

ANNEX IV The Economic Partnership Agreement (EPA) negotiations

The major steps in the negotiation of Economic Partnership Agreements (EPAs) between the European Union and ACP countries are summarised below.

Timing	Steps in the EPA negotiations	Relevant trade events
June 2000	Signing of the Cotonou Agreement, which included an understanding to agree, by 2008 at the latest, on new development-oriented and WTO-compatible trading arrangements.	
March 2001		The EU launches the 'Everything-but-Arms' (EBA) initiative for least developed countries (LDCs), which provides for full duty-free access to EU markets for almost all products from LDCs.
November 2001	WTO waiver granted to the EU to continue its existing Lomé preferences for ACP countries until 2008.	4th Ministerial WTO meeting in Doha, referred to as the 'Doha Development Round'.
September 2002	Opening of the trade negotiations between ACP and the EU, phase I: negotiations at an all-ACP level on principles, objectives and issues common to all ACP countries.	
September 2003	Start of phase II: negotiations with those ACP regions that consider themselves ready to enter into Economic Partnership Agreements (EPAs).	5th Ministerial WTO meeting in Cancun, which was expected to have major impacts on the form and content of the new ACP-EC trade relations, but failed to achieve results.
2004	The EU and ACP countries study possible alternatives for non-LDC countries that decide that they are unable to enter into EPAs.	• The EU revises its Generalised System of Preferences (GSP); • Reform of the EU Common Agricultural Policy (CAP); • EU enlargement from 15 to 25 Member States.
2006	Both parties ensure that the calendar of negotiations permits adequate preparation.	
January 2008	Application of a new ACP-EC trade regime – the end of the global ACP Lomé preferential regime.	
2008-2020	Implementation of trade liberalisation within the context of the EPAs.	

More detailed information, and the updated agendas of major trade events and ministerial meetings, can be found on a number of websites:

- **ACP Secretariat:** www.acpsec.org

- **www.acp-eu-trade.org**

an independent site maintained jointly by the ECDPM, the EU-LDC Network and ODI that provides relevant information and analysis, both topical and regional

- **www.epawatch.net**, a site maintained by the Coalition of the Flemish North-South Movement, that follows progress in the trade negotiations and civil society advocacy actions

- ***Agritrade Portal:*** <http://agritrade.cta.int>

Launched by CTA in 2001, the Agritrade portal serves as an information resource for agricultural trade negotiations both at the bilateral level with the European Union (Economic Partnership Agreements - EPAs) and at the multilateral level (World Trade Organization - WTO). Agritrade contains a monthly newsletter on agricultural trade and a bi-monthly newsletter dedicated to fisheries trade issues, several policy briefs/discussion papers, a calendar of events, a guide to online information sources and a glossary of technical terms.

- ***Trade Negotiations Insights***, a bimonthly newsletter published jointly by ECDPM, ICSTD and ODI, provides regular updates on the EPA negotiations:

www.acp-eu-trade.org/tni.html

ANNEX V Institutions and instruments for private sector development

The Cotonou Agreement provides for a range of institutions and instruments to support the development of the private sector in ACP countries.

Centre for the Development of Enterprise (CDE)

Founded in 1977 as the Centre for the Development of Industry, the CDE is a joint ACP-EU agency, based in Brussels. The CDE helps ACP businesses become more competitive and fosters partnerships between European and ACP businesses. It provides ACP enterprises and associations with advice and technical assistance, before, during and after the investment stage, in the form of feasibility studies, staff training, restructuring assistance, etc. The Centre will contribute up to two-thirds of the cost of assistance, but does not provide investment finance. Under the Cotonou Agreement CDE's remit has been expanded to cover service sectors such as tourism, transport and telecommunications. In addition to its wide network of contacts, CDE has established several decentralised units in ACP countries to allow for quicker interventions, greater use of local expertise, and a lower threshold for small enterprises to benefit from CDE support. CDE is also responsible for the management of the PROINVEST programme (see below). The Centre has a five-year budget of EUR 90 million.

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CTA, The Technical Centre for Agricultural and Rural Cooperation ACP-EU

In accordance with the objectives of the Cotonou Agreement, the mandate of the CTA has also evolved towards the greater involvement of the representatives of the private sector in the ACP countries. In this context strong partnerships have been developed with the CDE, the EC and PROINVEST in common areas of work such as the fisheries sector, organic agriculture, the identification of niche markets such as herbal and medicinal plants. CTA finances the participation of private sector representatives in key meetings on agricultural policy, preparations for trade negotiations as well as trade fairs. This support is intended to strengthen the visibility of the ACP products, to facilitate contacts with their European counterparts and as with the other non-state actors to enable ACP voices to be heard in international fora. www.cta.int

PROINVEST

Developed in consultation with the private sector, PROINVEST was launched in October 2002 to facilitate and support investment promotion and technology flows in the ACP private sector. PROINVEST aims to increase levels of investment in ACP countries by supporting intermediary organisations and professional associations and developing long-term partnerships between North-South and South-South companies. The priority beneficiaries of this programme are small businesses, intermediary organisations and private ACP consultants.

PROINVEST comprises two facilities that will function on a demand-driven and cost-sharing basis:

- INTERPOWER will address requests for institutional strengthening, in order to build the capacity of intermediary organisations to make strategic proposals for changing the investment policy environment, to support public-private dialogue on the investment climate, to organise inter-enterprise meetings, etc.
- INVESTTECH will provide support to individual enterprises operating in key growth sectors.

PROINVEST will be managed by CDE, and will have a budget of EUR 110 million over a seven-year period.

www.proinvest-eu.org/

The European Investment Bank

The European Investment Bank (EIB) is an EU institution that finances capital investment projects both within the EU and in countries that have cooperation agreements with the EU. It provides loans to public and private borrowers to support productive projects and programmes or other investments aimed at promoting the private sector in all areas of the economy, such as production, transport, telecommunications; water supply and sewerage; power generation and transmission infrastructure; oil and gas development; tourism, etc. It is the principal source of investment capital for the private sector in the ACP countries. In the context of ACP-EC cooperation, the EIB manages resources totalling EUR 3.9 billion, which account for some 30% of the aggregate endowment under the first five-year financial protocol to the Cotonou Agreement. This amount is divided into a EUR 2.2 billion Investment Facility (see below) and EUR 1.7 billion of its 'own resources'.

The EIB mainly finances large-scale infrastructural and industrial projects by granting

individual loans (upwards of EUR 25 million) either directly to promoters or through financial intermediaries. Small- and medium-scale projects are funded indirectly through 'global loans', i.e. lines of credit extended to financial institutions operating in either the EU or ACP countries, for on-lending in smaller portions.

When the EIB provides loans out of its own resources, it applies the same terms and conditions as in the past, with one main exception: the scope and extent of interest subsidies. Under the Lomé Conventions, an interest subsidy was automatically granted in all cases, except for non-ACP private-sector borrowers. Under the Cotonou Convention, however, an interest subsidy is by no means automatic, although still considered a normal feature of public sector projects that are 'in principle [...] eligible for an interest subsidy'. In the case of private sector projects, whether the borrower is ACP or non-ACP, eligibility for an interest subsidy is restricted to projects falling into certain categories (i.e. 'projects [involving] restructuring operations in the framework of privatisation, or projects with substantial and clearly demonstrable social or environmental benefits').

Investment Facility

The newly created Investment Facility will be managed by an autonomous unit within the EIB and is specifically oriented towards development. This facility differs considerably from previous EIB activities in terms of modus operandi, objectives and size, as a result of a greater focus on the private sector (although commercially run public sector entities will still be eligible for support). Annex II to the Cotonou Agreement lists the key features of this facility:

- the Facility shall be managed as a revolving fund and aims at being financially sustainable;
- the Facility's operations shall be on market-related terms;
- the Facility shall endeavour to have a catalytic effect by encouraging the mobilisation of long-term local resources and attracting foreign private investors and lenders; and
- the Facility shall try to avoid displacing private sources of finance.

In terms of its operations, the Investment Facility will offer a variety of instruments, including equity, quasi-equity, guarantees and ordinary loans. It is expected that a good deal of the resources will be made available in the form of loans. The lending terms will reflect the relevant cost of capital and the perceived level of risk. The risk capital will be used to enhance the capital base of projects, thereby reassuring other prospective investors, playing its catalytic role. The EIB will target potentially profitable projects with a high risk factor, and take all or part of the risk, but unlike under Lomé, the Bank will also expect an appropriate share of the rewards. Guarantees are a new instrument aimed to enhance the credit of local borrowers and to support the development of local financial markets.

A major innovation in the *modus operandi*, is that the facility will be managed as a revolving fund, operating on market terms. This implies that the investments need to be financially viable projects to enable the re-

investment in ACP countries and ensure the sustainability of the facility.

In terms of objectives, special efforts will be made to improve the access of small and medium-sized enterprises to risk-sharing instruments and to finance. This implies active support to the development of local financial sector and capital markets. Viable public or private infrastructure projects will be funded with the aim of developing a sound economic environment. The projects will have to be financially and economically viable, and contribute to economic growth. An emphasis will be put on investments geared to improving income distribution, i.e. projects with a significant impact on employment.

An amount of EUR 2.2 billion has been reserved for the first five-year financial protocol, as compared to the risk capital of EUR 1 million that was available under Lomé IV bis. www.eib.org/lending/acp/en/

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ANNEX VI Eligibility criteria for non-state actors

Access to funding under the EDF

ACP-EC COTONOU AGREEMENT

AFRICAN, CARIBBEAN AND
PACIFIC GROUP OF STATES

COUNCIL OF
THE EUROPEAN UNION

Brussels, 25 February 2003

ACP/29/002/02 REV 7

ACP-CE 2154/1/02 REV 1

ELIGIBILITY CRITERIA FOR NON-STATE ACTORS

ACCESS TO FUNDING UNDER THE EDF

1. Introduction

The Cotonou Agreement provides a definition for non-state actors (NSA) in Article 6.

The actors of cooperation will include: State (local, national and regional); Non-State: Private Sector; Economic and Social partners, including trade union organisations; and Civil Society in all its forms according to national characteristics.

Article 6 further states,

"Recognition by the parties of non-governmental actors shall depend on the extent to which they address the needs of the population, on their specific competencies and whether they are organised and managed democratically and transparently".

This article is extremely important as it acknowledges that ACP national characteristics are to play an important role in the identification and recognition of non-state actors, taking into account their basic and universal characteristics. The operational modalities for non-state actors access to funding in the framework of the National, Regional and All-ACP programs concluded under the Cotonou Agreement still remain to be defined.

In terms of policy dialogue and access to funding, non state actors should have clearly defined interests, be representative and should operate in a transparent and accountable manner within the broader framework of national and regional programmes. It is also accepted that access to funding will be limited to non-profit non state actors.

A national/regional Steering Committee should be created to take the final decision on the eligibility criteria in accordance with these guidelines. This should comprise of the NAO/RAO, the relevant ACP Government authorities, a mandated non state actor representative(s), and the EC.

2. Purpose of the paper

Non-state actor participation in consultations and in the policy dialogue is a much broader issue than access to funding. The purpose of the paper is to identify the eligibility criteria for non state actors access to funding in the National and Regional Indicative Programmes. The criteria are also useful in promoting non state actor participation in policy dialogue.

This joint ACP-EU document, shall form the basis for future discussion and refinement, with a view to each country or region, adapting the criteria to their specific and unique circumstances.

3. Eligibility criteria for ACP non-state actors

On the basis of Article 6 in the Cotonou Agreement, the following principles should be considered as forming the key eligibility criteria for NSA. Each criterion identified in Article 6 should be translated into operational and practical principles that need to be fulfilled in order for each criterion to be satisfied.

3.1 Extent to which Non-state actors address the needs of the population (criterion of representation)

1. The interventions must promote poverty reduction and sustainable development in the ACP States, complementary to the national and regional programmes.
2. Non-state actors should demonstrate proof of activities and experience.
3. Non-state actors should not be profit making and there should be proof of a clear organisational structure which reflects the basic tenets of transparency and accountability.
4. The organisations must demonstrate a local character, predominantly through the participation and membership of ACP citizens.
5. Non-state actors should be able to prove that they are representative.

3.2 Specific competencies

1. Non-state actors should be able to prove that their competencies in working towards the key objectives of the Cotonou Agreement : address the priorities of poverty reduction, vulnerable social groups with inter alia gender specific needs, human rights and democracy, promoting good governance, enhance economic, social development as well as promote and strengthen social and political dialogue.
2. Non-state actors must operate under existing ACP State laws.
3. Non-state actors should prove the capacity to carry out projects.

4. Special attention should also be given to small and grass root organisations, which have the capacity to reach and represent, isolated and excluded parts of the population.
5. In the case of new organisations, non state actors should be able to demonstrate their know-how and potential to contribute to the objectives of the Cotonou Agreement.

3.3 Democratic and transparent organisation and management

Non-state actors should be able to provide:

1. proof of a clear organisational structure which reflects the basic principles of democracy, transparency and accountability, and the organigram of the organisation;
2. information on the decision-making process of the organisation;
3. an indicative financial list reflecting sources of funding and expenditure;
4. as far as possible proof of independence from state and administrations; and
5. description of the relations, other than financial, with any government with respect to the management of the organisation and the orientation of the activities undertaken.

4. Grounds for Exclusion

Natural or legal persons are not eligible if:

1. they are bankrupt or being wound up, are having their affairs administered by the courts, have entered into an arrangements with creditors, have suspended activities or are in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
2. they are the subject of proceedings for a declaration of bankruptcy for winding up, for administration by the courts; for being sued or prosecuted; an arrangement with creditors, or for any similar procedure provided for in national legislation or regulations;
3. they are guilty of serious misrepresentation in supplying the information required by the contracting authorities as a condition for participation in a Call of Proposals for contract; and
4. they have been declared to be in a serious breach of contract for failure to comply with obligations in connection with another contract with the same contracting authority.
5. Political parties are not eligible.

ANNEX VII ACP Civil Society Forum

The ACP Civil Society Forum

In October 1997, more than 30 civil society organisations from the ACP regions met in Entebbe, Uganda, and agreed to establish a common platform to address issues relating to ACP-EU cooperation. Seven ACP NGOs, representing the four African sub-regions (Southern, Central, East and West Africa), the Caribbean and the Pacific were mandated to drive the process leading to the establishment of the platform - the ACP Civil Society Forum.

The Forum is meant to be a democratic, transparent and inclusive coalition of not-for-profit organisations working on issues relating to ACP-EU development cooperation. It seeks to cater for the diverse range civil society development issues within the wide geographic coverage of the ACP group. It will benefit from, and be informed by, the diverse expertise and competencies of the membership.

Objectives

The objectives of the ACP Civil Society Forum are:

- to provide a platform for civil society actors in the ACP to formulate common positions on issues of concern relevant to ACP-EU cooperation;
- to articulate the views and concerns of marginalised social groups in ACP countries;
- to facilitate dialogue between ACP civil society organisations and official institutions of the ACP Group and the EU (e.g.

the ACP Secretariat, the Joint Parliamentary Assembly and the European Commission);

- to support and strengthen the participation of ACP civil society organisations in the ACP-EU development cooperation framework; and
- to regularly access, update and share information on developments at all levels of ACP-EU cooperation.

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ACP Civil Society Plan

One of the results of the Conference on the Participation of Civil Society in the implementation of the Cotonou Agreement is the elaboration of the ACP Civil Society Plan of Action. It was organised by the Belgian EU Presidency and the ACP Secretariat in July 2001 in Brussels. This document was then endorsed during the 27th ACP-EC Council of Ministers meeting in Punta Cana.

This document is available at:

www.eurosur.org/wide/EU/Cotonou/Action_plan.htm

For more information please refer to:

www.euforic.org/resource/en/doss/civilsociety/