

The EU and Africa: Meeting Expectations?

Report of an informal EU Member States meeting, Maastricht, 26 June 2006

Introduction

On 26th June 2006 The European Centre for Development Policy Management (ECDPM) organised a one day informal brainstorming meeting with participants of 17 EU Member States. Participants were invited to speak in their own capacity on two major questions on the EU-Africa agenda:

- *How can the EU deliver on its EU-Africa Strategy and how to put the Strategy into practice?*
- *How can EPAs become a tool for development in the EU-Africa Strategy?*

ECDPM introduced each of these two topics with a short presentation and facilitated the discussion among the participants. At the end of the day, the participants continued their informal discussions on the two topics with a select group of ACP representatives. Their key concerns and expectations have been integrated in the two parts of this report.

1. The EU-Africa Strategy: can the EU deliver on its promises?

1.1. A fresh start for Europe's relations with Africa?

In recent years relations between the African Union and the European Union have been given a new impetus. The new policy statement on *The EU and Africa: Towards a Strategic Partnership* (adopted by the EU Heads of State in December 2005) marks a strong European commitment to strengthen relations with Africa at the beginning of the 21st century.

This EU-Africa Strategy has been heralded as a comprehensive framework for a more effective partnership with Africa, both at the level of the EC institutions and the EU Member States. The challenge now is to translate commitments into practice and to see how the various constituent parts of the EU (Member States and EC institutions alike) can work effectively together to deliver on the Strategy. Will the EU-Africa Strategy make a real

difference with past European initiatives towards Africa? Will it be able to provide effective support to Africa? How to transform the EU Strategy into a Joint EU-Africa Strategy and to strengthen African ownership?

These are important questions, particularly at a moment that a first review of progress on the implementation of the Strategy will already take place towards the end of 2006.

1.2 What progress has been realised so far towards a common European policy and strategy towards Africa?

In the few months of its existence the EU-Africa Strategy has generated interesting debates in Europe. Participants highlighted the following strengths:

- **Reinforced political partnership.** The EU-Africa Strategy strengthens the political partnership with Africa. It provides a platform for dialogue between Europe and Africa and between the EC and EU Member States on African key policy issues (e.g. security, development,...) with the objective of helping them meet the MDGs.
- **Coherent framework.** The Strategy is a useful framework that takes account of the 'policy mix' in the relationship between Africa and Europe. Particularly, new and small EU Member States, that do not yet have a consolidated Africa policy and that are interested in enhancing complementarity and coherence of Europe's approach towards Africa, may benefit from the Strategy.
- **Long term commitment.** The Strategy also provides an interesting long term framework of cooperation for the next 10 years. This is all the more important with the expected increases in ODA volumes of the EU Member States by 2015. The EU-Africa Strategy may therefore contribute to a more effective use of European efforts towards Africa in a long term perspective. However, this long term perspective needs to be combined with realistic and achievable targets, and

development impacts that have to reach out to the poorest populations in Africa.

1.3 What further steps should be taken to make it a joint EU-Africa Strategy?

Several initiatives have been proposed to promote a joint and fully owned Strategy.

- **Foster one integrated and fully owned Strategy.** The Strategy is still perceived to be an EC Commission to AU Commission strategic framework. It still suffers from a lack of ownership of the European and African Member States. This is partly reflected by the implementation matrix, which only covers Community actions and does not mention EU Member States bilateral policies and actions towards Africa. The programming processes of Member States aid barely refer to the EU-Africa Strategy and the complementarity with EC programmes is not yet ensured. On the *EU side* the challenge will therefore be to move from a series of parallel bilateral Africa strategies towards one integrated European strategy towards Africa. On the *African side* ownership of the Strategy is even more absent. Apart from the AU institutions (particularly the African Union Commission) few other players, including African states, seem to take a real interest in the follow up of the Strategy. The issue of ownership therefore needs to be addressed upfront during the drafting process of the joint EU-Africa Strategy.
- **Adapt institutional framework to reflect global Africa vision.** On the European side the mandate, composition and frequency of the Council Working Groups and the EC institutional framework in general (DG Dev, DG Relex, AIDCO) does not yet favour an all-Africa vision. Proposed actions to remedy this include: (i) strengthening complementarity between the ACP, Africa and the Political and Security Committee (PSC) Working Groups of the Council (ii) increasing the number of Africa Working Group meetings and (iii) ensuring that the Africa and ACP Working Groups have the same composition in terms

of Member States representatives. It has been proposed that the current Finnish Presidency would launch a debate on the reform of the Council Working Groups with a view to improve cooperation between the Africa Working Group and ACP Working Group. Finland is committed to increase the number of Africa Working Group meetings during its Presidency and to arrive at some type of division of labour between ACP and African Working Groups. The underlying idea is that the Africa Working Group would be primarily responsible for reporting progress on the Africa Strategy to the Council in December while the ACP Working Group should mainly be taking responsibility for governance, infrastructure and communications issues.

On the *African side*, there are strong concerns over the capacity of the different actors involved to conduct the dialogue on the EU-Africa Strategy, including the AU capacity in implementing and discussing the Africa Strategy. There is also a need to clarify the roles of the Northern African region, South Africa and the ACP Secretariat. The organisation of the repeatedly postponed EU-Africa Summit could boost the dialogue between the two continents on several of these issues. Such a high-level event could also give more visibility to the Strategy and communicate its potential and achievements to larger audiences.

- **Stimulate further reflection on complementarity with other initiatives.** The EU-Africa strategy should not be an end in itself, rather a means to address African concerns. It is therefore not enough to outline policies and strategies but to also look at concrete implementation on the ground. In this respect, participants proposed several actions including: (i) improving cooperation and complementarity between the AU and the Regional Economic Communities (RECs) in Africa and strengthening their capacity (ii) fostering coherence between initiatives launched under the Strategy and other on-going

processes (e.g. governance initiative, EU instruments to support peace building and development in Africa,...), (iii) ensuring a stronger involvement of Member States in the infrastructure partnership which has been launched by the EC and the EIB.

1.4 How to make sure that Member States play a more prominent role in the monitoring and follow up of the EU Strategy towards Africa?

The following proposals were made to enhance the roles of Member States:

- **Align and enhance complementarity.** The EC and Member States should avoid creating parallel processes of coordination and complementarity. A clear division of labour among the various actors should be agreed upon. The key message is to look at what is already being done at the African level and to use, as much as possible, locally driven programming processes (e.g. PRSP frameworks), joint assistance strategies and co-financing mechanisms. However, if there is no locally driven coordination process, the EU should use its own instruments to improve coordination, especially at field level. Some pilot cases could be undertaken to test these out.
- **Design instruments to ensure EU Member States' involvement.** A specific matrix could be used as a monitoring tool for the implementation of commitments of Member States. Such a matrix could be established for each African country. Fact sheets could also be prepared to better communicate contributions to the EU Strategy in the various partner countries. Also the dialogue mechanisms among Member States, at the level of the AU in Addis Ababa, could be enhanced with a view to systematically follow-up on the Strategy. Informal meetings between European and ACP/African Member States could be organised by the ACP Secretariat and would be useful to discuss all aspects of the EU-Africa Strategy. Last but not least, as

mentioned earlier, the organisation of an EU-Africa Summit seems essential to ensure high level political commitment by top leaders of both continents.

- **Use the 10th EDF as test case.** The 10th EDF programming exercise provides a good opportunity and a first test to enhance coordination and complementarity at the EU level and to translate commitments made in the Strategy into practice. The recent agreement on the replenishment of the Africa Peace Facility was seen to be a first concrete result of this.

1.5 How to stimulate African ownership of a joint EU-Africa strategy?

Major concern has been expressed over the lack of involvement of African key players and institutions in the discussions on a joint EU-Africa Strategy.

- **Improving the process leading to a joint EU-Africa Strategy.** As presently planned, a proposal for an outline of the future joint EU-Africa Strategy should be ready and discussed in October at the Ministerial meeting, to be adopted at the next EU-Africa summit in the 2nd half of 2007 under the Portuguese EU Presidency. This 'European' timing raises questions in terms of participation and ownership of the African actors in the drafting process of the Strategy. The Europeans have already defined their priorities in the EU Strategy towards Africa. Priority should now be given to ensuring that a joint Strategy becomes more Africa driven, reflecting African concerns and priorities. This would mean that a genuine process of consultation on the joint EU-Africa Strategy with a multitude of African actors be organised and carefully managed.
- **Organise multi-level stakeholder consultation.** There is a strong need to build a bottom-up approach and to ensure participation of other actors than the AU and the RECs in this process. Dialogue mechanisms with African Member States on these topics should be

established and also civil society organisations should be associated to this process. ACP/African participants stressed that the EU should refrain from influencing the current African institutional set up through supporting their preferred regional organisations.

2. EPAs: tools for development?

2.1 How deep is the water between the ACP and the EU on objectives and outcome of the EPA negotiations?

During 2006, the negotiations on the Economic Partnership Agreements (EPAs) entered their third, *substantive* phase. This final phase will cover the specific structure and scope of the EPAs in each region, the approach to trade liberalization, as well as the drafting of legal provisions. Discussions in Maastricht focused on the state of progress of the EPA negotiations in the various sub-regions, as well as on the conditions for EPAs to be effective tools for development and regional integration. Participants also briefly discussed the opportunities of the EPA Review process in the second half of 2006 and explored ways to strengthen coherence between EPAs and the Africa Strategy. The EU Member States also took stock of concerns and expectations raised by key African and ACP participants in the final panel session.

Almost 4 years after the formal start of the negotiations and with only one and a half years to go before the negotiations on the EPAs should be finalised (31st December 2007) there seem to be increasing divergences of opinion over the approach that needs to be followed to ensure development-oriented trade arrangements. Broadly speaking the two views can be summarised as follows:

- **The ACP view** is that to ensure economic growth and sustainable development all facets of EPAs should be tackled in a coherent way. A similar view has also been reflected by one of the ACP participants in the final panel of the ECDPM meeting in Maastricht: 'We

should refrain from talking trade if development issues are not put on the table' This would imply special and differential treatment for the ACP, commensurate with their level of development, greater flexibility in the application of trade rules, enhanced and effective access to EU markets and sustained and effective trade capacity building measures. ACP representatives also asked for binding commitments on EU development support, aimed at responding to supply side constraints, to negotiate and implement EPAs, to make use of market access and to cope with the loss of government revenue associated with EPAs. Existing resources within the EDF are insufficient to cover the expected costs and major adjustments of ACP economies. EPA adjustment support should come from other funding mechanisms than the EDF which is already largely absorbed by other key development areas (health, education, ...).

- **The EC's view** is that for EPAs to deliver on their development objectives the key is policy reform, which will increase trade and will deliver growth. This will generate a larger sustainable development impact than traditional development assistance. EPAs should include: increased market access for ACP, carefully programmed trade liberalization which protects fragile industries and builds competitiveness, the removal of non-tariff barriers and support to trade facilitation, the delivery of better services rules, and deeper regional integration to build viable open markets which will attract private investment. The EC tends to disagree with ACP assertions that EU goods would flood their markets or that heavy fiscal losses would be incurred with EPA trade liberalization. EPAs are a central priority in the 10th EDF. For the EC it is difficult to commit additional finance for EPAs, with no end date. However, if the ACP identifies the commitments they will make in the EPAs, and their financial needs, additional funding could be made available. ACP participants also noted increasing divergences between DG Trade and DG Development, mainly on

the development components of EPAs. Similar divergences seem to exist among EU Member States.

In spite of some major ideological differences between both parties, there seems to be consensus that the basic institutional and regulatory framework is crucial for the countries to be able to benefit from the trade. Therefore sequencing of the liberalization, the accompanying measures and timely support are essential.

2.2 How much progress has been realized in the EPA negotiations?

The participants of the meeting noted that 'formally' most of the regional negotiations are 'on track', but in reality this process hides different levels of effective preparation and ownership of the process by ACP countries and regions. There are considerable differences in terms of the substance and speed of the EPA negotiating processes in the various sub regions. For instance, while the Caribbean embraces the proposal of a comprehensive EPA, the SADC region has expressed strong reservations with regard to the inclusion of some new trade-related issues (competition, investment, procurement, etc.).

2.3 How much are EPAs owned by the ACP/ African countries?

Concerns were also raised by the participants of the EU Member States about the perceived lack of ownership on the side of the ACP/African countries. At national level the EPAs are not always considered an integral part of the development strategy of the country. Also the major capacity and implementation needs are not systematically identified as priorities within the NIP and the PRSP. This makes it difficult for the EC and Member States alike to provide support linked to EPAs. Member States also expressed reservations about creating new EPA instruments or a thematic facility as these separate budget lines risk to undermine coherence. However, providing contributions to existing regional instruments (e.g. COMESA

facility) could be a possible avenue to support. Once again, coordination and harmonisation are the key messages for donors in the Aid for Trade debate and the EPA support programmes.

2.4 What specific role for EU Member States in the EPA negotiations?

The discussion focused on a set of questions on the role of the EU Member States in addressing ACP challenges in the implementation of EPAs: How can EU Member States complement EC development support? What is the link with the Aid for Trade debate? What is the role of Member States in monitoring and reviewing the EPA negotiations?

EU Member States admitted that initially they had taken a backseat in the EPA negotiating process as the responsibility for trade negotiations clearly lies with DG trade that executes the negotiating mandate. Member States have taken some time to find out their role and become aware of the major development challenges that the EPAs will pose for the ACP. Most of them seem to agree now that they could play a number of roles in the EPA implementation process, including:

- **Taking stock of ACP concerns and expectations** and address these in formal EU settings. Member States receive briefings on progress of the EPA negotiating processes in the various regions. Occasionally these briefings could be joint briefings for Member States and the EC Commission. ACP and African players could also be more proactive in this respect. As said by one of the ACP participants: *'EU Member States play an important role. They mandate the Commission to do the things it does, so African members and the ACP secretariat ought to be more available to these Member States'*.
- **Organise informal dialogue between Member States and the ACP.** Several Member States expressed concern over the lack of understanding and trust between the ACP

and the EC, and called for more opportunities to meet and discuss informally. Building more trust and understanding through frank and regular dialogue between both sides would be an essential step in facilitating the negotiating process towards a mutually satisfactory outcome.

- **Develop a benchmarking/monitoring mechanism.** Some Member States backed the idea of such a benchmarking framework to systematically monitor progress on the development dimension of ACP-EU trade implementation process.
- **Provide additional Aid for Trade and adjustment support.** Several EU Member States concur that the NIP under the 10th EDF might be insufficient or inadequate to tackle the major adjustment costs linked to the implementation of EPAs. In addition, it was noted that the 10th EDF is time bound while the costs of implementation will go beyond 2013. An ACP participant expressed concern over the timing *'We have to be conscious of the timing of the ratification process of the 10th EDF which takes some 18 months. The 9th EDF will terminate by the end of 2007. As yet, no side is referring to bridging finance or interim measures, namely for bridging financing.'*

The bilateral development programmes of Member States could complement the EDF in support of the EPAs. They could provide additional funding to ACP countries to tackle trade capacity problems and adjustment costs. A growing number of Member States are already in the process of providing specific EPA development support to their partner countries in Africa. Equally important is the healthy pressure that Member States can exercise on the EC. An ACP participant reminded participants that *'because of the pressure by EU Member States on the EC, South Africa succeeded in securing developmental aspects in its negotiations on the Trade and Development Agreement (TDCA) with Europe'*.

2.5 What can be expected from the EPA Review process?

Member States insisted that the Review should not just be a formal ritual but a comprehensive exercise, to find out what is really happening on the ground in the ACP/African countries and to measure progress. The Review mechanism provides therefore an important opportunity to take account of concerns related to EPAs and development. The EU Africa Strategy actually gives a clear mandate to the EU Member States to closely monitor the EPA negotiations. Indeed an operational monitoring mechanism for EPA implementation may be one of the potential outcomes of the Review. According to some MS, such monitoring instrument, with an effective involvement of interested MS, could be one of the key deliverables on EPAs by MS themselves.

2.6 How to tackle ACP capacity problems at all levels?

ACP/African participants expressed concerns about the lack of capacity in the ACP to come to grips with the complexities and consequences of EPAs: *'There is a sense of fear among ACP today who are not used to these hard nosed trade negotiations with EU technocrats. Some of the regions, given the time pressure, don't respond well. There is a lack of capacity and inadequate knowledge to deal with such technicalities and pressure and to make commitments on areas of divergence.'*

Beyond the EPA trade negotiations, other bold measures might be needed to support the restructuring of economic and productive sectors in the ACP. The EU should play a supportive role as well. Also the Private Sector, that will be indirectly and directly affected by EPAs, seem to be absent from the process. Although EPAs have to be ratified by national Parliaments in the ACP, there is a major gap of information provision on EPAs. Strategic investments are needed in awareness raising and capacity building to ensure positive outcomes of the EU-Africa Strategy and the EPA negotiating process in Africa.