Towards a new partnership between the European Union and the African, Caribbean and Pacific countries after 2020

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Common global interests in a multi-polar world

1. To which degree has the partnership been effective in tackling global challenges?

No comment.

2. What would be needed to strengthen results in this respect and on which global challenges could the partnership add most value in the future, in the context of the new SDGs framework and in relevant international fora?

No comment.

Human rights, democracy and rule of law, as well as good governance

3. Have the mechanisms provided for in the Cotonou Partnership Agreement (CPA) (i.e. political dialogue, financial support, appropriate measures, suspension of the agreement) achieved meaningful improvements on human rights, democracy, rule of law and good governance, including the fight against corruption? Should the future partnership do more in this regard, and in what way?

EIC takes the view that there is a strong correlation between meaningful improvements on human rights, democracy, rule of law (hereafter referred to as "Good Governance") and Foreign Direct Investment (FDI) which in turn is necessary to eventually release recipient countries from aid dependency. Therefore, EIC urges the EU and Member States that, when deciding on the multi-annual national programmes, they should also take into consideration a partner government's progress with regard to Good Governance reforms. For instance, part of the EU's development aid could be closely linked to successful reform programmes. When it comes to defining the criteria for Good Governance, EIC would like to recommend resorting to universally accepted indicators including also private sector related aspects, such as the benchmarks of the World Bank Group. The World Bank Group offers two sets of comprehensive indicators on Good Governance, namely the "Worldwide Governance Indicators" (WGI) and the "Doing Business Project". The "Worldwide Governance Indicators" project reports aggregate and individual governance indicators for 213 economies for six dimensions of governance, namely Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. The WGI draws on data from 31 different sources that provide information on various aspects of governance and the aggregate indicators combine the views of a large number of expert survey respondents in industrial and developing countries. The "Doing Business Project" published by the International Finance Corporation (IFC) provides objective measures of business regulations and their enforcement across 183 economies and looks at measures and regulations applying to domestic small and medium-size companies, such as starting or closing a business and ease of doing business, dealing with construction permits and registering property, getting credit and protecting investors, paying taxes, trading across borders and enforcing contracts. By gathering and analysing comprehensive quantitative data to compare business regulation environments across economies and over time, the database offers measurable benchmarks for reform.

4. Has the involvement of local authorities and non-state actors (i.e. civil society organisations, the media), national parliaments, courts and national human rights institutions in the partnership been adequate and useful to promote human rights, democracy and rule of law as well as good governance? Could they contribute more and in what way?

No comment.

Peace and security, fight against terrorism and organised crime

5. Are the provisions on peace and security in the CPA appropriate and useful and has the balance between regional and ACP involvement been effective?

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No comment.
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6. Should the future partnership provide for more effective joint action on conflict prevention, including early warning and mediation, peace-building and state-building activities, as well as on tackling transnational security challenges? Should this be done in the EU-ACP context?

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No comment.
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Sustainable and inclusive economic growth, investment and trade

7. How effective has the partnership been in promoting sustainable and inclusive economic development?

Specifically, in the construction sector, the sustainability and inclusiveness could be enhanced by more holistic contract models, such as Design-Build and Operate, for instance in the context of national or trans-national highways as well as for certain water or energy facilities. Applying this innovative approach within EU-financed contracts to the entire life-cycle of infrastructure facilities would facilitate an effective co-operation between experienced European companies and their local partners (contractors, subcontractors, suppliers, workforce). Connecting the operation and maintenance phase - which is often neglected - with the design-build phase would guarantee maximum local content because such a contractual framework is conducive to the formation of long-term partnerships between European and ACP companies and would allow, in particular during the operation & maintenance phase, a significant know-how transfer to local SMEs.
The DBO model also overcomes a frequently found problem, not only in developing countries, namely that maintenance is frequently the first target for spending cuts under tightening public budgets, even if delaying preventive maintenance results in much higher eventual overall costs over the project's life-cycle. It thus leads to more accountability and transparency, as it ensures that adequate funding is available for both the handing-over period and - potentially through EU Budget Support - also for operation & maintenance so that the infrastructure asset, once constructed or rehabilitated, will be properly maintained over the facility's life-cycle. Last but not least, EU and Member States could easily prescribe in the tender conditions of such long-term contracts the obligatory implementation of the core labour standards for the entire duration of the project.
EIC recalls the recommendations made by the 4th EU-Africa Business Forum which took place from the 26-28 of November 2010 in Tripoli, Libya, the Forum's Final Declaration calls on the policy-makers in the African and European Union and in the EIB to:

- Develop human capacity training programmes and include in tender documents requirements for know-how transfer to local contractors;
- Promote long-term construction contract partnerships between African and European companies with a high level of local participation (Joint Ventures, subcontractors and workforce).

8. Taking into account the new SGDs framework, should the future partnership do more in this respect, and what?

EIC believes that the partnership should put a higher emphasis on the infrastructure sector and in particular transport infrastructure. According to World Bank estimates, about 1.4 billion people in the world today have no electricity, some 880 million people are without safe drinking water and 2.6 billion people do not have access to basic sanitation. Furthermore, 1 billion people world-wide live more than 2 km away from a nearest all-weather road. The World Bank calculates that 850 billion US$ is needed for infrastructure financing in the developing world every year through 2015. That is approximately 6% of global GDP. The ACP countries are highly affected by infrastructure shortages. For many African countries, particularly the lower-income countries, the existent constraints regarding infrastructure affect firm productivity by around 40 percent

EIC submits that an efficient transport Network is a "missing link" for enabling inclusive growth, decent employment and Wealth Creation in developing countries. It is an indispensable prerequisite for broad access to education, health services and political participation and a key ingredient for achieving the new Sustainable Development Goals. Transport infrastructure in particular provides the link between national economies and global markets and thus strengthens a country's ability to compete for both export markets and foreign direct investment by removing physical bottlenecks for trade and reducing logistics costs.

9. How effective has the partnership been in supporting macroeconomic and financial stability? In which areas would there be added value in ACP-EU cooperation on macroeconomic and financial stability?

No comment.

10. How effective has the partnership been in improving domestic revenue mobilisation, in promoting fair and efficient tax systems and in combatting illicit financial flows? Would there be added value and more efficiency in stronger ACP-EU cooperation on these matters?

No comment.

11. Has the partnership been able to contribute substantially to mobilising the private sector and attracting foreign direct investment?

EIC observes, however, that ACP Countries are somewhat lagging behind other world regions in the implementation of Public-Private Partnerships (PPP). Set against the impressive growth rates in many African economies in recent years and the corresponding level of potential demand for investment, low demand for infrastructure is unlikely to be the reason for the relatively low levels of PPP activity. If the growth of some infrastructure sectors, such as mobile telephony, across the continent is a guide, the ability and willingness of citizens to pay for quality infrastructure may not be the constraint. In other words, the work required is likely to be related to the factors relating to the supply side of PPP, including the obstacles to mobilising private sector resources.

To address this bottleneck, EIC suggests that the European Commission and Member States remove their internal legislative and administrative barriers to substantially support Infrastructure PPPs in ACP Countries, beyond Technical Assistance, through a combination of grant financing, equity capital, soft loans and also guarantees. In the capital-intensive infrastructure sector, pooling EU development aid funds for the infrastructure sector could be instrumental to attract additional foreign and local private investment within the framework of Infrastructure PPPs. A more active role of the EU and Member States in funding Infrastructure PPPs in ACP Countries could be complemented by the European Investment Bank (EIB) as well as by European export credit agencies, in particular with a view to protect private investors against political risk in ACP Countries as well as against certain prohibitive financial and economic risks.

Through the support of Infrastructure PPPs in ACP Countries the EU would attain its objective to combine, track and report the diversity of aid flows and to increase the impact, accountability and visibility of European development aid. We would like to recall that the PPP approach offers substantial advantages over the conventional procurement process, such as up-front and full cost transparency and security in terms of capital investment for construction and operation & maintenance costs as well as a rigid and transparent performance measurement during all project phases. Whilst there is no universal approach to implement PPP schemes, it is today beyond debate that, if structured correctly for the right service and in the right competitive environment, the PPP concept does deliver globally Value for Money due to efficiency gains and enables governments to control their balance sheet. These are particular important policy goals in the ACP Countries.

EIC recalls the recommendations made by the 4th EU-Africa Business Forum, which took place from the 26-28 of November 2010 in Tripoli. Concerning Infrastructure PPPs, the Forum’s Final Declaration calls on the policy-makers in the African and European Union and in the EIB to:

- Develop sound investment policies and create an Infrastructure Investment Fund that boosts local private sector participation in infrastructure delivery;
- Enhance EIB’s and other European Development Finance Institutions’ role to act as lenders and investors for infrastructure projects in Africa;
- Provide technical assistance and financial support to African Governments to prepare the legal framework for PPPs and to select bankable projects;
- Participate in risk sharing with local banks to enable financing denominated in local currency and providing foreign exchange coverage;

• Provide separate Political Risk Guarantees (which should not be necessarily linked to a loan or grant) for infrastructure projects.

12. How could the potential of the EU and ACP private sector be better harnessed? What should be the main focus of EU and ACP private sector cooperation in a post-Cotonou framework, and what might be the role of ODA in this?

EIC supports the idea of acknowledging of the complementary roles of development and trade finance and a commitment to create synergies between the two sources of finance. In this context, EIC welcomes the EU's Agenda for Change in Development Policy which intends to leverage private sector activity and resources for delivering public goods and under which the EU has vowed to further develop blending mechanisms to boost financial resources for development. In the "Agenda for Change of EU Development Policy" the EU has recognised the need to "develop new ways of engaging with the private sector with a view to... catalyse public-private partnerships and private Investment... The EU should only invest in infrastructure, where the private sector cannot do so on commercial terms" Evidently, not many infrastructure projects in Africa can be structured as PPP or concession and this is particularly true for the transport sector. Unless donors are prepared to provide a comparably high level of subsidies, there are certain constraints for public-private partnerships in the infrastructure sector in Africa.

Therefore, EIC has elaborated a specific proposal for typical public transport sector projects, which are "non-commercially viable". EIC's proposal titled "Blending 2.0" builds upon the existing EU-Africa ITF instrument ("Blending 1.0") and proposes to catalyse for public infrastructure projects in Africa additional sources of finance beyond the development finance community ("Blending 2.0"). EIC's innovative "ITF Blending 2.0" concept consists of (1) EU grants to subsidise interest rates for (2) concessional development loans arranged by ITF Lead Financiers which are (3) syndicated amongst commercial banks to the extent that commercial bank finance can be guaranteed by comprehensive insurance cover from participating ECAs, for which ECAs will charge a premium to adequately cover the assumed risks. "Blending 2.0" would catalyse additional private sector finance for typical so-called "commercially non-viable" public sector infrastructure projects that do not generate sufficient direct project income, but are critical for social and economic development of the country (e.g. transport, roads, bridges, railways, drinking water & sanitation, ports, regional airports, health and education). "Commercially viable" infrastructure projects, by contrast, would be structured as Public-Private Partnerships or concessions.

13. In this setting, what opportunities do you see for the new, digital economy?

Certainly, the digital economy will advance both in the OECD countries as well as in the non-OECD countries. However, achieving the new Sustainable Development Goals without paying proper attention to issues of transport infrastructure and its interaction with the various social domains is problematic and this is nowhere more visible than in the context of inclusive growth. Anyone trying to assess the long-term impact of transport sector projects soon will acknowledge the fact that economic growth implies the need for an appropriate transport infrastructure. This includes roadways, railways, ports, waterways and airports as well as local public transport systems. How highly developed the transport infrastructure needs to be depends on the extent of the division of labour and market orientation of a given economic area. In remote rural areas simple roads or tracks are sufficient; in medium-sized or large towns or cities with an extensive national, regional or international division of labour, it is generally vital for the basic infrastructure of national roads to be supplemented by air, rail and possibly maritime transport links. Mega-cities with their vast populations would cease to function without efficient inner-city public transport systems without which people to could not reach their jobs, schools, health care.

14. To what extent has the partnership been able to contribute to increase agricultural development and trade?

No comment.

15. What has been the contribution of the partnership trade preferences to the integration of ACP countries in the world economy and to its development goals?

No comment.

16. Is there still a need for specific provisions on trade cooperation in the post-Cotonou framework, also taking into account the ACP countries which have not signed an EPA? If so, what could/should they cover?

No comment.

Human and social development

17. Has the partnership delivered on its human development objective in an effective and efficient way, in particular on poverty eradication, and also concerning gender equality and empowerment of women? How could it be improved?

Given that global poverty cannot be eradicated by Official Development Assistance (ODA) alone, EIC would argue that a modern and effective EU-ACP Partnerhip is aligned first and foremost with the political objective of “wealth creation” rather than “poverty reduction”. The EU-ACP Partnership should, therefore, be geared towards attaining inclusive economic growth in partner countries as the basis for fighting inequality and improving social outcomes. This in turn requires partner countries to look beyond the trading of natural resources and instead to build up an adequate infrastructure stock as well as productive industrial capacities, which are a prerequisite for sustainable development. European international contractors have a global track record in road maintenance and would be prepared to share their expertise and knowledge on road construction and maintenance with African partners in the context of a transparent and predictable contractual framework. In addition, European professional associations could support the institutional know-how transfer in the area of vocational training for African managers, engineers and workers.

18. Taking into account the new SDGs framework, what are the main challenges related to human development that the future partnership should focus on?

The infrastructure bottelnecks and related employment constraints as mentioned in the SDGs Nos. 6, 7, 8 and 9.

Migration and mobility

19. Has the partnership been a useful vehicle for discussing migration issues and has it positively contributed? Has Article 13 CPA been fully applied?

No comment.

20. Should a future partnership do more in this regard, and on which particular aspects should it focus (legal migration and mobility, addressing root causes of migration, return and readmission, tackling human trafficking and smuggling, international protection)?

One of the major roots for migration is that there are insufficient decent work opportunities in certain countries. EIC recalls that the construction sector offers huge employment opportunities in all countries and that European construction companies active in ACP countries co-operate with local contractors and suppliers and transferring technical know-how. Hence, the future partnership should hocus on how to maximise the Integration of the local labour force, in particular in construction. Enhancing local contracting capacity in the construction industry is a key measure to educate and integrate a higher share of the local workforce - including those which are unskilled or are working in the informal sector - into the national division of labour. Yet, to date donor-financed infrastructure projects in ACP Countries, regrettably also those funded by the EU or its Member States, are all too often implemented without sufficient know-how transfer to local companies and/or workers. Labour-intensive implementation concepts in the infrastructure sector, whilst creating short-term employment for the local population, are not conducive in developing a large number of local SMEs nor are they a tool for systematic know-how transfer.
Given that European contractors are not “exporting” their workforce abroad (but limit the presence of their “expats” on construction sites in ACP Countries to a maximum of 10% of the entire workforce), the European construction industry is prepared to enter into a dialogue with the EU and ACP countries to identify means to institutionalise the transfer know-how to the local construction industry, e.g. in the context of EU-financed infrastructure life-cycle projects or by adding certain local content requirements in conventional infrastructure tenders. In addition, European professional construction associations could support such know-how transfer for African managers, engineers and workers through their vocational training centres. With regard to optimising EU aid for healthcare, EIC would like to clarify that, whilst access to clean water and adequate sewerage systems directly relate to improving health systems, transport infrastructure projects can also make it easier for the poorer part of the population (frequently in remote parts of the country) to access education and health services.

A stronger political relationship

21. How effective has the political dialogue been and at which level is it the most effective: national, regional and through the joint EU-ACP institutions? Should the scope of political dialogue be widened or narrowed?

No comment.

22. Would a stronger involvement of EU Member States, associating their bilateral policies and instruments to the political dialogue at national level, enhance the dialogue's effectiveness and efficiency?

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No comment.
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23. Has the fact that the agreement is legally binding been instrumental to its implementation as compared to other regional partnerships based on political declarations?

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No comment.
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Coherence of geographical scope

24. Could a future framework be usefully opened up to other countries than the current members of the ACP Group of States? Which countries would that be?

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No comment.
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25. What kind of framework should govern EU and ACP relations? How could an ACP-EU successor framework relate to the more recent EU regional partnerships with Africa, Caribbean and Pacific States? Could a future ACP-EU framework include distinct partnerships with regional partners?

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No comment.
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26. Is there scope for building in more structured relationships with Asia, Latin America, the Middle East and North Africa?

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EIC would definitely be in favour of building more strucuted
relationships between the EU and other regions.
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Cooperation tailored more towards groups of countries with similar development level

27. Is the current system of allocation of development resources, based on need and capacities as well as performance, sufficient for channelling funds towards those countries where the highest impact can be obtained? Should allocation of resources continue to prioritise countries most in need, including fragile states?

As mentioned under item 3, EIC takes the view that there is a strong correlation between meaningful improvements on human rights, democracy, rule of law (hereafter referred to as "Good Governance") and Foreign Direct Investment (FDI) which in turn is necessary to eventually release recipient countries from aid dependency. Therefore, EIC urges the EU and Member States that, when deciding on the multi-annual national programmes, they should also take into consideration a partner government’s progress with regard to Good Governance reforms. For instance, part of the EU’s development aid could be closely linked to successful reform programmes.

28. What kind of cooperation could help to cover the specific needs of more developed ACP countries with a view to attaining more equitable and sustainable growth?

In the more developed ACP countries, EIC suggests to strengthen the complementary roles of development and trade finance and to create synergies between the two sources of finance. For instance, it is of great importance that effective risk mitigation instruments are developed with the aim to form a strategic alliance between (European) donor agencies and commercial lenders/investors. Ultimately, the new development framework should set out the complementary roles of public and private financing for development and emphasise the catalyst role of development financing for triggering private investment in "non-commercially viable" infrastructure from capital markets and the insurance sector.
It is particularly important that in the future guarantees provided by official donors are recognised as ODA. Currently, the ODA definition does not generally include development guarantees and such guarantees are only accepted as ODA if a claim occurs which leads to an actual cash flow from the guarantor to the beneficiary of the guarantee (i.e. the claims payment). Evidently, this practice discourages bilateral donors to provide such guarantees. It is a fundamental hurdle to establish strategic partnerships with the private financial sector and explains the limited cooperation between bilateral donors and commercial banks.
In EIC's view, an explicit recognition of (development) guarantees within the ODA definition is important to bridge the gap between the investment needs of developing countries and the scarce development finance resources that are available. Through (development) guarantees limited ODA resources can be leveraged substantially and ODA donors would - despite the current crisis in Europe and subsequent budget constraints of many EU governments - be able to maintain or even increase their current ODA performance without substantial budget implications. Development guarantees can play a critical role in defining more precisely the complementary role of development finance versus commercial finance, including ECA guarantees.

Strengthen the relationship with key actors

29. Has the current model of stakeholder engagement been conducive to attaining the objectives of the partnership in an efficient way? Which actors could play a more significant role in the implementation of the partnership? How could this be addressed?

No comment.

30. What could be done to promote effective and efficient involvement of both international and domestic private sector, civil society, social partners and local authorities in the partnership?

Representatives of the private sector should be consulted in the drafting of a revised partnership and should be ntegrated in to the implementation process.

31. Should the partnership be open to new actors as referred above?

Yes, the private sector should be acknolwedged as a key stakeholder and ist role should be acknowledged (as has been done in the recent SDG and Financing for Development Declarations.

32. In this regard, should the possibility of opening up the partnership to 'associated members' or 'observers' be considered?

Yes, see above.

33. How could a new framework promote triangular and South-South cooperation, including the increased involvement of ACP States as development actors in support of other ACP countries?

United Aid rules should be applied and enforced not only in the OECD-DAC context but also in the South-South cooperation so that reciprocal dccess to Tenders is ensured.

Streamline the institutional set-up and functioning of the partnership

34. Has the joint institutional set-up (with the ACP-EU Council of Ministers, the ACP-EU Committee of Ambassadors, and the Joint Parliamentary Assembly) been effective in debating and promoting common views and interests and in providing political guidance and momentum to the EU-ACP partnership and the implementation of the CPA?

No comment.

35. What is the added value of the joint ACP-EU institutions as compared to more recent regional and regional economic community frameworks for dialogue and cooperation?

No comment.

36. What institutional arrangements would most effectively help address common challenges and promote joint interests?

No comment.

37. Should a higher degree of self-financing of this functioning (ACP-EU Joint institutions and ACP secretariat) by the ACP States be required?

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No comment.
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Better adapted and more flexible development cooperation tools and methods

38. Is there added value in having a dedicated financing instrument in support of the ACP-EU partnership? If so, what are the reasons and how would it differ from other external financing instruments funded by the general budget of the Union? Is this instrument flexible enough, especially to address crisis situations? Can this instrument be deployed differently?

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No comment.
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39. What is the added value of the EDF's co-management system involving national authorities in the programming and management of aid programmes, as compared to other EU cooperation instruments in non-ACP countries?

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No comment.
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40. Does the current set-up of the programming process and implementation of activities lead to real ownership by the beneficiaries? What could be improved? How can the EU and Member States maximise the impact of joint programming?

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No comment.
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41. Does the variety of existing tools adequately support the EU and ACP common principles and interests and are there gaps that should be addressed? How do you assess the effectiveness and efficiency of various implementation modalities?

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No comment.
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42. Should a higher degree of self-financing from the ACP States be required for activities to ensure ownership? Would this apply to all countries? On which principles should this be based?

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No comment.
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43. How can the expertise of the EU and its Member States be better mobilised, particularly in the middle-income countries?

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No comment.
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