

The challenge of remaining engaged with 'difficult partnerships'

A major review took place last September at the level of the United Nations of the progress that had been made in reaching the Millennium Development Goals (MDGs). The review revealed that the challenges remain huge in the poorest regions of the world, particularly in countries affected by chronic political instability, imploding state structures, conflict or war. In EU development jargon, however, they are known as 'difficult partnerships'.

The EC Communication on Governance and Development defines 'difficult partners' as countries that lack a commitment to good governance. This is not the same as weak governance, which describes a situation in which the government makes an effort and is committed, but where capacity is weak and outcomes are limited. Difficult partnerships include countries which have suspended cooperation, either in full or in part.

'Remaining engaged' is the basic principle underlying the EC strategy for dealing with difficult countries. There are four good reasons for not leaving poor performers to cope on their own:

- *solidarity* (i.e. the premise that it would be wrong for a country's population to pay the price for a lack of commitment on the part of its government);
- *security* (linked to the danger of isolating countries and of terrorism being free to flourish in failed states);
- *aid effectiveness* in the long term (i.e. it may prove difficult to start again from scratch if aid is suspended for a long period);

- *the risk of conflicts spilling over* into neighbouring countries or into the rest of the world.

Strategic and operational issues

Like other donors, the EU is struggling to meet the challenge of remaining engaged, in both political and developmental terms, with these countries. There are a number of major strategic and operational issues that need to be overcome in this respect.

First of all, there is the question of the very definition of 'difficult partnerships'. When and why does a country become a 'difficult partnership'? When does it graduate into an effective partnership?

Secondly, entry points for effective cooperation are generally hard to find, especially in countries where 'appropriate measures' or sanctions have been taken. The challenge is to identify and properly use all possible windows of opportunity and to adopt a multi-actor approach to development cooperation by working with those organisations that have the potential to promote change over time. The idea of linking relief, rehabilitation and development may be of particular relevance to difficult partnerships.

Third, is it possible for donors to intervene flexibly and rapidly? One of the EC's major assets is the variety of instruments it can deploy, yet in practice their combined potential often remains untapped.

Fourth, striking the right balance between development and security concerns is

often key. This calls for greater collaboration between actors from the development and security fields.

Finally, intervening in difficult partnerships is quite simply a risky business. In Zimbabwe, despite the highly polarised political situation, the EC has nonetheless been trying to provide capacity support to Parliament. It sees this as an opportunity to remain engaged and to promote some form of societal debate on major policy issues. In Nigeria, public finance management is generally weak, with rampant corruption at both federal and state levels. Yet the EC has opted to provide budget support in the wake of government promises of major changes in the governance of public finances. These are courageous approaches, yet they do not tie in very easily with the risk-avoiding nature of the aid climate in general.

Learning from practice

Further learning from practice will be key in order to enhance the relevance and impact of cooperation with difficult partnerships. The EC is actively involved in donor meetings that have been convened to improve cooperation. The DAC recently agreed to launch a pilot project to test the relevance of some of the agreed principles in a number of difficult partnerships over a two-year period. The EC will be the lead agency for the pilot project in Zimbabwe. Although this is likely to prove a long, uphill struggle for the international donor community, success is critical if donors are to remain engaged with countries classified as 'difficult partnerships'.

ACP-EC cooperation in practice

Facts and stories

Hard facts and stories on four aspects of ACP-EC cooperation: money, politics, policies and the EU.

Where does ACP-EC money go?



A recent ActionAid report, entitled *Real Aid: An Agenda for Making Aid Work*, accuses the world's richest nations of 'political grandstanding' as aid funds are watered down, leaving just 39 per cent of aid given by donors to benefit the poor. Although these findings cover all developing regions, they are particularly relevant to the ACP countries. The report argues that at least 61 per cent of all donor assistance from G7 nations is 'phantom aid', with genuine aid in 2003 accounting for just 27 billion dollars, or only 0.1 per cent of combined donor income. Nearly 90 per cent of all contributions from the United States and France may be regarded as phantom aid, the report claims. Much of this aid - 20 per cent - is spent on technical assistance, which counts as consultancy, and international experts' fees, while a further 14 per cent is accounted for by debt relief. The authors make clear that the EU needs to act urgently to ensure that debt relief is treated and reported separately from aid and is always additional to, and not drawn from, the funds required to meet the target set, i.e. that each country should allocate 0.7 per cent of its gross national income to development assistance.

http://www.actionaid.org.uk/wps/content/documents/real_aid.pdf

What policy debates are taking place?

Both the European Court of Auditors' special report on devolution and the recent EU Council conclusions underline the need for drastically reviewing the existing rules and procedures for implementing the EU's external assistance. While the Council acknowledges the progress made by the European Commission (EC) in decentralising management to its foreign Delegations, it nevertheless strongly emphasises the need for further simplifying, clarifying and harmonising procedures. This debate is linked to the ongoing review of the EU's overall procedural framework. Initial reform proposals put forward by the EC have raised concerns among key stakeholders, including the European Parliament and the NGOs. They fear that they will not bring about the changes that are required in order to raise the effectiveness of the €7 billion that is spent on external assistance each year.

Where is Europe going?

A number of recent events widely covered by the media have fuelled the debate on Europe's migration policies and the links with development policy. A wide range of initiatives should soon be emanating from a variety of EU institutions. A recent EC Communication spells out some concrete orientations on these issues.

<http://register.consilium.eu.int/pdf/en/05/st11/st11978.en05.pdf>

The ACP countries are preparing a Ministerial Meeting on Migration and Mobility for early next year.



What's new in the political arena?

Some time ago, the European Parliament (EP) commissioned an independent study to assess the EU Initiative on Democracy and Human Rights. The resulting report, entitled *No Lasting*

Peace and Prosperity Without Democracy and Human Rights - Harnessing Debates on the EU's Future Financial Instruments, stresses the need for new rules and procedures in order to ensure effective and efficient action. The report points out that the ongoing revision of the Financial Regulations and the Implementing Rules form a critical juncture at which to create the right tools to allow the Union to achieve its objectives. It is now up to the Foreign Affairs Committee and the Human Rights sub-committee to follow-up the report and get involved in the work already started in the EP's budget committees. There is also an urgent need for the Committees and services inside the Council and the European Commission to become involved in the revision process, which has already started in the budgetary and financial departments in all EU institutions.

Growing doubts about the development value of EPAs

The Economic Partnership Agreements (EPAs) currently under negotiation should be primarily about fostering sustainable development and poverty alleviation. This is stated clearly in the Cotonou Partnership Agreement and has been reaffirmed on numerous occasions by the European Union (EU) and the ACP countries and regions. Despite this ostensibly shared objective, a fierce debate is raging on how to ensure that it is achieved and on the nature of the development dimension in EPAs. The time is ripe for seeing how the various stakeholders are positioning themselves in this complex arena.

The European Commission: welcoming the debate

Peter Mandelson, the EU's Trade Commissioner, has welcomed the public debate on EPAs, claiming that it should help to bring about a more development-oriented outcome. The European Commission (EC) argues that EPAs are designed first and foremost to develop regional markets, and that this will stimulate local economic activity. Only then will the next step be taken, i.e. liberalising trade with the EU. In terms of the controversial Singapore issues (i.e. investment, public procurement and competition policy), the EC argues that these are essential for creating a stimulating environment for the private sector, attracting investment and enhancing regional integration. The EC reckons that EPAs offer an ideal framework for dealing with these issues in a development-friendly fashion.

EU Member States: taking a fresh interest

As for the EU Member States themselves, they have not been closely involved in the negotiations on EPAs since 2002, when they mandated the European Commission (EC) to negotiate on their behalf. Recently, however, some EU Member States have started to take more interest in the EPA debate and

have voiced concerns about their development dimension. The UK, for example, posted a memo on its website calling for development-friendly EPAs. This implies that the necessary conditions and capacities should be put in place in ACP countries before making a start on trade liberalisation. They stated explicitly that trade liberalisation should not be forced on the ACP countries, either through aid conditionality or through negotiations. The EU council recently asked the EC to explain in writing how it intends to ensure that EPAs have a positive development impact.

ACP governments: worried about the development dimension

The third stakeholder involved in the equation is the ACP governments. During the Council of Ministers meeting held last June, ACP governments expressed grave concerns about the way in which EPA negotiations are progressing and in particular about the failure to address the development dimension and regional integration priorities. They called on the EU to support ACP proposals for modifying the WTO rules so as to allow development-friendly regional trade agreements. They regretted the disparity between the EC's rhetoric and the attitude it has adopted during negotiations. They insisted on the need to define the development dimension and to specify the resources that are available for addressing supply-side constraints and defraying adjustment costs.

Civil society: stopping EPAs in their tracks

Representatives of civil society in ACP and EU countries are also becoming more active in the EPA debate. A number of organisations jointly launched a 'Stop EPA Campaign' in September 2004 and have engaged in many activities in both the North and the South to raise awareness, discuss the impact of EPAs, devise lobbying strategies, etc. More

targeted analysis is currently being undertaken, both to demonstrate the potential negative impacts of EPAs and to develop constructive proposals for making EPAs more development-friendly or for finding alternative arrangements.

Benchmarks for development focus

An interesting recent study¹ proposes a series of benchmarks for monitoring the development focus of EPA negotiations. The point of departure here is that EPAs should facilitate the structural transformation of ACP economies and should therefore address the major supply-side constraints, that liberalisation should go hand-in-hand with the strengthening of the private sector, and that equity concerns should be addressed at all levels. The authors propose a monitoring system, using different benchmarks, for three areas:

- (i) market access and fair trade,
- (ii) policy space, and
- (iii) resources for development support.

For the first category, the authors suggest specific benchmarks for issues affecting agriculture and commodities. The positive

References

EPAs: putting a rigorous priority on development. Memorandum. Brussels, 20 January 2005.
<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/05/18&format=HTML&aged=0&language=EN&guiLanguage=en>

Draft declaration of the 81st session of the ACP council of Ministers, Brussels, Belgium, 21-22 June 2005.
http://www.acpsec.org/en/com/cou81_decisions_e.pdf

Stop EPA campaign. www.stopepa.org

progress of the EPA negotiations could be linked, for example, to a dialogue for discussing the consequences of new forms of trade distortion caused by the CAP, or to the actual implementation of the EU Commodities Action Plan.

Some farmers' organisations, for example in West Africa², have become quite vocal about

the EPA negotiations, as the stakes for the African agricultural sector are tremendously high. However, more analysis and consultation need to be undertaken to ensure that national and regional authorities take full account of farmers' interests in the EPA negotiations.

¹ *Assessing the Progress of the EPA Negotiations from a Sustainable Development Perspective*, ICTSD and APRODEV, Brussels, January 2005.

² Organisations paysannes: Les leaders formés aux enjeux commerciaux des accords internationaux. http://www.lefaso.net/article.php3?id_article=8540

EVENTS

The 10th session of the ACP-EU Joint Parliamentary Assembly was held at the EICC in Edinburgh, United Kingdom, from 19-24 November 2005. Full details of the agenda, venue, registration, etc. are available at: http://www.europarl.eu.int/intcoop/acp/10_01/default_en.htm

The ACP Secretariat hosted an international conference on NEPAD in Brussels on 30 November 2005.

The 82nd Session of the ACP Council of Ministers was held in Brussels on 5-9 December 2005.

The ACP-EU Joint Parliamentary Assembly will take place in Barbados in the autumn of 2006. A report on tourism and development is likely to dominate the agenda.

READINGS

A New European Development Policy Statement. ECDPM-ODI-ICEI Briefing Paper. http://www.dgroups.org/groups/CoOL/docs/DPS-ECDPM-ODI_Briefing_Paper_0905.pdf

The new EU Development Agenda: Promise or Fig Leaf? Eurostep paper. <http://www.eurostep.org/docs/200507011137322807.pdf?&username=guest@eurostep.org&password=9999&groups=EUROSTEP>

How Civil Society Organisations use Evidence to Influence Policy Processes: A Literature Review. Amy Pollard and Julius Court. ODI Working Paper 249. July 2005. http://www.odi.org.uk/Rapid/Publications/RAPID_WP_249.html

Development Watch has been launched by the Global Cooperation Council and IPS Europe as an independent watchdog to monitor the reliability of critical information on international development cooperation. <http://www.developmentwatch.net/>

Aid Harmonization - What Will it Take to Reach the Millennium Development Goals? Development Gateway Special Report. <http://topics.developmentgateway.org/special/aidharmonization/>

Whose security? Integration and integrity in EU policies on security and development. Aprodev http://www.aprodev.net/devpol/Files/DevPol/Whose_security.pdf

eCourier. Electronic newsletter.

DG Development. eCourier focuses on development policy and relations with ACP countries and the ACP secretariat. It is a temporary replacement for the **ACP-EU Courier**, a historical bimonthly review which has been suspended for evaluation and restyling. http://europa.eu.int/comm/development/body/publications/courier/eCourier/ecourier_1_2005_en.pdf#zoom=125

In Defence of the ACP Submission on Special and Differential Treatment in GATT Article XXIV. Onguglo, B. Ito, T. 2005. (ECDPM Discussion Paper 67). Maastricht: ECDPM. www.ecdpm.org/dp67

ACP-EU Economic Partnership Agreements Sanitary and Phytosanitary Measures. Doherty, M. 2005. (ECDPM Discussion Paper 68). Maastricht: ECDPM. www.ecdpm.org/dp68

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'InfoCotonou' highlights key debates, activities and events related to the implementation of the Cotonou Partnership Agreement, an agreement between the African, Caribbean and Pacific (ACP) countries on the one hand, and the European Union (EU) on the other. ACP-EC actors are encouraged to share their opinions, reports and other resources on ACP-EC cooperation. The ECDPM is a non-partisan organisation that seeks to facilitate international cooperation between the ACP and the EC. Information may be reproduced as long as the source is quoted.

The ECDPM acknowledges the support it receives for 'InfoCotonou' from the Ministries of Foreign Affairs in Sweden, Finland and the Netherlands, the Directorate-General for Development Cooperation in Belgium, the Swiss Agency for Development and Cooperation and the Instituto Português de Apoio ao Desenvolvimento in Portugal.

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ISSN 1571-7518