

The Cotonou Agreement: across-the-board reform of ACP-EU cooperation

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THE COTONOU AGREEMENT is a reform of the cooperation governed for 25 years by the Lomé Conventions. It constitutes a revival in cooperation between the European Union and ACP countries, and brings about a transition towards a new trading system, which should come into effect in 2008 with the Economic Partnership Agreements (EPAs). These will constitute the trading aspect of the Cotonou Agreement. The ACP-EU partnership remains based on three pillars: policy dialogue, special commercial relationships and development assistance, but introduces some innovations in each field.

Renewed objectives and principles.

The Cotonou Agreement asserts it is “centred on the objective of reducing and eventually eradicating poverty”, and is “consistent with the objectives of sustainable development”. Based on the experience of the Lomé Conventions, it promotes a vision of development through trade, via a “gradual integration of the ACP countries into the world economy”. It proposes some fundamental principles of cooperation: (i) Equality of partners and freedom of states to organise independently their own their development strategies; (ii) Participation: allowing greater participation of non-governmental stakeholders; (iii) Dialogue and mutual commitment, especially in the area of human rights; (iv) Treatment of countries according to their characteristics, requirements and performance: LDCs

or non-LDCs, landlocked and island countries. A regional approach is also promoted.

With an agreement signed for 20 years, reviewable every five years, the EU and ACP countries want to enshrine their relationships in a long-term strategy. In concrete terms, the Cotonou Agreement concerns four major subjects. It creates a new ACP-EU trading system. It reviews the financial and technical aid system. It wants to strengthen the political dimension of the ACP-EU cooperation. Finally, it intends improving the participation of non-governmental stakeholders in negotiations.

The commercial provisions of the Cotonou agreement: the EPAs.

The Cotonou Agreement (Articles 34 to 37) stipulates the basis of a fundamental reform of commercial provisions. It extends the Lomé preferential system to 2007, when the waiver granted by the WTO to the European Union will expire. This timeframe will be used to negotiate some economic partnership agreements. The Agreement sets the procedures and objectives (article 37) for negotiations. EPAs must comply with WTO regulations, establishing fair and free trade between the EU and ACP countries.

Reaffirmed political goals are becoming more important.

The Cotonou Agreement contains a new important political dimension, and lays particular emphasis on human rights. The EU, like the ACP countries, recognises the importance of peace and political stability, respect for democratic principles and human rights in development. The parties involved undertake to respect these principles and the Cotonou Agreement provides for sanctions against those who violate them. Human rights, democratic principles and legitimate government are “essential elements” of this agreement (Article 9). Should a state vio-

late these principles, its cooperation with the EU will be suspended. After much debate, it has been decided that good governance is a “fundamental element”, whose contravention does not lead to an interruption of cooperation, except in “serious cases of corruption”.

Financial and trade sanctions are considered in the agreement document as last resort solutions. First and foremost, solutions are sought through policy dialogue. This policy dialogue between the EU and ACP countries is broad in form, covers a wide range of subjects and involves wide participation. It must be constant and regular.

Non-governmental stakeholders are actively encouraged to participate.

The emphasis that has been laid on participation of the various stakeholders is one of the important developments of the agreement. This breaks with the principles of the Lomé Conventions, considered as the “exclusive preserve” of central governments: non-governmental stakeholders were only mobilised from Lomé IV and IV bis, and then only for the implementation of relatively limited local projects, or for decentralised cooperation. Such an approach was no longer adapted to the new situations in the ACP countries, or to new development dynamics and new forms of cooperation.

New stakeholders with new roles and new resources.

Who, then, are the new stakeholders encouraged to participate in dialogue? They are first and foremost non-governmental stakeholders, including territorial communities, local governments and regional groupings, and they play a major role in poverty reduction and local development strategies, especially through decentralised cooperation. A central role is also reserved for stakeholders such as the private sector, economic and social partners (including trade

1. This article was based mainly on the following documents: Kathleen Van Hove, “Historical Perspective of the ACP-EU Commercial Negotiation”, in *Gresea Échos*, n°46, 2nd quarter of 2006. “ACP-EU Partnership commercial dimension: the Cotonou Agreement and EPAs”, a document written by ECDPM for the Rexpaco programme, October 2004.

unions) and civil society. This, in essence, involves all citizens, through the different organisations within the country: NGOs, the media, research institutes, farmers' organisations, human rights organisations, associations of women and environmental protection organisations, etc.

What are their roles in concrete terms? The Cotonou Agreement emphasises the need to involve them in all development processes. Consequently, they must participate in negotiations and in the formulation of development strategies; be informed and have financial resources; participate in the implementation of projects; be systematically consulted and; be involved in strategic partnerships. This is a clear political turning point and involves the allocation of specific resources.

It is explicitly stipulated that non-governmental stakeholders should have access to resources that will enable them to organise themselves, be informed, effectively participate in negotiations and implement important, local or sector based development projects. Therefore, part of the European Union's financial aid is earmarked for these stakeholders and they are given a role in the determination of strategies and necessary resources. This action started with the planning of the 9th European Development Fund (EDF), for which they needed to be consulted.

Problems and obstacles: the participation challenge. The first problem is the identification of stakeholders. Although there are selection criteria defined in the Cotonou Agreement for identifying stakeholder organisations (how they respond to people's needs, competence, transparency) it is still a difficult task (how many to select, the selection process itself etc.) However, the main problem is the lack of information potential stakeholders have access to. This must be solved because information is necessary to ensure their effective participation in the process.

This new participation constitutes a major issue and a real challenge in some countries where democratisation is just in its early stages. Behind this participation lies a fundamental reform of relationships between governments and the private sector and



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civil society stakeholders. This reform is related to social negotiation, public policy guidelines, programmes and development strategies and the planning of aid resources.

Resources will be provided to facilitate this dialogue. This, depending on the level of organisation of civil society, at times leads to the emergence of opportunistic organisations, which do not represent the entire population and which are more agile in dialogue with the EU than with their government. The involvement of and control exercised by joint institutions, especially the ACP-EU joint assembly made up of parliamentarians of the two parties should facilitate more inclusive participation in development.

A reform of development aid. The Cotonou Agreement stipulates a review of the development assistance granted to ACP countries and provides for its significant increase. Financial aid granted by the EU to ACP countries must be planned on a five-year basis. The main body remains the European Development Fund (EDF), which has been renewed every five years since 1959 (Yaoundé Convention). The 9th EDF, for the period 2000-2007, was increased to 13,5 billion Euros (in addition to the remaining 9,9 billion from the previous EDF). This amount will increase to 24 billion Euros for the period 2007-2012. The disbursement process has also been simplified. Previously funds were derived from a significant

number of instruments, such as Sysmin and Stabex². These have now been cancelled and replaced by a long-term envelope (grants) and loans to facilitate investment. It remains to be seen whether all these funds will actually be mobilised or whether, as has been the case in the past, procedures will hamper disbursement. It should also be noted that disbursement is further limited by the absorption capacity of the ACP countries.

The Cotonou Agreement states that aid that is not disbursed to a programme should be transferred elsewhere for another programme or to another country. Generally, aid should be directed at more suitable and effective programmes, and should be more "objective" and flexible if allocated according to specific criteria (mid-term review, "overlapping planning") and, in particular, should be subjected to result-oriented obligations.

All in all, the Cotonou Agreement is characterised by a number of innovations and although not a new agreement as such, it represents a significant reform of ACP-EU cooperation. In terms of the commercial aspect of cooperation, Cotonou lays down the broad guidelines, and it is the EPAs that will constitute a major turning point. ■

2. See box page 7.