g. Zimbabwe, Burundi) member states with strong ties have invoked the clause primarily to satisfy internal demands.

- The ACP as a political group only gets involved in the case of a formal consultation procedure when the EU invokes the non-execution clause of the CPA. Even this limited role has been diluted by the regionalization process, particularly in Africa (with the AU taking over the job). The ACP Secretariat and Brussels-based Ambassadors have increased the issuing of communiqués following particular events in ACP countries, such as natural disasters or coups d’état, but these are perceived to be of low symbolical weight compared to other regional actors.

- In broader terms, the idea of political conditionality through financial leverage as a means to incentivise or coerce democratisation is in need of a thorough review. The EU has tried both positive (e.g. Governance incentive tranche) and negative conditionality (suspension of aid) in its advocacy for political values, but major success stories are hard to find.

- External factors further reduce the relevance of the CPA’s political conditionality provisions. Western donor agencies have since long lost the moral monopoly on democratisation and human rights. In Africa in particular, the AU and RECs are taking up the baton of normative entrepreneurs. The AU’s growing competences in the field of peace and security and its emerging African Governance Architecture built on the African Charter for Democracy, Elections and Governance

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41 In certain countries with large EU aid envelopes for example, there is a strong performance drive from the managers “to spend” planned budgets without getting bogged down in risky dialogue on political concerns.

have the potential to gain greater legitimacy than foreign demands. ACP countries also increasingly benefit from relations with partners that are not based on political values and therefore can seem more favourable.

The decision to refrain from a third review of the CPA was partly motivated by growing tensions between the EU and the ACP – Africa in particular – around several issues. This was already the case in 2010 with the ‘agreement to disagree’ on the revision of article 13 on migration, and the reluctant response by many African countries to the EU’s wish to facilitate readmission of migrants. Other aspects concern the International Criminal Court, legislation adopted in ACP countries with the aim to restrict the environment for civil society, and LGBTI rights, which in particular the EP is increasingly promoting.

7.2. Co-management of the EDF

Co-management is a core principle of the Lomé-acquis that has been retained in the CPA. The development philosophy behind this rule is that co-management is key to ensuring ownership of the development process by the country.

To jointly manage EDF resources, a system of ‘National Authorising Officers’ (NAOs) was put in place. The NAO, generally under the Ministry of Finance, represents the government in all EC supported programmes; it works in close harmony with the EU Delegation, and is responsible for coordination, programming, regular monitoring and annual, mid-term and end-of-term reviews, in coordination with the appropriate stakeholders, including non-state actors, local authorities, and where relevant ACP parliaments. Much of an NAO’s work consists of day-to-day managerial tasks such as putting contracts out to tender, authorising expenses, and making the necessary adjustments to ensure that projects and programmes are properly implemented. NAOs also play an important role in articulating the government’s position and liaising with line ministries.

The need to ensure ownership of the development process is now widely recognised as a condition for sustainable impact (Paris Declaration, Accra Action Agenda, Busan Outcome Document). In this light, the CPA’s co-management principles and structures were clearly ahead of their time. Whatever the outcome of the CPA review, future cooperation arrangements will also be built on this principle. The real challenge, however, is to effectively foster country ownership of external support. The actual practice of ‘co-management’ under the CPA reveals a rather sobering picture:

The NAOs are mainly devoted to dealing with EU procedures. In the original version of the CPA, Articles 35 and 36 of Annex IV defined in a detailed manner the responsibilities and specific tasks attributed to both the NAO and the Head of Delegation. The revised version only provides details on the tasks attributed to the NAO, all linked to the "preparation, submission and appraisal of programmes and projects", while the clauses related to the Head of Delegation are limited to working in close cooperation with NAOs and "informing the national authorities of Community activities which may directly concern cooperation". The principle of co-management is in fact reduced to managing EDF resources in line with EU procedures, but is disconnected from decision-making, which remains in the hands of the EU.43

Programming remains largely EU-driven. The decision on the overall amount of money available for the ACP as well as the allocation of resources to the respective countries and regions

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(through their National and Regional Indicative Programmes) is the sole responsibility of the EU. Yet also at the level of the programming process, there is solid evidence that key choices are made by the EU -following a top-down approach, NAOs are often overruled in the choice of priority sectors, aid modalities and implementation choices. In the programming process of the 11th EDF, for example, EU policy priorities superseded partner priorities in many countries, particularly following the unilateral decision to gradually withdraw from the transport sector. In short, practice shows that the EU’s commitment to country ownership is difficult to reconcile with ensuring a high degree of compliance with EU policy priorities and aid management preferences44.

✓ **NAOs do not always act in the interests of line ministries.** Preliminary findings show that NAOs often tend to centralise power and sometimes even marginalise line ministries in decision-making. The use of Programme Estimates is a case in point: NAOs often prefer this modality as it gives them a prominent role (and control over resources) despite the fact that it draws significantly on the resources of line ministries. NAOs are responsible for coordinating relations with the EUD, but there is no clear division of roles with line Ministries. This can be detrimental to the principle of subsidiarity and overall functioning of the government, and also impact on the quality of interventions and policy dialogue at sector level.

✓ **Perverse side effects of co-management.** In authoritarian countries the principle of co-management is often invoked to block progressive programmes related to democratisation, justice or civil society. In countries with poor governance, the NAO format can be a source of corruption (particularly in procurement). Another perverse effect, particularly noticeable in countries with a weak administration, is a tendency for the EU Delegation to largely take over the responsibilities of the NAO with a view to accelerate the implementation of the programmes. In many countries the NAO offices are in fact parallel structures (or project implementation units) run by technical assistants, which focus primarily on dealing with complex EDF procedures and administrative requirements45.

75. Comparative analysis furthermore suggests that the CPA system of ‘co-management’ is not unique. The principle of having a ‘focal point’ (or homologue) within the central government of the partner country also exists in other cooperation agreements, including those of EU member states. In practice, these focal points share largely the same powers and competences than the NAO (in terms of programming, tendering and procurement, follow-up of implementation, link with sector ministries, etc.). The way in which the NAO system is generally organised, can even be a disadvantage for the EU in many cases. Where other donor agencies will engage directly with the line ministries, or the ministry of finance, the EU’s first point of entry will be the deputy NAO, which can act as an administrative gate-keeper, which tends to complicate the EU’s access to political decision-makers.

76. While the CPA’s model of co-management of development cooperation was ahead of its time, the practice of country ownership has been diluted in its institutional implementation. The NAO-model has been largely reduced to a procedural function to manage complex EDF programmes, and the key strategic decisions with regard to EDF funding remain largely dominated by the EU and its institutions. The practice of an NAO office, usually funded by the EU, can even be seen as in conflict with the Paris Declaration, which discourages setting up structures with an exclusive aid delivery mandate. In many ACP countries, the practice of co-management is therefore an administrative interface, much more than a joint strategic function.

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44 Ibid.
45 Ibid.
7.3. The Joint Parliamentary Assembly

77. Within the political pillar of ACP-EU cooperation, the Joint Parliamentary Assembly (JPA) is called upon to fulfil three main roles: (i) advocating the empowerment of ACP national parliaments; (ii) promoting democracy and human rights; and (iii) monitoring the implementation of Cotonou.

78. Independent research on the JPA’s functioning concludes that its contribution to fulfilling the three above roles is limited due to its actual capacity of a consultative body without legislative powers. ACP and EU participants also differ in what importance they attach to each role, with ACP participants valuing Cotonou monitoring over the other two, while European participants tend to focus on democracy and human rights (which ACP participants actively resist). Different EU member states have in recent years declined to host the JPA plenary for various official reasons, which both ACP and EU JPA participants regard as signals that EU member states do not value the JPA.
8. Who owns the ACP-EU partnership?

79. This question merits particular attention in the upcoming review for two main reasons. First, recent studies and reports\(^\text{46}\) have argued that the ACP and related partnership with the EU does not really have much ownership ‘beyond the Brussels arena’ and the small group of diplomats, officials, experts or partners directly involved in the implementation of ACP-EU cooperation. Evidently, on the ground, a multitude of actors are involved in or benefitting from concrete cooperation activities, funded through the EDF. Yet the link is seldom made between this aid and the wider ACP-EU cooperation framework, overall political objectives, institutional architecture, processes, procedures and instruments. A sizeable ‘disconnect’ thus exists between the structures and inner circles involved with the CPA’s functioning, on the one hand, and other involved actors in ACP countries, on the other. As a result, the number of well-informed and engaged ‘actors’ and ‘stakeholders’ in ACP processes is rather limited. Such an ownership deficit is not unique to the CPA, since other policy frameworks such as the JAES also struggle to ensure meaningful forms of participation of actors beyond government. Second, the participation of all families of actors is widely seen as key condition to effectively implement the new Agenda 2030 on sustainable development goals. Future institutions and cooperation frameworks will therefore be scrutinized on their ability to adopt truly inclusive approaches, thus ensuring their legitimacy and effectiveness in terms of collective action\(^\text{47}\).

80. One of the key innovations of the CPA was to open-up development and cooperation processes to other actors than central governments. Initially the focus was mainly on civil society organisations and the private sector, later on ACP parliaments and local authorities were added to the list. The purpose was not simply to associate these actors to the implementation of programmes or to allow them to access EU funding. Participation was seen as a ‘fundamental principle’ to be applied across the board, including in the definition of cooperation strategies, political dialogue, capacity development and access to funding. This was consistent with evolving thinking on the multi-actor nature of development and the need to emphasize country ownership (rather than merely government ownership).

81. The CPA thus invited the ACP private sector to play a key role in achieving development goals such as creating growth and employment or alleviating poverty, and introduced a comprehensive policy to do so. This had three distinct components: (i) provisions for involving the private sector in dialogue, decision-making and implementation of ACP-EU cooperation (along with non-state actors such as civil society); (ii) an integrated approach to private sector development, (iii) and the promotion of investment (including through the Investment Facility managed by the European Investment Bank (EIB).

82. How has all this worked out in practice? It is difficult to give a straightforward answer to this question considering the heterogeneity of situations prevailing across the ACP and the different response strategies of partner governments and political environments (ranging from democratic states to authoritarian regimes and fragile states). Yet available evidence clearly suggests that on the whole the CPA has created space for the involvement of civil society and private sector organisations in policy processes, programming, implementation and political dialogue. Funding opportunities as well as available instruments have increased. A wide range of capacity building programmes have been supported, many of which were geared at empowering civil society to be actors of governance in their own country. Space has also been opened for participation at regional, continental and global level. All this has contributed to making the CPA a much more ‘open shop’ than its predecessor.

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83. The next question is to understand why all these support activities and resources spent have apparently not helped to build up real ‘constituencies’ within ACP countries among civil society and private sector operators – actors who clearly are informed about the wider agenda of the ACP-EU partnership, who are ready to defend their interests through this framework and who are keen to invest in advocacy or bargaining processes between the ACP and the EU?

84. It is here that applying a PEA lens can help to shed some light to understand the ownership deficit of the ACP Group and related ACP-EU partnership. Four (interrelated) factors seem particularly important:

✓ **Focus on the development cooperation pillar.** While the CPA spells out a political agenda of fostering participation in the definition of development policies, cooperation strategies and political dialogue, in practice most of the traction and action took place in relation to accessing EU resources, particularly the EDF (reserved for central governments under successive Lomé Conventions). This soon became the major arena in which the various actors engaged and competed. A wide range of interesting support programmes were initiated (see example private sector in box 2 below). With a few notable exceptions, it proved much more difficult to provide incentives for a meaningful participation in domestic policy processes, political dialogue or negotiation processes with the EU (e.g. around trade issues or policy coherence for development). This confirms that the major pole of attraction of the CPA is the development pillar providing access to aid resources.

✓ **Regionalisation of the policy dialogue.** In the first decade of the CPA, initiatives were taken by the ACP Secretariat, the EU or the actors themselves to set up innovative mechanisms for dialogue at different levels (national, regional, all-ACP) that would allow participation to go ‘beyond aid’. In several ACP countries ‘Cotonou platforms’ of non-state actors were created. At all ACP-level, similar dynamics took place resulting in the creation of an ACP Civil Society Network, an ACP Business Forum and an ACP Local Government Platform. After a promising start, each of these platforms gradually lost momentum and at this stage these all-ACP Platforms have either ceased to exist (see box below on ACP-EU Business Forum) or are no longer effectively operating. While lack of funding and capacity are explanatory reasons for their demise, there are also more profound political economy factors at work. When trying to set up their platforms, non-state actors struggled to ensure legitimacy, representation and effective action around common interests. For most actors, the overall ACP-EU framework proved too abstract, distant and complex to influence with any chance of success. Other frameworks ‘closer home’ (at national/regional level) proved more promising to engage and invest scarce resources.

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**Box 2: Private sector in dialogue and decision-making**

In the early years of the CPA a series of consultative fora were set up to facilitate inter-regional dialogue. This included the now discontinued ACP-EU private sector business forum with the very broad objectives: “to promote linkages and collaboration among ACP private sector actors and their EU business partners; to strengthen the overall capacity of ACP private sector actors to effectively participate in the formulation and implementation of ACP-EU cooperation at national, sub-regional, regional and global levels; to build a new public-private partnership with ACP governments and with the EU, based on dialogue, a quest for complementary action and mutual accountability.” While initially the business forum created some opportunities for policy engagement (by representative

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48 There are quite a few examples of ACP countries that gave a prominent place to their private sector in the EPA negotiations: Mauritius, Kenya, etc
the structure quickly lost momentum, and was discontinued in favour of regional business fora, which take place regularly between the EU, and Africa (5 times), CARIFORUM (3 times) and the Pacific (2 times). The main public interlocutors in these events are regional institutions and the EU.

Instrumental partnerships and centralised management. This factor is often mentioned in studies, reports or consultations that have sought to consult active and potential constituencies in ACP countries. Private sector operators in particular found it particularly challenging to engage with the heavy and highly centralised style of governance and management of the CPA (a rule of the game inherited from the Lomé Conventions). This, in turn, created limited incentives for private sector actors to engage in dialogue and policy processes or even to look for funding (as transaction costs were seen to be too high). Non-state actors often feel treated in an instrumental way (also by the EU) rather than as genuine partners. The unfolding story of the Centre for the Development of Enterprise (CDE) is another testimony of this centralised management approach which it hard to reconcile with private sector dynamics. Though supporting private sector through development cooperation is by definition a challenging job, governance problems were the main reason for the limited effectiveness of the CDE. While its 18 million euro annual budget may seem substantial, this budget was used for activities and grants to ACP businesses by means of a rather demanding bureaucratic structure. Studies estimated that under the 9th EDF the CDE’s average budget per ACP country was 160,000 euro per year. In the period 2000-2010 over half of the direct grants to ACP businesses did not exceed 5,000 euro. These are very small amounts, while ACP businesses moreover have to spend considerable transaction costs to access them, making it only logical that they prefer to access finance through other means.50

Limited agreement on shared values. Another key political economy factor at work is linked to the limits of substantive democratisation in several ACP States (particularly in Africa). State-society relations are under tension in many places and space for civil society is closing –despite formal adherence by the governments involved to all type of international treaties, African charters or other normative instruments. This suggest that the stated ambition in the CPA of ‘sharing values’ related to human rights, democracy and participation rests on fragile foundation in several ACP countries.

9. To what extent can the ACP-EU framework contribute to the provision of global public goods?

85. The Agenda 2030 for Sustainable Development and its 17 SDGs will require a fundamental update of the ‘software’ of the international cooperation system. With the caveat that the period ahead will put the UN members’ commitment to the new agenda to the test, the following elements are worth noting with regard to their implications for ACP-EU cooperation:

✓ A universal Post-2015 agenda is set to abandon the traditional ‘North-South divide’ as the dominant conceptual frame and rationale for transfers from ‘rich’ to ‘poor’ countries. The SDGs would apply to the EU equally well, and Europe faces significant homework to realise the goals.

✓ The new agenda broadens the remit of international development cooperation far beyond poverty reduction - to including many things that traditionally were not financed through Official Development Assistance (ODA).

✓ Development cooperation is moving ‘beyond aid’. International solidarity will continue, particularly with the poorest countries or fragile states. Yet the focus will less on ‘financial transfers’ and much more on managing global challenges through new forms of collective action, policy coherence for sustainable development (PCSD), global governance and mutual accountability.

✓ The principle of ‘differentiation’ will move centre stage. The EU already differentiates its financial assistance according to levels of development, including towards ACP countries of which upper middle income and high-income states may graduate from cooperation at the national level after 2020. The notion of ‘shared responsibility’ will be crucial.

✓ Implementing this new global agenda cannot simply be entrusted to multilateral institutions, aid agencies or partnership frameworks that were created in another era. Innovative global and regional governance structures and networks will be needed. New institutional actors and stakeholders will join the cooperation process (beyond the traditional ‘development community’).

✓ The battle is still raging on how to take further Agenda 2030, and what ‘means of implementation’ this requires. While the old model of unilateral (financial) solidarity between North and South is clearly on its way out, many Least Developed Countries face challenges of increasing fragility and continue to require traditional support. Development cooperation will nonetheless increasingly emphasise countries’ own domestic resource mobilisation.

86. How well equipped is the current ACP-EU framework to absorb this new agenda? At first sight, the key principles underpinning the Cotonou Agreement – such as ‘contractual relations’, ‘equal partnership’ or ‘joint management’ – seem relevant for the type of collective action required by the new SGD agenda. Yet evidence clearly suggests these principles have not been consistently and effectively applied in the current ACP-EU partnership. The limiting factor here is clearly not the wording of provisions, but the actors of the partnership that did not manage to adequately translate them into practice. So their real value for pushing forward the new agenda may be limited.

87. Furthermore, some of the premises underpinning the CPA do not seem compatible with the new ‘software’ of the SDG agenda. For instance, the CPA reflects an exclusive partnership with a group of countries with whom the EU has historical ties instead of looking at the development perspectives of all developing countries. This has also caused a dichotomy within EU development cooperation policy that
many people find unhelpful in today’s context. The CPA is essentially a North-south partnership primarily concerned with the implementation of consecutive EDFs with the aim to supporting the development of ACP states. Beyond this point, it is difficult to detect effective collective action on non-aid EU policies such as dialogue that may affect ACP interests, political dialogue on common interests or engagement in international fora on global issues. The ACP has been reluctant to accept the principle of differentiation – arguing that this would jeopardise the unity of the Group and erode solidarity among its members.

88. The PEA study furthermore looked at the current ACP-EU practices in addressing global challenges. In doing so, it was recognised that the CPA was not primarily designed to deal with global issues. However, in the last decade, several global issues have been integrated in the text of the CPA, resulting in attempts of addressing some of these concerns through the ACP-EU framework. Mainly with a view to draw some lessons, the PEA study looked at these experiences with regard three global public goods: climate change, migration and food security. What worked, what did not and why?

89. Preliminary findings suggest that in each of these three cases the ACP-EU partnership did not prove to be an effective vehicle to push forward these agendas. The collective action between parties was limited to organising ad hoc dialogues and issuing formal declarations without follow up in terms of a direct bearing on the policy processes they address. The most visible action was the allocation of funds for (short-term) projects in these areas, amongst other through EDF funded intra-ACP facilities.

90. The reasons for this limited engagement are in line with the overall findings of this PEA study. The ACP-EU framework is not conducive to organise a structured dialogue, articulate a coherent set of interests and ensure a result-oriented negotiations or joint actions. This is linked to the huge heterogeneity of the members in the partnership, hampering cohesive action. The effective resolution of these global issues requires proximity as well as subsidiarity. Other policy frameworks and multilateral arrangements can provide this more effectively than the ACP-EU partnership. This explains why the real traction and action around global public goods in each of these three cases is located at continental, regional or thematic bodies and fora (e.g. AU, RECs, SIDS).

91. While the Africa-EU framework is more relevant to get the right parties at the table, for the EU however, the contractual nature of Cotonou with regard to Article 13 on return/readmission is very important. This only exists within the ACP framework and not within the EU-Africa framework. EU Member States in particular tend of have a major interest to enforce return and readmission (an area where there is often disagreement and allegedly a lack of cooperation). The EU aims to see how article 13 can be better enforced. Yet, as regards the overall dialogue with ACP states, the EU noted in its assessment of the implementation of the Global Approach on Migration and Development: “Despite of progress made, the ACP-EU Migration Dialogue is complicated by the fact that the African, Caribbean and Pacific macro-regions are very differently placed with respect to EU migration policies and their commitment in this dialogue varies accordingly.”
10. Emerging Conclusions

92. The aim of a political economy analysis is not to identify desirable changes but to better understand why things are the way they are and how the configuration of contextual factors, power, interests and incentives of actors determines the prospects for effective change. By looking ‘behind the façade’ it may contribute to a more refined understanding of the underlying factors that explain success or failure of policies or reforms. This, in turn, can help identify realistic trajectories of change.

93. A first main emerging conclusion of this study is that in the past 15 years the foundations of the whole construction became increasingly fragile. Most of the building blocks that gave the partnership the strength and capacity to exert influence and to conclude mutually beneficial deals in the past have now been altered (see section 4). The major changes in the world, in the EU and in the ACP are not just contextual elements. They have fundamentally affected ACP-EU cooperation resulting in the:

- **Gradual marginalisation of the partnership on both sides:** In the past and present decade, the notion of ‘Cotonou’ has lost momentum. The ACP Group has been de-emphasised in EU external action, with other policy frameworks and partnerships taking centre stage where parties feel they can better articulate their interests (e.g. Europe and Africa in the AU). On the EU side, these shifts were significantly influenced by changes in the EU’s constituent membership, following the Union’s ‘big bang’ enlargement of 2004. The ACP Group has also repeatedly expressed its desire and ambition to broaden its cooperation to non-EU partners. The gradual loss of political traction is also reflected in the lack of real ACP constituencies beyond the Brussels arena (section 8).

- **Erosion of the three-pillar structure of the CPA.** In practice, both the political dialogue and the trade components have been largely ‘regionalised’. In practice, the action and traction to cooperate on these areas takes place outside the ACP-EU framework. This also explains why, for an increasing number of ACP and EU actors, the CPA has become primarily an instrument for channelling aid.

- **Reduced political value of the CPA.** In theory, 28 Member States and 79 ACP countries represent quite a force in any multilateral process. Yet such coalitions have never really materialised (section 5, 6 and 9), which is largely due to the sheer energy required for mobilising, uniting and calibrating such a large and heterogeneous group of states on either side. It is however also partially due to the ACP states’ long-standing reluctance to put their sovereign decision-making at the service of collective interests. Over the past decades this has led to inward looking structures and institutional inertia (section 5).

- **The historical ‘justification’ of the partnership,** rooted in a joint colonial past, has diluted over time with the integration of new member states that have far less or no affinity with that past on both sides of the partnership. The gradual erosion of the historical legitimacy has not been compensated by the creation of a strong new and modern narrative.

94. These weak foundations also affect the performance of ACP-EU cooperation. While capacity constraints continue to hamper effective delivery, preliminary findings suggest that political factors (linked to power, interests and incentives) are the primary reason for:

- **Limited progress in fostering intra-ACP cooperation.** Practice shows that few initiatives have reinforced cooperation and networking among ACP regions, and that progress in intra-ACP cooperation remains largely dependent on EDF-facilitation and resources.
✓ Lack of identity and a clear profile of the ACP Group as a recognised political player at the multilateral level. This is mainly due to the slow inter-governmental decision-making and the lack of supra-national powers and recognition granted by its members to the ACP Group and its Secretariat (that is largely restricted to its administrative function).

✓ Limited overall success in widening the partnership to include parliaments, civil society, the private sector and local authorities. This is due to the partnership’s long-standing focus on government-to-government cooperation, as well as limited support from ACP governments to translate this ambition into practice (beyond the provision of aid).

✓ Mixed track record of political dialogue. In recent years, major tension has risen around a number of sensitive issues including: LGBT, the ICC, closing space for civil society, readmission. ACP-EU discussions on these issues is largely confrontational, polarised and unproductive. These divergences raise doubts about the shared nature of core values between both parties, as stipulated in the CPA. No common vision on the role and purpose of political dialogue can be seen in practice. Political dialogue under the CPA turned out to be as challenging as in other regions and cooperation frameworks.

✓ The human resources and financing problems encountered in the ACP Group also exist in other types of institutions in the ACP and in other cooperation agreements with the EU, which in many cases cover smaller groups of the same ACP states. In that sense, the ACP Group and the ACP-EU partnership are not unique. However, the ‘political traction’ in other arrangements, such as the AU and the RECs seems to be stronger because these structures have other assets such as a mandate that is more closely linked to concrete challenges and a capacity to act in certain areas, which may help to build ownership.

95. Another emerging conclusion is that some of these weak foundations –and their impact on the delivery of outcomes– will not disappear overnight. They are of a structural nature and will therefore be hard to change. This is particularly true for the globalisation and regional dynamics in both the EU and the ACP. In the years to come, these trends will further deepen as both parties will continue to shape their external action in alternative fora where they can best defend their political, economic and security interests.

96. A similar logic can be applied to the new Agenda 2030 on Sustainable Development. This study suggests that it is improbable that this Agenda can be effectively addressed through the ACP-EU framework. Content-wise, the SDGs fit perfectly in the mandate of the CPA and could easily be integrated in the wording of a future agreement. However, the political and institutional conditions to ensure effective implementation do not seem present (section 9). The ‘software’ needed to apply the Agenda 2030 is different than the premises upon which the CPA is built and functions: a North-South partnership, focused on aid, in some cases rather sceptical about differentiation and multi-actor approaches and with limited capacity for collective action on global issues. It is doubtful that the CPA can be re wired to make it fit to deal effectively with the Agenda 2030, taking into account the prevailing culture that has been built up for four decades and the growing heterogeneity of the ACP, which hampers collective action on global challenges.

97. The two previous conclusions have important implications for the review process of the CPA, particularly for those who would propose to modernise the CPA by adding new provisions (e.g. on global public goods such as the blue economy), trying to address existing implementation problems
(e.g. at the level of the NAO or in dealing with the private sector) or revising the modalities of political dialogue. These ‘technical fixes’ will not suffice taking into account the structural problems mentioned above that are of a political nature. In a similar vein, it might also be risky to bid on mobilising ‘dormant potential’ in the ACP-EU partnership. Some proposals have been aired in this sense, for instance, in terms of revitalizing the CPA by activating its potential for joint political action at multilateral level. The sobering experience of the past (sections 5, 7 and 9) should warn against such optimistic stances.

98. The PEA study has also revealed a number of risks to the whole review process. Some have already been raised in public fora and they reflect legitimate concerns (from a PEA perspective). A first risk is to ‘throw the baby out with the bathwater’. While the study shows that the ‘acquis’ of the CPA is often less effective in practice than generally claimed, there are valuable things that have been built up in ACP-EU cooperation. These good practices should be jointly identified on the basis of evidence and preserved in a future agreement. A second risk relates to the possible lack of solid alternatives to the CPA. There are concerns that in light of the current political and economic climate in the EU (with several crises lingering), it will be difficult to strike a good alternative deal (not only financially). This, in turn, tends to induce conservative behaviour and support for the CPA (even if the actors involved recognise the flaws of the current system).

99. Two other risks are less debated at this stage but merit attention from a PEA perspective. One is the risk of jeopardising the full-fledged development of truly strategic partnerships (such as Europe and the AU/RECs) by continuing with a CPA framework. The second one is about money (a cornerstone of any PEA). Injecting important funds into a policy framework (like the EDF in the ACP-EU partnership) is not a neutral thing. It provides legitimacy, power and a capacity to act to the recipient structure. It seems therefore appropriate to further examine the link between policy frameworks that are a clear political priority and the allocation of EU resources.

100. What does all this tell us about reform feasibility? Three points are brought forward for discussion:

- The evidence generated by this study suggests that the objective conditions for a reform that would turn the ACP group into an effective global player with an expanded mandate do not appear to be in place given the currently limited political traction in the ACP Group. This vision was articulated in the ACP Eminent Persons Group report commissioned by the ACP Group of Ambassadors, but political feasibility is low given the limited cohesion within the Group, the past track record in building an ACP identity in international fora and the existence of alternative policy frameworks in which ACP actors invest for interest articulation and negotiating deals.

- A diverse set of actors on both sides of the partnership call for a fundamental rethinking of the partnership. From the perspective of this study this call seems justified as the current construction rests on too fragile foundations to deal with the global development challenges and increasingly divergent interests and needs of members on either side. Yet it remains to be seen how fundamental such a review will turn out to be in practice. Vested interests on both sides may lead to a much less ambitious redesign. Furthermore, no credible alternatives have yet been developed and no reform-minded coalitions have emerged so far on both sides of the partnership.

- As a result, and despite the broad recognition that business can no longer be as usual, a third option of limited reformulation of the existing agreement should not be excluded from a PEA perspective. On both sides of the partnership there are vested interests close to the decision-
making circles that are convinced that an “updated agreement” has sufficient merits and continued value. However, the PEA also shows that this would result in a partnership that would be increasingly irrelevant in the global context and to the individual countries of the ACP and EU.

101. This last point is crucial for the future review process. The overarching conclusion of this PEA is clear: fifteen years after signing the CPA, the implementation record of this long-standing partnership reveals major difficulties to translate these ambitious provisions into practice in the context of an asymmetrical partnership that is largely based on unilateral aid flows from one party to the other. In a Post-2015 setting, the added value of aid-based partnerships that consolidate dependency is likely to be very limited.

102. It seems therefore in the interest of all parties to have an honest dialogue on the future of a partnership that had major merits in its time (including many innovative features and outcomes) yet that now is no longer adapted to a totally different world. The challenge is to jointly design future scenarios of international cooperation between the EU and the ACP countries that are fit for the new global challenges ahead, that are politically feasible and above all that deliver better outcomes to the states and citizens of Africa, the Caribbean, the Pacific and Europe. In the future, ECDPM, as an independent and “honest broker” will continue to work with all the different parties to help designing such scenarios and deals that could benefit all parties and actors concerned.
### Annex 1: Key Moments with Regard to Post-Cotonou in the Next Two Years (as per Sept 2015, subject to change)

<table>
<thead>
<tr>
<th>Key moments EU</th>
<th>Key moments ACP</th>
<th>Relevant other processes</th>
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<tbody>
<tr>
<td><strong>2015</strong></td>
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<tr>
<td>- 6 Oct: Launch public consultation</td>
<td>- June: Council of Ministers mandate Ambassadors to follow-up on</td>
<td>- Sept: Adoption Agenda 2030</td>
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<tr>
<td>Other relevant events:</td>
<td>- November Council of Ministers: EPG report and report Amb. Gunessee</td>
<td></td>
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<tr>
<td>- July: EEAS launches preparation for global strategy</td>
<td><strong>2016</strong></td>
<td></td>
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<tr>
<td><strong>2016</strong></td>
<td>- Ex-post evaluation CPA (staff-working document)</td>
<td>- Sept: Adoption Agenda 2030</td>
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<td>- October: publication COM with proposed EU negotiation mandate</td>
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<tr>
<td>Other:</td>
<td><strong>2017</strong></td>
<td></td>
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<tr>
<td>- Expected review of EU Consensus on Development</td>
<td>- May 2017: FAC Conclusions: EU negotiation position</td>
<td>- TBD</td>
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<tr>
<td>- July: EEAS review presented</td>
<td>- Start of preparation of financial instruments for MFF 2021-2027</td>
<td></td>
</tr>
<tr>
<td><strong>2017</strong></td>
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Annex 2: Summarised Methodology

PEAs are usually done on countries, sectors or specific problems, following an analytical logic where first historical foundations (structural elements that can no longer change) are analysed, then rules of the game (formal institutions and informal rules) and then the here and now (actors and their incentives).51

This is essentially a PEA of a set of institutions and actors that galvanize a partnership. Therefore the classic approach had to be adapted as follows:

• The study looked first at the historical foundations of the ACP Group, on the one hand, and those of the evolving EEC/EU in relation to the ACP. These historical facts and trends are what they are and cannot be changed. The key objective was to identify which ideas and interests shaped and changed the partnership over the past 40 years.

• The second level of analysis focused on the formal and informal rules of the game. This was done from three perspectives: (i) The structure and functioning of intra-ACP institutions; (ii) an analysis of the relevant EU institutions and (iii) the joint institutions and interactions with institutions that are exogenous, and how it is influenced by external institutions and trends. This level of analysis is crucial because a reform process is in essence a change of the existing rules of the game. The key objective was to identify and understand the institutional forces (actors, ideas, interests, incentives) that structured institutions on both sides of the partnership and how these evolved over time.

• The third level of analysis is made up of specific case studies. Each of the case studies is directly linked to one of the three parts of the rules of the game analysis. The case studies do not cover all aspects of the partnership and even the selected cases are not the subject of a comprehensive analysis (due to budget/time limitations). The case studies should be seen as specific “zooms” on particular issues. The key objective of the case studies is to provide empirical evidence on the performance of the ACP-EU partnership, on how outputs were produced and results achieved (or not) in reality. They aim to illustrate key political economy dynamics at work in the different policy areas and essentially serve as a reality check.

Changes in institutions happen as a result of the action of and interaction between actors/stakeholders who are each driven by ideas, interests and incentives. Therefore each level of analysis was on a two-pronged approach:

• First the stakeholders (individuals, groups, organizations, institutions, networks,...) and their respective interests, incentives to act or the strength of their ideas and convictions (stakes) were identified and analysed (the “WHO and the “WHAT”).

• The second step zoomed in on the relations and interactions between stakeholders, their incentives, their power and their constraints. Which relations/interactions have been and are most relevant (always in relation to the issue under review) or have been decisive. A stakeholder may have a strong personal preference or even a strong interest, but may be cut off from collective action and thus wield limited influence. The analysis intended to show where stakeholders and interests converge and diverge (not all stakeholders may sufficiently be informed about the position of others), or the extent to which decision-making power is concentrated or diffused.

The sources of the study are documents and interviews. The interview-style for a PEA was different from the common reports and research where the focus is on gathering as much as possible information. In this case the interviews focused on understanding the motives that drive stakeholders as well as gauge the real or perceived power they have or are attributed.

A PEA assumes that there is path dependency in institutional processes and that therefore certain changes are more likely than others. There is no blank page on which a new ACP can be drawn, there is a history and there are forces that drive the direction of reform, independent from the desirability or political correctness. As such a PEA points out the most feasible reform(s). It does not produce a normative judgment on how good or bad that outcome is, nor is it deterministic (it does not identify the only possible outcome).

It must be stressed that a PEA does not produce scenarios. Only once the most likely direction of travel has been identified by the PEA can strategies be formulated to promote or prevent that most likely outcome.
Annex 3. Selected ACP-EU indicators

Income classification changes of ACP states from 2000 to 2015 (source: World Bank)

<table>
<thead>
<tr>
<th>Year</th>
<th>Group</th>
<th>World Bank Classification (Number)</th>
</tr>
</thead>
</table>
| 2015 | European Union member states (28) | HICs (26)  
|      |                                  | MICs (2) |
|      | ACP countries (76; without Cook Islands, Nauru and Niue) | HICs (7)  
|      |                                  | MICs (43)  
|      |                                  | LICs (26, incl. South Sudan) |
| 2000 | ACP countries (75; without South Sudan, Cook Islands, Nauru and Niue) | HICs (1)  
|      |                                  | MICs (30)  
|      |                                  | LICs (44) |
|      | European Union member states (15) | HICs (14)  
|      |                                  | MICs (1)  
|      | European Union member states (status today: 28) | HICs (15)  
|      |                                  | MICs (13) |

Source: http://data.worldbank.org/

N.B. Figures exclude Cook Islands, Nauru and Niue because the World Bank does not classify economies of states with less than 30,000 inhabitants
Figure 3: 2009 EDF disbursements as a percentage of government expenditures. Countries (=Cs); missing data is excluded.

Average % Ratio EDF to Government Total Expenditure (2009)

<table>
<thead>
<tr>
<th>Region</th>
<th>% Ratio</th>
</tr>
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<tbody>
<tr>
<td>ACP (66 Cs)</td>
<td></td>
</tr>
<tr>
<td>Africa (42 Cs)</td>
<td>4.5</td>
</tr>
<tr>
<td>Caribbean (45 Cs)</td>
<td>1.5</td>
</tr>
<tr>
<td>Pacific (9 Cs)</td>
<td></td>
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</tbody>
</table>

Source: European Commission; IMF World Economic Outlook Database (Keijzer et al. 2013).