

The Future of ACP-EU Relations: Applying a Political Economy Analysis Lens

A study by ECDPM

OUTLINE OF THE PROGRESS REPORT ON THE
PEA STUDY

(September 2015)

Background

The EU and the ACP countries concluded the Cotonou Partnership Agreement (CPA) in 2000. This treaty expires in 2020 and the debate has started on what should come next. Recent official statements by various parties involved have indicated that a **business as usual** approach may not be the most appropriate way forward to rethink the partnership relation. This is linked to profound changes that have occurred worldwide, within the ACP as well as at European level over the past two decades. These changes unavoidably impact on the nature of the relationship between both partners. They have also affected the capacity of the ACP-EU framework to be an **effective vehicle** to broker political deals between the two parties or promote joint action in international fora on global challenges. Evidence suggests that the CPA has become over time primarily a **development cooperation tool** -largely concentrated on managing aid resources from the European Development Fund (EDF).

For all these reasons, it seems important to objectively consider **if, where, how and under what conditions the current ACP-EU framework** could add value in the context of a multi-polar world and the new priorities of the universal Post 2015 Sustainable Development Goals (SDG) Agenda.

As an independent, non-partisan foundation ECDPM has a longstanding involvement in ACP-EU cooperation processes that goes back more than 25 years. The Centre has continuously provided an open platform for dialogue on how to improve implementation and ensure renewal of the partnership. Building on this tradition, and having reached this critical juncture, it now seeks to facilitate a well-informed, evidence-based and multi-actor dialogue on the future of this relationship.

To this end, ECDPM has initiated an independent political economy analysis (PEA) of the ACP-EU partnership. **This type of analysis does not look at “what should be done” to revitalize the relationship but at “what kind of reforms are feasible”** under the current political/institutional context. To assess this, it focuses on describing how the nature of the ACP-EU partnership evolved over time and why these changes took place. A political economy analysis is primarily concerned with power relations as well as the political/economic interests of the different actors and their respective incentives to pursue change or rather go for a status quo. It is hoped that applying such a PEA lens will enrich the on-going debates on the future of the ACP-EU relationship by bringing in more facts, evidence and attention for the feasibility and added value of possible reform options. This, in turn, should help parties to ensure that future cooperation arrangements governing the EU's relations with ACP countries are fit for purpose to deal with the international cooperation challenges of the 21st century.

The overall PEA study will be completed by the end of October 2015, leading to the publication of a comprehensive report, underpinned by a set of concrete case studies.

Yet at this stage it was deemed pertinent to produce a **“Progress Report”** on the PEA study to detail the approach followed, present some preliminary findings and emerging conclusions –mainly in the form of questions. This Progress Report will be finalized by 23 of September 2015 for timely distribution to the participants of the Luxemburg EU Presidency and ECDPM seminar on the future of the ACP-EU partnership (to be organized on 30 September 2015). The outcomes of this meeting will feed into the analysis presented in the final report of the PEA study.

Below an outline is presented of this Progress Report.

Outline

Section 1: The changing context of the ACP-EU Partnership

The first section will examine five trends and factors that have affected the role and added value of the CPA. These include (i) new geopolitical realities; (ii) globalisation and regionalisation processes (including the negotiation of Economic Partnership Agreements which have 'regionalised' the trade dimension of the CPA); (iii) the emerging Agenda Post 2015 (with universal SDGs, shared financing arrangements, domestic resource mobilisation); (iv) internal changes within the ACP countries and regions: as well as (v) internal changes within Europe, particularly the enlargement of the EU to the current 28 member states.

All this has impacted profoundly on the actual practice of the ACP-EU partnership. For an increasing number of ACP and EU actors the CPA has become a traditional donor-recipient relationship. This factual erosion also explains why few people favour renewing the status quo and the climate is rather in favour of a more fundamental rethinking of the relationship. The ACP group itself has set the tone by launching a major internal process aimed at reinventing the ACP (as a global actor) and reviewing the overall relationship with the EU (in order to reduce dependency).

Section 2: Conducting a forward-looking debate – Conditions and risks

This section will look at the political and institutional conditions to have an open and frank discussion on the future of the ACP-EU relations. It is a contextual analysis of the state of the debate, at this initial stage.

The section will review a number of factors that may render a forward-looking debate rather challenging. These include: (i) the less prominent status of the partnership in the foreign policy ministries of ACP countries, in ACP regions and EU member states as well as in large sections of the EU (including EEAS and DEVCO); (ii) the rather limited knowledge of and interest in the CPA at the level of actors 'beyond Brussels'; (iii) the heritage of more than 40 years of ACP-EU cooperation, which may make it difficult to move out of a certain 'comfort zone' and pattern of discussing things related to the CPA; (iv) the scant evidence on the effectiveness of the ACP-EU partnership and its institutions (reflected in a lack of dedicated evaluation and research material¹); (v) the existence of particular 'vested interests' in a status quo (this is an issue of particular importance for a PEA).

These conditions may, in turn, lead to a number of risks that may lead to narrow and reductionist debates. A first risk is the adoption of a defensive and normative approach, whereby the 'acquis' of Cotonou (in terms of contractual partnership, predictability, joint management) is considered as a good thing *per se* without looking at evidence on its practice or effectiveness. The second risk is to have a debate of an aspirational nature – whereby all kind of additional lofty ambitions are added to the current framework (e.g. in relation to migration, climate change, blue economy) 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 third major risk is 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.

¹ Academic research has initially investigated the contents of the CPA and its negotiation process, as well as in recent years focused on EPA negotiations. Yet only limited research has looked into the functioning of ACP and ACP-EU institutional processes. Similarly, evaluation has largely concentrated on evaluating interventions financed by the EDF with only cursory reference to the functioning of the wider cooperation framework that the fund is positioned to help realising

Section 3: The potential added value of a political economy analysis

Building on the two preceding introductory parts, this section will explain why and how a political economy analysis could help to ensure a well-informed and realistic debate on the future of the partnerships. It will clarify what a PEA entails, what it focuses on and what its added value can be (compared to other forms of analysis).

It will identify and explain the **main PEA core questions** that underpin and guide the study:

- ✓ 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?
- ✓ Who are the key actors, 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 is the ACP-EU framework a suitable vehicle to contribute to realising the universal agenda of SDGs and organising effective collective action around global challenges?

Section 4: The foundations of the ACP-EU partnership – Evolution over time and current strength

The analysis of foundational factors is a standard component of a PEA study. It starts from the premise that these factors determine the functioning of a given entity (a country, a sector, an organisation or indeed an international treaty like the CPA) and are rooted in history as well as in other factors of a structural nature (e.g. geography, endowment of natural resources, etc.). It is important to capture these foundational factors - they tend to have an ongoing impact, contribute to existing power relations and condition the behaviour of the actors. Normally foundational factors are of a structural nature and cannot easily be changed.

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 1975²; (ii) the evolution over time of these building blocks and (iii) the current solidity of these foundational factors (2015).

Preliminary findings suggest that each of these factors has changed quite dramatically over the past 40 years, which has accelerated over the past 15 years and that the current ACP-EU construct now rests on rather fragile foundations. This, in turn, has major implications for the capacity of 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.

² We will focus on six foundational factors: (i) the geopolitical context; (ii) a clear political agenda; (iii) common interests; (iv) cohesion of the parties to a treaty; (v) bargaining power and capacity; (vi) existence of alternative institutional frameworks for interest articulation.

Section 5: Rules of the game within the ACP Group and capacity to undertake collective action

Building on the previous analysis (related to the gradual erosion of the foundations underpinning the partnership), the focus here will be 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 various ACP institutions to facilitate the relations with the EU. It formally spelled out the values (i.e. unity and solidarity) as well as rules that would govern the Group, including the role of the ACP Secretariat.

There is extensive evidence (including from the ACP) of systemic weaknesses that affected the ACP institutions over the past decades (despite several reform attempts). To this end, this section will look at how and why the ACP system is functioning the way it does. This means focusing on issues such as the dominant role of the Committee of Ambassadors, the lack of power of the Secretariat and of the Secretary General of the Group, the Secretariat's dual role in servicing the Group and its EDF implementation responsibilities, the skewed incentive structure (primarily geared at managing EDF resources) as well as the limited ownership of the whole construct by its Member States (as reflected in the high dependency on EU funding and accumulated arrears in ACP MS contributions).

These political economy conditions inevitably affect the capacity of the Group to deliver on its lofty ambitions. This is illustrated by two specific case studies undertaken in the framework of this PEA, respectively dealing with the limited progress achieved with intra-ACP cooperation and the virtual absence of an ACP identity in international fora. A third case study looks at how the ACP Group defends its interests in the WTO. While relative successes were achieved on specific issues at some stage in the process, it is less clear how the ACP as a Group can also provide added value to its Members in bargaining deals around the many new trade challenges of the current global system.

These preliminary findings raise questions about the feasibility of current plans to transform the Group from a largely EU dependent and focussed structure dealing primarily with aid into a global player that can defend ACP interests in a wide range of policy arenas.

Section 6: Rules of the game within the EU – How the ACP evolved from a privileged to a rather marginalised partner

The gradual withering away of the central position given by the EU to the 'unique' relationship with the ACP in its foreign relations is well researched and documented. 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.³ It has *de facto* been supplanted by alternative frameworks (such as the continent-to-continent EU-Africa partnership) and a more global approach to development cooperation (evidenced by the European Consensus on Development and EU's Agenda for Change policies).⁴ This section will seek to understand the political economy factors that explain this gradual marginalisation of an erstwhile so prominent partnership. This is

³ Past EU Treaties always made a special mention of the ACP or EDF the most recent 2009 Treaty does not.

⁴ The 2011 Communication on the EU's Development Policy makes no specific mention of the ACP and in the 2005 Consensus in Development only in relation to the EPAs whereas earlier EU development policies almost solely focused on the ACP.

linked to the main contextual changes mentioned above (section 1) as well as to the evolving foundations of the ACP-EU partnership (section 4). The analysis will also look at the 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. There is also extensive evidence pointing to the difficulties at EU level to undertake coherent collective actions in foreign policy matters. This is also likely to affect the debate on the future of the partnership with the ACP.

To 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 (which contributed to the loss of traction of the ACP-EU framework as a foreign policy tool) 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).

Section 7: The functioning of the ACP-EU partnership in practice

Having looked at the (evolving) foundational factors as well as the rules of the game underpinning the functioning of the ACP Group (section 5) as well as the EU's overall approach to the ACP (section 6), it is now time to analyse how all this affects the actual partnership relation and implementation of the CPA.

Also here there is no shortage of formal rules of the game. These are reflected in a set of fundamental principles, shared values, political dialogue, a range of joint institutions as well as the 'co-management' of cooperation or the principle of reciprocity. Existing research and evaluations suggest there is often a major gap between these formal rules and actual practice. This section seeks to get a better understanding of the political economy factors at work that may help to explain that gap. To this end, three case studies were carried out focusing respectively on how the ACP-EU framework deals with 1) the political dialogue on shared values (through Article 8 and 96-97 of the CPA), 2) on the practice of 'co-management' as well as 3) on ACP-EU cooperation in agro-food sector trade policies.

Section 8: Who owns the ACP-EU partnership?

Drawing on all the previous analyses, this section will go deeper into the ownership issue of the ACP-EU construct. Several reports and studies have argued that the ACP hardly exists beyond the Brussels setting and the small group of diplomats, officials, experts or partners directly involved in the implementation of ACP-EU cooperation. This situation prevails despite the fact that particularly the CPA has sought to broaden the partnership to non-state actors, the private sector and later on also to local authorities (CPA revision 2005). According to the formal CPA rules, these actors are seen as full-fledged partners (rather than mere beneficiaries) to be associated to mainstream political/policy dialogue, programming and actual cooperation programmes and projects.

This section will seek to understand the political economy factors behind the ownership of the ACP-EU framework. It will focus in particular on the strategies and methods used in reaching out to the private sector (this part will be underpinned by a survey managed by ECDPM) and integrating civil society in the overall development process (a process which encounters difficulties in a growing group of African countries whose governments try to 'close the space' for autonomous civil society action).

The section will also analyse the implications of the 'ownership deficit' for the ACP-EU framework capacity be a relevant vehicle for addressing the Post 2015 global development challenges –all of which require multi-actor partnerships.

Section 9: How fit for purpose is the ACP-EU framework for dealing with global public goods?

The emerging Post 2015 SDG agenda will fundamentally update the 'software' of the international cooperation system. It moves the agenda far beyond the traditional North-South divide and reliance on international public finance. It seeks to replace donor-recipient relations by partnerships with the capacity to address global development challenges at different levels. Furthermore, the ACP group has expressed the ambition to be an effective 'global player' in this arena.

The study will focus on the feasibility of using the ACP-EU framework for dealing with public goods –and with the capacity of the ACP group to act meaningfully on such issues. To this end, it will seek to understand the political economy of current ACP-EU practice in addressing these global challenges. How effective was the partnership in influencing the agendas around the provision of three global public goods (climate change, migration and food security)? What worked and what did not work and why? What lessons can we draw for the future?

Section 10: Emerging conclusions

In this section the emerging conclusions will be presented in relation to the four core questions introduced in section 3.