

Special issue on the revised Lomé Convention*White pages*

1. The finest and most complete instrument of cooperation ever
3. The signing ceremony: Relief and expectancy
8. Main innovations
14. The ACP and European Union countries
20. Coherence, coordination and complementarity
João de Deus Pinheiro, European Commissioner for Development
22. Seeking to make the Convention more effective
Carl Greenidge, acting Secretary-General of the ACP Group
24. The advantages of a multilateral approach

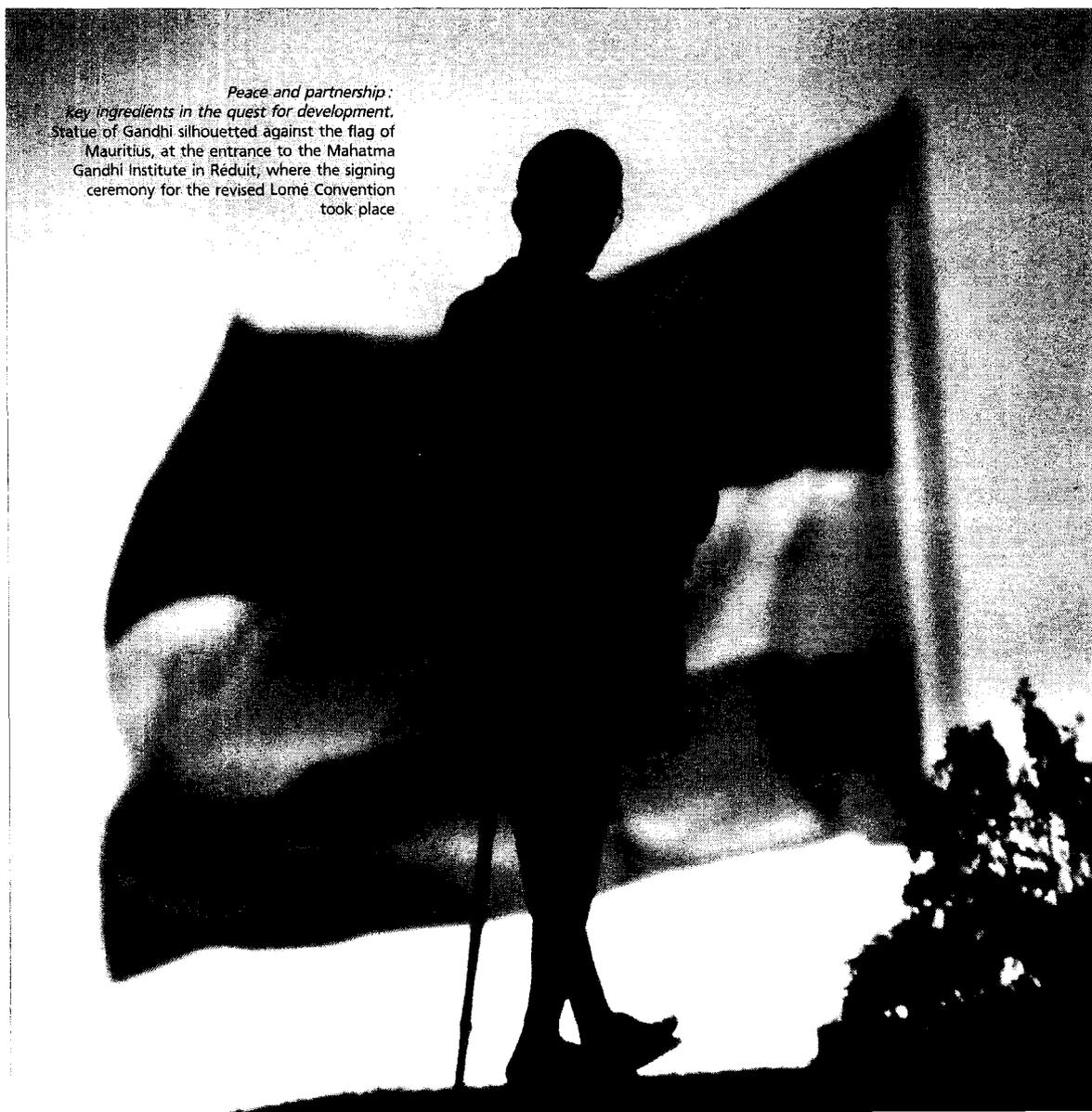
Blue pages:

The Mauritius Agreement

Yellow pages:

Consolidated text of the Convention, Annexes and Protocols
(see table of contents at the beginning of the yellow pages).

Index of keywords



*Peace and partnership:
key ingredients in the quest for development.
Statue of Gandhi silhouetted against the flag of
Mauritius, at the entrance to the Mahatma
Gandhi Institute in Reduit, where the signing
ceremony for the revised Lomé Convention
took place*

The finest and most complete instrument of cooperation ever



The original Lomé Convention. *A partnership characterised by security and reliability*

As yet another milestone in ACP-EU relations is reached — with the signing of the agreement in Mauritius revising the fourth Lomé Convention — we need to pause and reflect on the ground that has been covered over the years. When *Lomé I* was concluded in February 1975, few would have anticipated that the Convention would continue for more than two decades, let alone become the finest and the most complete instrument of North-South cooperation ever. At that time, 46 African, Caribbean and Pacific (ACP) states and the nine member countries of the European Community (EC) gathered in the Togolese capital to sign the document after several months of negotiations.

Four years into its implementation, and despite benefiting from the experience of the two earlier Yaoundé Conventions, the ACP States wanted the five-year agreement scrapped and a completely new one drawn up. The European Community, on the other hand, preferred to adjust and update it. The two sides met half way and established the tradition of tough and thorough renegotiations and of compromise. The principles of equal partnership and respect for the sovereignty of the ACP states were also recognised.

Adapting to changing trends

Over the past 20 years, the Lomé Convention has built on and consolidated what has been achieved in previous agreements. It has, of course, been influenced by trends in political and economic thinking, the balance of power and the

situation generally in the international scene. Thus, world economic recession, deteriorating terms of trade for the developing countries, the Uruguay Round negotiations, the collapse of the Iron Curtain and the completion of the European internal market have all contributed to making the Lomé Convention the unique and all-embracing multilateral instrument of cooperation that it is today. Each ACP state — whatever its economic and physical condition, whether it is least developed, landlocked or insular — has something special for it in the Convention.

Lomé II (1980-1985), which was signed by 58 ACP countries and nine member states of the European Community, saw, among other things, the range of products covered under the system of export stabilisation (Stabex) considerably expanded and support given to the mining sector (Sysmin). Although not inscribed in that Convention, human

Four decades of partnership

Although the ACP group only came into being at the time of the first Lomé Convention in 1975, cooperation between the European Community (now the Union), and countries with which they had special relations in sub-Saharan Africa, the Caribbean and the Pacific, dates back to 1957. This was when the Treaty establishing the European Economic Community was concluded. The evolution of the relationship is charted below.

Year	Event	No. of countries	
		'ACP'	Europe
1957	European Economic Community (EEC) Treaty. <i>Provision made under Articles 131-136 of the Treaty for association of non-European countries and territories with which EEC Member States have special relations.</i>		
1963	Yaoundé I Convention AASM (Associated African States and Madagascar) — EEC	18	6
1969	Yaoundé II Convention AASM — EEC	18	6
1975	Lomé I Convention ACP (African, Caribbean and Pacific) — EEC	46	9
1980	Lomé II Convention ACP — EEC	58	9
1985	Lomé III Convention ACP — EEC	65	10
1990	Lomé IV Convention ACP — EEC	68	12
1995	Lomé IV mid-term review Revised text signed in Mauritius ACP — EC	70	15

rights and investment guarantees — on which the ACPs were reticent — began to emerge as major issues in ACP-EC relations. By December 1984, when *Lomé III* (1986-1991) was concluded, these subjects had found their way into the agreement. The number of ACP states had increased to 65 and the European Community now had ten members. Lomé III also saw the concept of policy dialogue introduced. Food security and food self-sufficiency as well as the development of services such as tourism and maritime transport were emphasised.

Growing membership

The growth in the membership of the Convention illustrates its continuing attractiveness. When *Lomé IV* was signed in December 1989, the number of ACP and EC signatories had grown to 68 and 12 respectively. Today there are 70 ACPs and 15 members of the European Union (the European Community having meanwhile become a Union

following the completion of the internal market and the signing of the Maastricht Treaty in 1992).

Lomé IV was different from its predecessors in being given a ten-year duration (1991-2000), although the financial protocol was for five years. Provision was made in the agreement, however, for the possibility of a 'mid-term review', coinciding with the negotiations on the second financial protocol. The Convention was agreed at a time of rapid and dramatic political changes in Eastern Europe — changes which were to have a significant impact on the global political balance. Structural adjustment, as espoused by the Bretton Woods institutions, was also becoming the order of the day in economic management in many developing countries. The latter was, not surprisingly, included in Lomé IV but with an important social dimension.

The negotiations for the second financial protocol provided opportunities to enrich the Convention further with provisions on democracy, good governance and human rights. These reflect the modern consensus that genuine and sustainable development can only take place in a liberalised environment, both political or economic.

As far as the ACP states are concerned, the amount of development assistance on offer under the Lomé Conventions has always been less than hoped for. Despite this, each new agreement saw an increase in real terms in the financial resources made available. The second financial protocol of Lomé IV is an exception. This time, the funding has not gone up in real terms although the nominal amount has risen by 22% in line with inflation.

Because it is contractual, the Lomé Convention has provided ACP states, during the past 20 years with a partnership characterised by security and reliability. Nonetheless, it was recognised during the signing ceremony of Lomé IV in 1989 that the re-emergence of Eastern Europe into the free world would lead to increased competition for international aid.

While the ACP states and European Union ponder the future of their relationship after the year 2000, in signing the revised Lomé Convention in Mauritius, they have reaffirmed what the aim of the link has always been — merely to contribute to development. Mauritius is recognised as a showcase of the Convention. Ultimately, the destinies of the ACP states are in their own hands. ■

Augustin Oyowe

The signing ceremony

Relief and expectancy

The signature of the agreement on the revised Lomé IV Convention took place at the Mahatma Ghandi Institute in Moka (Mauritius) on 4 November 1995. The ceremony was presided over by Spanish Foreign Minister and European Council President, *Javier Solana Madariaga*, and ACP Council President, *Moi Avei* who is Papua New Guinea's National Planning Minister. Also present were the European Development Commissioner, *João de Deus Pinheiro*, and the Prime Minister of Mauritius, *Sir Anerood Jugnauth*. The sober atmosphere was in marked contrast to the tropical splendour of previous signing ceremonies in the Togolese capital, whilst first-rate organisation gave those attending an opportunity to learn more about the host country, widely recognised as a 'model' partner in the system of ACP-EU cooperation. The event brought together foreign and development ministers, or their representatives, from the 15 EU states and 69 of the 70 ACP countries. The only absentee was Somalia, which has not yet ratified Lomé IV. South Africa attended as an observer and possible future 'member' of the Convention. Negotiations on a special link for this country with the Lomé system are currently under way. The Mauritius meeting was also an opportunity to begin dialogue on a matter of concern to all the signatories, namely the future of the Convention itself. The Prime Minister of Mauritius proposed that an ACP Summit be organised as soon as possible, to be followed by an ACP-EU Summit to discuss what should come after Lomé IV.

The predominant feeling among the participants seems to have been relief. Earlier fears of an impasse because of negotiating problems prior to the agreement of 30 June in the ACP-EU Council of Ministers, had proved unfounded. This relief was evident in a number of speeches delivered at the signing ceremony. Another prominent theme in the official addresses was the need for in-depth consideration of the future of EU/ACP cooperation. Speakers recognised that the latter must adapt to a global economic, political and commercial context which is very different from that in existence when the system of cooperation began. The event began with a speech of welcome from the Mauritian Foreign Minister, *R. Jaddoo*. Addressing the meeting in French and English (a reflection of his own country's multicultural character), he spoke of his apprehension in the face of the uncertainties of the new world order. He referred specifically in this context to the ending of the Cold War and the post-GATT trends, expressing the hope that

'the new creeds of ultra-liberalism and mercantilism will not overwhelm ACP-EU cooperation'.

Change and continuity

The second speaker, Commissioner Pinheiro, referred to the tough negotiations that had led to the revised Convention. He emphasised that, although the revision did not amount to a new accord, it nonetheless represented a milestone. On the obstacles that had been encountered during the negotiations, notably on the financial package, he paid tribute to the determination and perseverance of the French presidency which had striven to obtain a compromise satisfactory to the ACP countries. In his view, the fact that, as a last resort, the matter had to be put to the European Council (Heads of State and Government) for decision, should not be seen in a negative light. It was rather an indication of the importance that the EU attaches to its cooperation with ACP countries. Although stressing that the

negotiations were focused on devising a new financial protocol, he underlined the importance of the change which had taken place: a change whose principal message, perhaps paradoxically, was continuity. This, he said, was reflected in the EU's willingness to support the efforts of its ACP partners, as demonstrated by a 22% increase in ECU resources for the next five-year period. In dollar terms (the currency used in international transactions), this represented a 49% increase.

He went on to stress, however, that the very 'essence' of the revised Convention lies in its 'flexibility'. Professor Pinheiro spoke of the improved effectiveness of a system in which a first tranche (70% of the financial resources earmarked for a country) is initially released, and the remainder is made available later on the basis of how the initial allocation has been deployed. He also praised the reinforcement of political dialogue in the Lomé system, with respect for democracy as an essential element, and the reorientation of cooperation in the economic sphere towards the private sector and competitiveness in the ACP countries. He pointed to the fact that, in order to improve efficiency, the new Convention rules required programming to take place in the 12 months following signing. In conclusion, he urged those present to give thought to renewal of the Convention when Lomé IV expires.

In a brief speech, the EU Council President, Mr Solana, offered a similar analysis of the changes to the Convention, stressing the symbolic value of EU-ACP cooperation. It is, he averred, 'a unique model in the world of international cooperation' and 'proof of commitment' on the part of Europe to living in harmony in the world. It represented, for him, what the Caribbean poet and Nobel laureate, Derek Walcott, calls 'the bread that lasts when systems have decayed'. On expansion of the political dialogue, he stressed an innovation which he saw as crucial in terms of grassroots participation, namely the provisions reinforcing the democratic nature of the ACP-EU Joint



Signing up to the revised Lomé Convention in Mauritius Cape Verde (left), Barbados (right) and Austria (below) — one of the three new European signatories



Assembly. In future, ACP representatives will normally have to be politicians who have been elected at a national or regional level in their own countries.

The scars of tough negotiations

The speech by the ACP Council President, Moï Avey, focused on the 'scars' of what had been a tough negotiating round, and on the concerns arising from this as to the Convention's future. Recognising the need for change in a changing world, the speaker claimed nonetheless that Lomé resources provided to ACP countries amounted to just ECU 5.5 *per capita* over 5 years. Citing a commentator, he said that this buys 'two pints of beer and a packet of crisps in an average London pub.' He continued, 'while the Lomé Convention has been providing a lunchtime beer for every ACP person, declining commodity prices have been taking the food off their tables, and the debt service burden the shirts off their backs'. He was at least being frank. He questioned what the

Convention could do to bring the poorest people even slightly closer to the seemingly inaccessible rich. He argued that during the 1980s, ACP countries lost 100 billion dollars in export income owing to the collapse of raw material prices. Over the same period, total aid from all sources received by the least developed countries did not exceed 50 billion. Nevertheless, he said, there were sound arguments for opposing the pessimists who claimed that Lomé had failed. First, the Convention should not be expected to deliver miracles.

It was never intended to be the sole tool of development but was only one of a number of tools. Moreover, despite the difficult situation experienced in many ACP countries, on which the media tended to focus, there was a series of countries in the Group where ongoing efforts and Lomé aid have resulted in success.

The discussions about removing a group of countries from the 'least-developed' list bore witness to this success, he stressed. And although

Mauritius had not originally been chosen to host the ceremony because of its value as an example, it offered, nonetheless, concrete proof of this success.

Mr Avey also used frank language in addressing the European co-President of the ceremony when he commented that, in the past, the ACP countries had been disappointed with the Community's interpretation of the Convention on the delicate matter of human rights. It had, he said, unilaterally suspended aid to certain countries, something which goes against the spirit and letter of Lomé cooperation. He also welcomed the innovative 'suspension clause' in the revised agreement, but he stressed that great caution should be exercised in applying it.

On trade cooperation, Mr Avey expressed pleasure at the improved access to the European market for ACP products and at the compensation offered by the EU for ACP losses resulting from the former's implementation of GATT requirements. This compensation represented 25% of total losses and he was hopeful that the remainder would

follow in sequence, with the adaptation of Lomé's provisions to the results of the Uruguay Round. The sense of relief referred to earlier was also obvious in the ACP Council President's conclusion. 'From an ACP standpoint,' he argued, 'the outcome of the negotiations in relation to trade has been satisfactory, which is far from what could have been reasonably anticipated when the review opened'.

justice as being of particular importance in a multicultural country where any feeling of frustration or marginalisation of a population group should be avoided. Perhaps the Prime Minister had his own country in mind and the conflicting interests of ethnic groups which, a few days later, were to result in his government's resignation.

The first part of the ceremony before the actual signing closed with a

countries to accelerate the process of democratisation and good governance, recommending closer ties between the public and private sectors, and more efficient mobilisation of human resources, with greater emphasis on development of science and technology. He also spoke of the need for a balance between urban and rural environments, greater commitment to information technologies and adequate measures for encouraging saving on the domestic front, thereby attracting foreign capital.

Turning to Europe, the Minister made demands which may have been interpreted as criticism of past failings. They should share their expertise with ACP countries in areas such as infrastructure development, telecommunications and information technologies, he argued. And they should support developing countries in international fora such as the ILO or the Bretton Woods institutions. He pointed out that the Lomé Convention had come into being at a time when Europe was seeking a political identity to strengthen its international position and that the Convention was seen as an ideal opportunity. At present, a new European identity was emerging, characterised by a more compact body — economic and monetary union with a common currency and a common security policy. This body would still need the ACP countries to reinforce the single European currency by participation in a kind of 'ECU zone', which would enable the two parties to confront competition with other regional blocs more efficiently. Lastly, he suggested that a 'Committee of the Wise' should be set up forthwith to prepare an ACP Heads of State summit.

Effectiveness called into question

The signing ceremony in Mauritius came at the end of the 20th ACP-EU joint ministerial session (meeting on 3 and 4 November 1995). The ACP Group also staged its own Council meeting beginning on 1 November. It was at this session that the Mauritian Prime Minister presented his analysis of



The Prime Minister of Mauritius then addressed the meeting, referring to the emphasis that the revised Convention places on the private sector, and expressing the hope that the European Investment Bank, the Centre for Agricultural Development and the Technical Centre for Agriculture and Rural Development would make a major contribution in this area. He expressed a desire for greater cooperation between EU and ACP businesses. The revised accord gives emphasis to poverty alleviation and Sir Anerood spoke in favour of this, adding that a number of current concepts needed rethinking. These, he suggested, included 'development' itself, which was too often restricted to economic growth indicators. Social justice issues, he pointed out, were increasingly being recognised as a key element of development, particularly in the wake of the Copenhagen Summit. He described social

Participants at the ACP Council of Ministers, on 5 November
A moment of relaxation

speech by Mauritius's Minister of Finance *Ramakrishna Sithanen*. He gave strong support to the condemnation by the President of the ACP Council of social injustice worldwide. The decline in international development aid had been dramatic and was, according to him, a paradox at a time when poor people needed it most of all to implement the reforms called for on all sides. Looking to the future, he added that it was in the interests of no one for the gulf between the few wealthy societies and the poor masses to grow to the point where some would be prompted to take up the 'weapons of desperation'. He called for reformulation of ACP-EU cooperation as an 'alliance' rather than a 'partnership'.

In the same vein, he delivered a series of criticisms and recommendations to the two sides. He advised ACP

cooperation and first put forward the proposal for an ACP summit to look at the future of the Convention. The idea was enlarged subsequently to include a call for an ACP-EU summit as well.

From the European side, Javier Solana and João de Deus Pinheiro were not empowered to make any definite commitment on the latter idea (this would require a decision of the EC Council of Ministers) but they greeted it positively, particularly since it echoed Mr Pinheiro's call for thought to be given as to what should happen after Lomé IV. Sir Anerood Jugnauth made his proposal on the basis of an analysis of the European perception of cooperation — a new philosophy of shared responsibility for development which, he thought, had supplanted the 'feeling of guilt of former colonial powers'. He also observed, however, that the cultures and political practices of poor countries are now stigmatised as the major cause of their problems.

Many European countries, he claimed, no longer believed in the effectiveness of ACP-EU cooperation and their interest is now turning towards Eastern Europe, the Mediterranean and the Maghreb countries. He noted that during the last year, the EU had adopted an integrated approach in its strategies *vis à vis* these regions only, without associating the ACP countries. 'This is not a good sign', argued Sir Anerood, adding that the ACP states should increase their development efforts tenfold in order to offset the consequences of the inward-looking and nationalistic policies increasingly appearing within the EU. The mid-term review negotiations, he claimed, amply demonstrated that the Union had changed, with development aid being subordinated to political considerations. It also demonstrated, however, that the ACP countries had matured sufficiently for them to accept this new situation in a resolute manner, he concluded.

In discussions on the fringes of the main meeting, it was suggested that the ACP Summit should be staged in 1996 with the proposed ACP-EU gathering to discuss cooperation for the

beginning of the next millennium taking place the following year. However, the failure to appoint an ACP Secretary General, which cast a shadow over the end of the Mauritius ACP Council, will not help in the planning task.

The fact that this appointment has had to be put off three times has destabilised the ACP bloc which has had to operate for over a year in a state of limbo. It now appears that the situation may remain unresolved for at least a further six months, until the next Council meeting in Western Samoa. Three rounds of voting have failed to break the deadlock between *Tobias Mapuranga* of Zimbabwe and *Marcel Ibinga* of Gabon. Even in Mauritius, despite the fact that the ACP Council meeting was extended to 5 November (it should have ended on 2 November), this thorny problem was not solved. The 39 votes obtained by Mr Mapuranga, as against 22 for his opponent were insufficient, as he needed to obtain two thirds of the overall vote to be elected. The Council then decided to reject both candidatures and has called upon Southern and Central Africa, who, through a system of rotation, should currently hold the post, to propose a new name.

Emergency measures

Included in the important points on the agenda for the ACP-EU Council of Ministers were transitional measures applicable from 1 March 1995, marking the expiry of Lomé IV's first financial protocol. The purpose of this was to avoid a legal vacuum pending ratification of the revised Convention by the signatory states. The Council also drew up an interim protocol relating to the accession of Austria, Finland and Sweden to the European Union and adopted provisional measures to cover the period leading up to ratification. As regards early implementation of the provisions of the revised Convention, the ACP-EU Council of Ministers delegated its powers to the ACP-EU Committee of Ambassadors, which will

define in detail the measures to be taken.

Many other questions were on the agenda in addition to these points relating directly to the Convention signature, including a review of the list of least developed countries (45 in total), which had given rise to disagreement between the two sides. The May 1994 ACP-EU Council had decided to adapt this list to UN criteria. Eleven ACP countries, mainly in the Caribbean and the Pacific, whose annual income exceeds \$200 per inhabitant, were to be excluded from it, which would cut them off from a number of special EC aid facilities, with five countries having to be added to the list (Angola, Liberia, Madagascar, Zaire and Zambia).

In view of the disadvantages which would arise from the removal of 11 countries from the list (particularly Belize, which hitherto had received special aid intended for landlocked and island countries), the EU undertook to grant a number of them compensation. The practical measures in this respect are to be defined by the ACP-EU Committee of Ambassadors and submitted to the May 1996 ACP-EU Council. In another context, the Committee of Ambassadors is also responsible for examining the case of Somalia which has not been able to benefit from the 7th EDF since it has not ratified the Lomé Convention. The Joint Assembly has asked the Council to take measures to rectify this state of affairs.

Various points relating to commercial cooperation were also on the agenda. These concerned agricultural commodities such as bananas, rum, sugar and cocoa, as well the Stabex system. The ACP countries submitted their request for maintenance of the 30% banana quota on the Community market following expansion of the EU to 15 members. ACP producing countries expressed concern about a possible European directive authorising the use of vegetable butter instead of cocoa butter in chocolate, but Union representatives gave an undertaking that such a decision was not on the cards. On policy matters EU representatives op-

posed the payment, demanded by Sudan, of its frozen Stabex transfers on grounds of the lack of progress towards democracy in that country. A similar position was taken as regards Zaire which had sought a thaw in relations.

'Showcase' Mauritius

The Convention's signature ceremony, hitherto always held in the Togolese capital (Lomé), was staged this time in Mauritius. The significance of the venue chosen was not lost on the participants. This peaceful island country in the Mascarene group has enjoyed dynamic economic growth to emerge from a state of underdevelopment. The ceremony was a modest one, marking a review of the Convention rather than a full-blown renegotiation, but the changes introduced were nonetheless important. Particularly significant were the new attitudes to Europe-ACP cooperation which emerged in the negotiations.

The watchword of the revised Lomé IV is effectiveness and the ceremonies which took place in Mauritius reflected this new emphasis on efficiency. Without making the event too spartan, the organisers eschewed elaborate and expensive arrangements. There was no brand new congress hall and no triumphal arch. No new sections of road or five-star hotels were built for the occasion. The signing ceremony and the two Council meetings, as well as most of the other events, took place on the university campus, amid the discreet charm of the small town of Réduit. Reflecting the host country's commitment to decentralisation (which is rare in developing countries), the receptions and cultural activities were organised throughout the island, in Port-Louis, Rempart, Curepipe, Vacoas and elsewhere.

Only a few places were decorated for the occasion, notably the university, where the Council meetings took place, and the entrance to the Mahatma Gandhi Institute. Decorations were discreet, consisting normally of a few Mauritian flags. The banners of other countries were seen only briefly,



The Courier

being unfurled when the signatories of the relevant nations took centre stage to sign the accord. Despite the lack of fanfare, the people of Mauritius offered their ACP and EU visitors a warm welcome, amply demonstrating their interest in the event. The organising committee ran the operation with smooth efficiency. In fact, at the time, a government crisis was looming — it came to a head shortly after the guests departed. Yet this did not in any way disrupt the smooth running of all the week's events. Calm management of a political crisis is indeed a good barometer of the level of democratic development of a country.

Although Mauritius had not been chosen specifically as a showcase for the Convention, most commentators regarded it as such. Many referred to the fact that, through proper utilisation of the Convention's sugar protocol, this small country had achieved agricultural diversification. At the same time, it has succeeded in developing its sugar production to the point where it recently obtained a substantial increase in its European market import quota. Diversification has spread to services and light industry and now the country is in the throes of diversifying into high-tech products, such as computer services.

Mauritius: Economic revival and full employment
A showcase for the Lomé Convention

The podium which received the officials at the signing ceremony was decked with bouquets of purple anthuriums. When Mauritius opted to use the income generated by the Lomé sugar protocol to diversify its agricultural production, its first choice was to produce flowers, which it did so successfully that it soon became the world's second largest exporter of anthuriums. The host country is justifiably proud of its success — and it chose to 'say it with flowers'. What better way to symbolise the launching of Lomé IV's second phase? ■

Hégel Goutier

The Lomé IV mid-term review

Main innovations

by Gérard Vernier*

Unlike earlier Conventions designed to cover a five-year period, the fourth ACP-EC Convention, signed in Lomé on 15 December 1989, was concluded for a period of 10 years, taking effect on 1 March 1990. Only the financial protocol attached to the Convention was limited to an initial five-year phase with mandatory renewal provided for at the end of that time.

However, anxious to provide a degree of flexibility, the negotiators in 1989 anticipated the possibility of reviewing the actual text of the Convention mid-way through its term, in accordance with a procedure set out in Article 366. It was important for this process not to be confused with a global renegotiation, and the emphasis was therefore on a few essential points of mutual concern to the treaty partners. It was possible to reach agreement despite the fact that initially, the amendments and additions proposed by each group did not always point in the same direction.

The mid-term review negotiations opened on 20 May 1994 in M'babane (Swaziland) and ended on 30 June 1995 in Brussels (see box summarising the progress of negotiations). The results were formalised in the agreement signed in Mauritius on 4 November 1995.

Principal lessons from the review?

Before setting out the major outlines of this review, it is important to stress that a number of developmental factors influenced the negotiators. Since

* Head of the Commission's Coordination Group (Lomé IV Review).

the signing of Lomé IV, major political and economic changes have taken place, both internationally and in terms of the development of the ACP countries and the Community. These include:

- the worsening of the economic crisis of the 1980s, which thwarted development actions in a number of developing countries and heightened difficulties connected with the low level of competitiveness of ACP products;
- global political upheavals (notably the profound changes in central and eastern Europe and the former USSR) which affected the ideological and geostrategic balance;
- the extension of the democratisation process in countries affected by these changes, as well as in the ACP countries themselves, this process being accompanied by a reduction in state involvement in the productive and commercial sectors;
- within the specific Community context, the signature, in 1992, of the Treaty on European Union. This contains a new section on development cooperation, with specific objectives being assigned to Community action, and it provides the basis of the EC's cooperation strategy in favour of developing countries. Account had to be taken of this in the mid-term talks. In addition, on 1 January 1995, the number of Member States in the Community went up from 12 to 15.

From a technical standpoint, a number of problems were identified involving the actual implementation of the Convention, including an unduly rigid structure in the system for programming Community aid. In a similar vein, faced with global trade liberalisation and the opening-up of the Community market, the ACP countries were

particularly concerned about the possible erosion of the preferences from which they benefit under the Lomé system.

These factors meant that the Lomé partners were more receptive to changes over and above those entailed in agreeing a new financial protocol. There was general acceptance of the idea that advantage should be taken of the opportunity for a mid-term review offered by Article 366, allowing amendments to be made to the substantive text¹.

In essence, the review of the Lomé IV provisions may be categorised under four headings: institutional and political; commercial; thematic and sectoral; and financial.

Institutional and political issues

Democracy and human rights

There was general consensus on incorporating a reference, in Article 5 of the Convention, to the acknowledgement and application of democratic principles, the consolidation of the rule of law, and the proper management of public affairs. This was in addition to the reference already in the text on the enjoyment of fundamental human rights. Financial resources may be mobilised to support measures in this area. In addition, ECU 80 million was specifically reserved under the regional fund heading in the new financial protocol, to enable the Community to support institutional and administrative reform measures within the context of democratisation and the rule of law.

Observance of human rights, and respect for democracy and the rule of law are now regarded as *essential elements* of the Convention. In practical terms, this means that if one of these

¹ For the record, 71 articles were amended, deleted or added, compared with an initial text of 369 articles. In addition to the financial protocol, two of the nine existing protocols were amended (relating to commercial matters) and a new protocol on the sustainable management of forestry resources was added. Finally, 17 joint declarations on the part of the ACP countries and the EC or issued by the Community alone were appended to the final text of the Mauritius agreement (as against 78 in 1989).

principles is violated, procedures exist with a view to remedying the situation, as detailed in the new Article 366a. They consist, first and foremost, of mechanisms for consultation between the parties. In the event of these failing, if consultation is rejected, or in an emergency situation, the party which reported the breach may take appropriate measures. In extreme cases, this could result in the total or partial suspension of the Convention's application with respect to the 'offending' party. It is recognised that suspension is a measure to be taken only as a last resort.

Political dialogue

Both sides expressed interest in stepping up the political dialogue between them and this was reflected, notably, in an addendum to Article 30. The new paragraph foresees an expansion of political dialogue within the framework of the ACP-EC Council of Ministers, but also in other fora (for example at regional level).

Joint Assembly

The Joint Assembly will still meet twice a year, but an important compromise was reached on the subject of this body's composition. After several months of discussion on the EU's proposal that Article 32 of the Convention refer exclusively to 'parliamentary' membership, the negotiators finally agreed to leave the way open for ACP representatives from other sources, provided that these are appointed by the parliament of the country in question. Where a state has no functioning parliament, the participation of a representative from there will be subject to the prior approval of the Joint Assembly itself.

Trade issues

Negotiations on the commercial section were marked by a radical, new approach: for the first time since Lomé I, the main focus of debate was not *preferential access* (previously seen as the main way of ensuring trade flows from ACP states). This time, the talks

The course of the negotiations

Under Article 366 of Lomé IV, the ACP countries and the Community informed each other, on 28 February 1994, of their individual requests for modifications within the context of the mid-term review.

The actual negotiations opened in M'babane (Swaziland) on 20 May 1994. At the opening session, a decision was made to structure the negotiations in three groups — a 'Central Negotiation Group' (No. 1), specifically responsible for institutional and policy matters but also generally empowered to raise any matter covered by the other groups; a 'Trade Group' (No. 2); and a 'Development Financing Cooperation' Group (No. 3). To ensure that work could progress, the three Groups were extended to include ambassadors whose meetings in plenary session formed the core of the review exercise. These meetings were prepared or supplemented by frequent contact with experts and, to a lesser extent, by contacts between the co-chairmen.

On the EU side, the Commission acted as spokesperson in the various Groups, but the Community position was defined in close collaboration with Member States, representatives of which took the chair for the ministerial meetings. This work on

the part of the Community was backed up by a series of meetings of COREPER and of the 'General Affairs' Council. During the last stage of negotiation, the issue of the Community's financial offer had to be resolved at Heads of State and Government level by the European Council meeting in Cannes (26-27 June 1995).

Besides the solemn opening session of the negotiations in M'babane, three ACP-EU ministerial meetings took place in Brussels (30 November to 1 December 1994, 16 February 1995 and 30 June 1995). The first achieved a consensus on a wide range of matters (notably the reference to democratic principles, acknowledgement of the fundamental importance of trade in the development process and the principle of two-tranche programming). The second was cut short owing to the impasse on the financial issue. The third, once the funding problem had been overcome, also made it possible to confirm progress achieved in the meantime at expert or ambassador level and to settle the most sensitive matters still outstanding, namely the volume of the eighth EDF, access of ACP products to the Community market and relaxation of the rules of origin. ■

were much more wide-ranging. Emphasis was given to analysing all the factors behind commercial success and the means to be applied to ensure such success, through a sectoral, integrated approach. Thus, the debate on ACP-EC cooperation in the field of commerce shifted somewhat away from the preferential system towards drawing up

a list of actions necessary for developing trade.

This approach was reflected in the addition of two new articles (6a and 15a) and in amendments to a number of existing provisions (Articles 50, 51, 136 and 220). Article 15a, which sets out the aims of trade development, deserves a

The Joint Assembly: still two annual meetings but, from now on, the ACP members will normally have to be appointed by their parliaments



particular mention. The subject is also specifically highlighted in a joint declaration on trade development issued by the representatives of the ACP countries, the Community and its Member States at the time the revised text was signed.

This is not to say that the new approach completely superseded the traditional negotiations on the preferential system and the rules of origin. The latter still featured prominently and were central to the second phase of the discussions on trade. Nonetheless, in contrast to previous negotiations, both sides saw the debate in political rather than economic terms, and particular attention was paid to the likely consequences of the Uruguay Round.

ACP products

On the subject of access for ACP products to the Community market, the final agreement arrived at was based on a horizontal approach rather than a product-by-product one. The main points included:

- expansion of the preferential system to cover virtually all products originating in ACP countries;
- relaxation of quantitative restrictions applied to certain tariff concessions;
- extension of tariff concessions beyond current timetables.

In practice this means that the ACP countries will, in future, benefit from a preferential system applying to almost all products throughout the year.

Rules of origin

As usual, the rules of origin issue was one of the most complicated topics to be dealt with. This was not just because of the highly technical nature of the subject, but also because of the need to establish a fair balance between the objective of promoting industrial development in ACP countries and the constraints placed on this by the current, low level of industrialisation. The final agreement included one particularly important new point, namely the possibility of cooperation between ACP states and neighbouring developing countries 'belonging to a coherent geographical entity' (Article 6, Para-

graph 5 of Protocol 1). Although this possibility is restricted to certain countries which have been expressly listed, and some textile products have been excluded from the arrangement, the new provision is nevertheless a major step towards regional cooperation between ACP states and other developing countries.

There were two other main changes to the rules of origin in Protocol 1. The first involved raising the 'value tolerance' (the permissible amount, by value, of materials from third countries contained in ACP manufactures) from 10% to 15%. The second entailed an automatic derogation from the rules for tuna products.

Beef/veal and bananas

Particular attention was given to beef/veal and bananas, which are the subject of specific protocols. There was little difficulty in agreeing to a bigger reduction (92% as opposed to 90% previously) in EU import duties on beef and veal from specified ACP countries. This had been requested by the ACP side. Administrative changes, such as the inclusion of Namibia in the list of recipient countries, completed the review of this protocol. The negotiations on bananas were more arduous, and the debate was finally concluded with a 'joint declaration on bananas' (Annexe LXXXVIII) which makes provision for dealing with the specific problems of the Community's ACP banana suppliers in the context of programmable aid.

Forestry resources

Finally, at the insistence of the ACP countries, a new protocol saw the light of day. This was Protocol 10 on sustainable management of forestry resources. After tough negotiations, it was agreed that this should include, as priority actions for implementation under the 8th EDF (but without a specific budget), the subjects of conservation, and the sustainable management and restoration of tropical forests, based on criteria and indicators which are harmonised at international level. The principles of active participation by all interested parties (particularly local

communities) and of planning as a prerequisite at national, regional and local level, are key elements in the new text.

Substantial progress was also achieved on the question of trade in tropical wood. In this connection, the protocol represented the first formal agreement at international level acknowledging the need for the development of forest-certification systems, in the context of international harmonisation.

Thematic and sectoral issues

This heading includes a number of fields which are the subject of specific cooperation actions within the framework of the Lomé Convention and which the partners were able to strengthen or adapt by virtue of the mid-term review exercise.

Cultural cooperation

Given the problems that have arisen in the past in implementing cultural cooperation, the EU side felt it was appropriate to clarify the ambiguities resulting from the original text of Article 141 and from Annexe XXII of the Convention. It was possible for these provisions to be interpreted in a way which granted an exclusive role to the ACP-EC Cultural Cooperation Foundation in implementing Title XI, as well as giving it the right to permanent assistance from the Community. Without necessarily wishing to retain the existing texts, the ACP countries insisted that there still be express mention of the Foundation in the Convention. The negotiators' compromise in respect of these two provisions reflects the concerns of both sides.

Industrial cooperation

In the field of industrial cooperation, the renegotiation of Articles 87 to 96 resulted in a redefinition of the role of the Industrial Cooperation Committee and a reorientation of the objectives of the CDI (Centre for the Development of Industry). The latter is called on to

concentrate future efforts on those ACP countries which have targeted support for industrial development, or for the private sector in general, in their indicative programmes. The Commission, the European Investment Bank and the CDI are invited to collaborate in operational aspects and to draw up support programmes together for the industrial and private sectors.

Moreover, the CDI management will now be responsible to an administrative committee of six members. This will be appointed by the Industrial Cooperation Committee, with equal representation from the ACP and the EU.

Decentralised cooperation

From the outset, there was general agreement on the advantages of developing decentralised cooperation. It was felt that this could take place in parallel with the democratisation process on the basis of grassroots initiatives. However, differences of opinion arose during the negotiations over the conditions necessary to give substance to this new impetus. There was a particular problem over the question of direct access of those involved in decentralised cooperation (local communities, cooperatives, trade unions, etc.) to Community financing, and to inspection by the national authorities of the recipient countries.

In-depth discussions led to a significant recasting of the initial provisions. Articles 20, 21 and 22 forming Chapter 3 of Part One of the Convention ('widening participation in cooperation activities') were deleted. Their replacement is to be found in a new section entitled 'decentralised cooperation' inserted in Part Three, Title II, Chapter 2 ('financial cooperation') which sets out the instruments of ACP-EC cooperation. The new provisions are contained in five articles (251a to 251e) and the following innovations should be highlighted:

— a form of cooperation combining both the efforts and resources of organisations in ACP countries and their counterparts in the Community is henceforth established;

— the possibility of supporting decentralised cooperation is envisaged on the basis of resources from the indicative programmes or from counterpart funds;

— the contribution of the EDF to these operations may be as much as ECU 300 000 per project or programme.

Annexe LXXX also contains a joint declaration on exchanges of view between those involved in decentralised cooperation, aimed at encouraging their participation in projects and programmes financed by the EDF.

Maritime transport

On the subject of maritime transport, the discussions resulted in a strengthening of the provisions of Article 129. Here, the parties stressed their intention of giving special attention, within existing cooperation instruments for development financing, to measures aimed at facilitating and encouraging access by ACP maritime operators to resources provided under the Convention. This would relate particularly to projects and programmes for enhancing the competitiveness of maritime services.

Express provision was also made for the Community to be able to contribute in the form of venture capital and/or EIB loans when financing projects and programmes in sectors dependent on maritime transport.

Stabex

Although Stabex proved to be one of the thorniest questions at the 1989 Convention negotiations, EU proposals formulated for the mid-term review were, for the most part, readily accepted by the ACP group. The main modifications to the system were as follows:

— in the event of a resource shortfall, no supplementary reduction would be made for this reason for the least-developed or land-locked states, when the transfer base is under ECU 2 million, and for island states, when it is under ECU 1 million (Article 194, new paragraph 5);

— transfers may be used in line with structural adjustment efforts and to

support any coherent reform policy (Article 209, Paragraph 4);

— transfers will, in future, be paid into an interest-bearing account opened in a Member State of the Community (Article 211, Paragraph 1).

Resources allocated to the system under the terms of the second financial protocol were raised to ECU 1800 million (a 20% increase on the amount in the Convention's first financial protocol).

Financial issues

In line with the tradition followed in all previous negotiations, the actual financial protocol was not addressed until the final stages, i.e. in early 1995 and after the most sensitive points making up a final 'package' had been identified.

At the extended Cannes European Council Meeting, an offer of ECU 14.6 billion was made to ACP countries and this was ratified during the negotiation procedure.

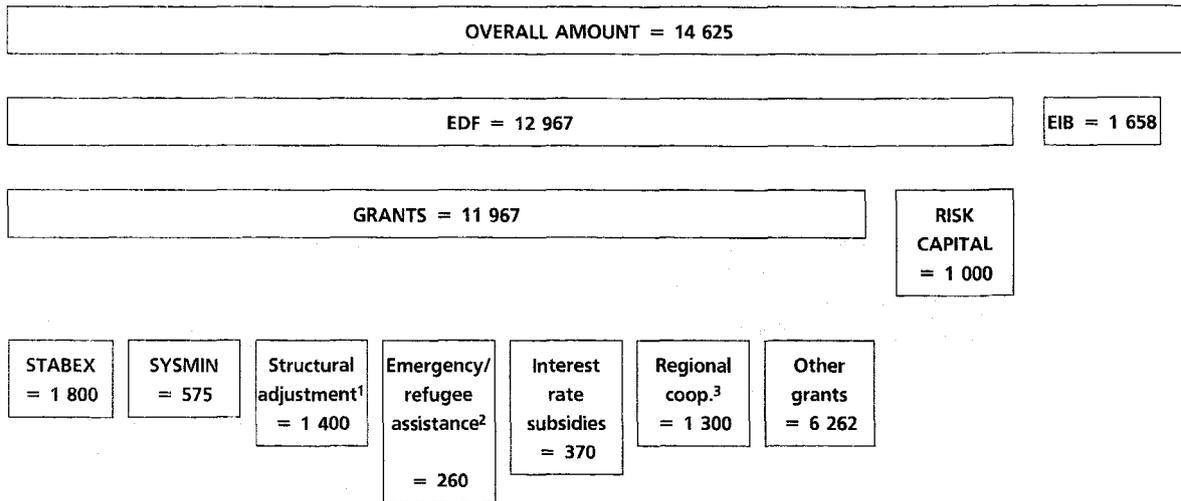
The volume of resources thus made available for ACP-EU cooperation for the second five-year period of the Convention is increased by 22% in ECU terms *vis-a-vis* the first period (ECU 12 billion). Expressed in dollars, the increase is more substantial (49%). In any case, it is in contrast to the general downward trend affecting both bilateral and multilateral aid which has been seen in recent years. The overall distribution of funds in the new financial protocol is detailed in the table.

Programmable aid

Programmable aid remains the central feature of ACP-EC cooperation, representing the largest single component of the Community's financial contribution to its ACP partners. It is made available on a reasonably predictable basis. In the context of the Convention's review, the desire to step up dialogue between the partners was reflected in certain innovations as regards objectives and conditions, with programming remaining a key element.

LOME IV CONVENTION — FINANCIAL PROTOCOL 1995-2000

(in millions of ECU)



(1) Resources specifically allocated to structural adjustment. Part of the national programme monies may also be allocated for this purpose.

(2) Consisting of: — Emergency aid = 140 (also ECU 160m from the Community budget)
— Refugees = 120

(3) Including: — CDI = 73
— Regional trade promotion = 85
— Joint Assembly = 4
— Institutional support = 80

Note: In addition to the ECU 14 625 allocated to ACP States, the sum of ECU 200m has been earmarked for overseas countries and territories (EDF = 165, EIB = 35)

In this context an important step towards meeting the wishes of the Community side was taken with the amendment of Article 4 to take account of the objectives and priorities of EC cooperation policy in its dialogue with each ACP country. There must also, of course, be recognition of the latter's own development strategy in this process.

The EC's objectives and priorities are clarified in a Community declaration (Annex IIIa) which lists them on the basis of Article 133U of the Maastricht Treaty. Reference is made to sustainable economic and social development in developing countries, their harmonious and progressive insertion into the world economy, poverty alleviation, the development and consolidation of democracy and legitimate government, and respect for human rights and fundamental liberties.

Through these new provisions, a complementary approach has been established in setting up the policy

dialogue. This must now combine the development strategy of each ACP country and the Community's cooperation objectives. The new Article 281.2 reflects this approach.

As regards the conditions under which dialogue takes place, greater flexibility in the use of the resources under discussion has been built into the programming procedure, both to offset their tendency to be unproductive and to provide an incentive for good performance in the implementation of indicative programmes. In this context, the principle of two-tranche programming was introduced in the new texts dealing specifically with programming (Articles 281 and 282). The relevant provisions include the following:

— at the beginning of the five-year period covered by the new financial protocol, the Community will give each ACP country a clear indication of the

total programmable resources available to it during this period;

— after an exchange of views on the draft indicative programme drawn up by the recipient country, the Community and that country will reach a mutual agreement on the actual indicative programme. This will specify the amount in the first tranche of funds representing 70% of the overall financial envelope envisaged for the state in question;

— the indicative programme, which can be revised at the request of the ACP state concerned, must be reviewed when that country has achieved a high level of commitment in the implementation of the programme and, in any case, no more than three years after the entry into force of the second financial protocol;

— after the review of the indicative programme, the resources necessary to complete it may be allocated, taking due account of a number of elements such as the total initial indicative budget and also progress achieved in execution of

the first tranche and the state of preparation of activities envisaged within the framework of the second tranche.

A Community declaration (Annex LXXXI) makes it clear that those ACP countries with which cooperation has been suspended will not be notified of the indicative amounts. Similarly, in the case of those countries unable to sign or to implement their national indicative programme, a proportion of the resources allocated to them may, under certain conditions, be paid out to the people as emergency aid, humanitarian aid or in the form of rehabilitation actions (Article 254.3).

Finally, new Article 283 invites the Community and the ACP states to take all necessary measures to ensure the indicative programme is adopted within 12 months of the signing of the second financial protocol. This means that programming must be completed by October 1996 at the latest.

Structural adjustment

On the matter of structural adjustment, agreement was rapidly achieved on the basic proposals formulated by the ACP countries and particularly those aimed at using structural-adjustment resources to encourage regional integration efforts and to support reforms leading to intra-regional economic liberalisation and to make procedures more flexible.

Tougher negotiations took place on the possibility of using direct budgetary aid in the case of countries with a freely transferable convertible currency, but agreement on this point was finally achieved (Article 224d).

European Investment Bank

The principal innovations in the area of EIB intervention relate to:

— the improvement of programming procedures: as of now, the EIB will give each ACP country an overall indication of the specific resources and venture capital it can expect to receive during the five-year period covered by the second financial protocol (Article 281.1.b);

— venture capital: Article 284.2 makes provision for 50% of the overall figure under this heading to be allocated to the least developed countries. At least 50% must be used for ACP countries which actively support and implement measures to back investment in the private sector;

— greater flexibility when setting the financial conditions of reimbursable aid (Articles 234, 235 and 236).

Procedures

The question of the procedures for implementing cooperation in development financing constituted one of the most difficult points under discussion. At the end of the negotiations, the ministerial conference drew up a joint declaration (Annex LXXXII) inviting the ACP-EC Council of Ministers in particular to deepen its examination of procedures relating to the award of contracts and to the role of the executing agents, and to adapt them, if necessary, during the term of the financial protocol. The Council of Ministers' work in this respect would be carried out through the development finance cooperation committee instituted by Article 325 of the Convention.

Certain provisions relating to EDF participation in financial markets in ACP countries (Articles 274, 294 and 296) were also amended, by way of a reciprocal arrangement, to open them up to the overseas countries and territories.

Finally, the Commission delegate in ACP countries will henceforth be known as 'Head of Delegation'.

Debt

Given the extreme sensitivity of the ACP side to the debt issue and although the EU was unable to meet all their requests for unilateral cancellation, the Community drafted a declaration (Annex LXXXIV) in which:

— it reaffirmed its desire to make a concrete and constructive contribution to alleviating the debt of the ACP countries,
— it confirmed its determination to continue discussions on these matters within the appropriate authorities (not-

ably, international bodies), taking into account the particular problems of the ACP countries,

— it made a specific undertaking to convert all special loans not yet taken up under the terms of previous conventions into subsidies. These loans amount to approximately ECU 135 million.

* * * * *

As for the future, any possible candidates for membership of the ACP Group should note the procedural changes envisaged in respect of South Africa (which has begun negotiations with the EU with a view to establishing specific relations) and Somalia (which did not ratify the Convention signed in 1989). Simplified procedures, set out in Articles 364 and 364a, respectively, are designed to allow these two countries to accede, under certain conditions, to the revised Convention before its entry into force. Readers should be aware that for the agreement signed in Mauritius to enter into force, it has to be ratified by all EU Member States and by at least two thirds of the ACP countries (Articles 360 and 366). ■■■

G.V.

The ACP and European Union countries

Between them, the 70 ACP and 15 EU states account for some 17% of the global population and almost half the membership of the United Nations. Through the Lomé Convention, they participate in the world's largest and most comprehensive development partnership outside the UN system.

In the tables which follow, we provide some basic information about the 85 members of the Lomé Convention (and South Africa — see below).

The Human Development Index (HDI) rankings are taken from the 1995 Human Development Report published by the United Nations Development Programme (UNDP). The figure for each country is a composite of three separate indexes, as follows.

— GDP per head, adjusted to take account of purchasing power, which broadly reflects a country's economic performance;

— life expectancy at birth, as an indicator of the population's wider health status, and;

— an education index compiled on the basis of adult literacy and pupil/student enrolment figures.

The HDI for each country is calculated to three decimal places on a range between 0 and 1.

The population statistics are estimates for 1994. It should be noted that the maps come from a variety of sources and are not on the same scale. Their use does not imply recognition of any particular boundaries, nor does it prejudice the status of any state or territory.

At the time of going to press, negotiations between South Africa and the European Union were under way with a view to establishing a new treaty relationship between the two sides. This was expected to include a form of qualified membership for South Africa in the Lomé Convention. Article 364 of the Convention, as amended by the Mauritius Agreement, foresees a simplified accession procedure for South Africa in the event of a successful conclusion to the negotiations.

Africa (47 ACP States)

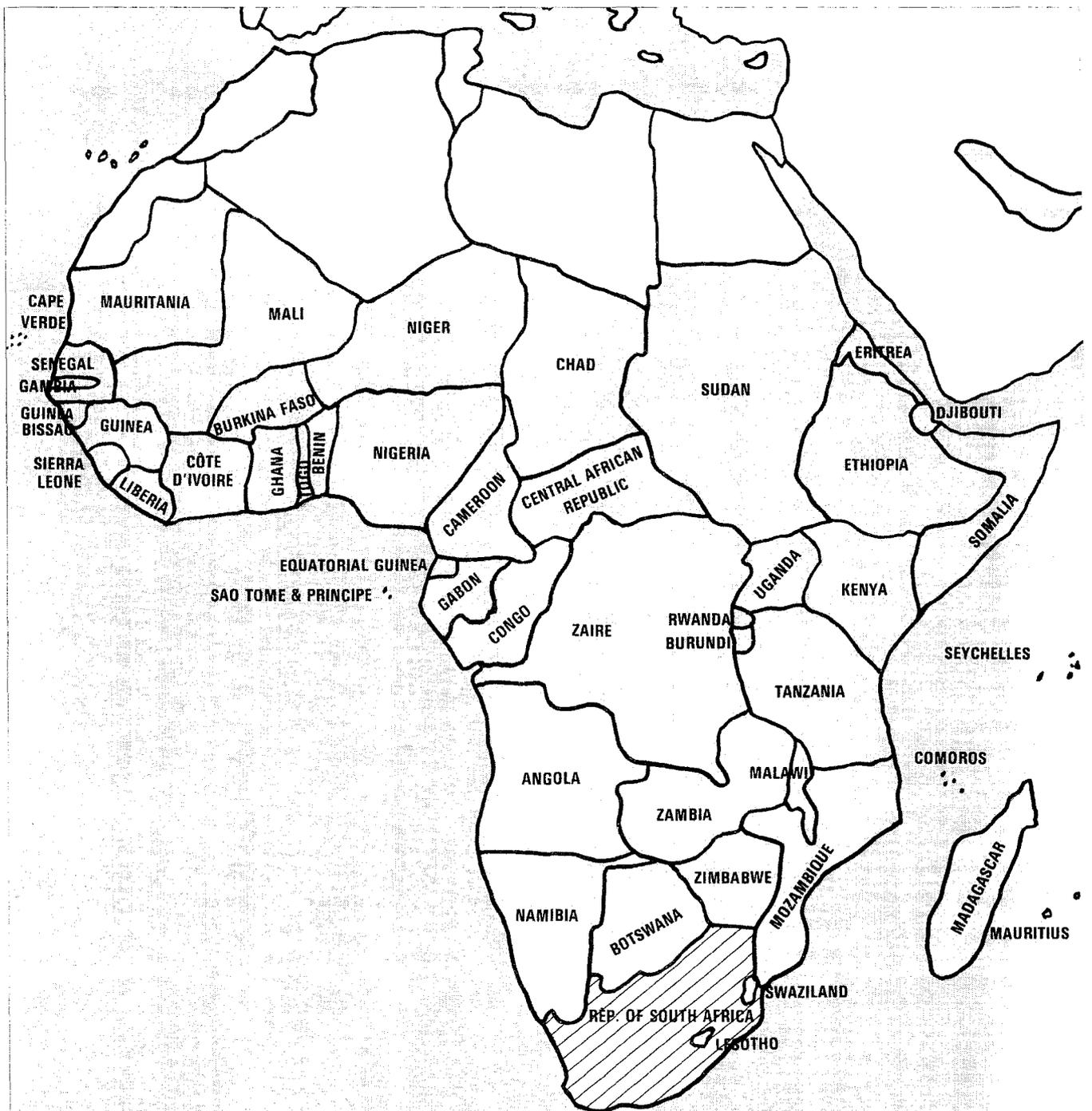
Country	Population (millions)	Area (1000 km ²)	Human Development Index ^a	HDI ranking	Capital
Angola	10.28	1 247	0.291	164	Luanda
Benin	5.22	113	0.332	155	Cotonou
Botswana	1.44	582	0.763	74	Gaborone
Burkina Faso	9.74	274	0.228	169	Ouagadougou
Burundi	5.96	28	0.286	165	Bujumbura
Cameroun	12.55	475	0.503	127	Yaoundé
Cape Verde	0.40	4			Praia
Central African Republic	3.26	623	0.361	149	Bangui
Chad	6.10	1 284	0.296	162	N'Djamena
Comoros	0.61	2	0.415	139	Moroni
Congo	2.44	342	0.538	122	Brazzaville
Côte d'Ivoire	13.40	322	0.369	145	Abidjan
Djibouti	0.48	23	0.336	154	Djibouti
Equatorial Guinea	0.38	28	0.399	142	Malabo
Eritrea	3.50	125			Asmara
Ethiopia	56.90	1 222	0.227	171	Addis Ababa
Gabon	1.01	268	0.579	114	Libreville

^a The HDI does not include figures for Cape Verde or Eritrea.

Africa

Country	Population (millions)	Area (1000 km ²)	Human Development Index*	HDI ranking	Capital
Gambia	1.03	11	0.299	161	Banjul
Ghana	16.45	239	0.482	129	Accra
Guinea	6.31	246	0.237	168	Conakry
Guinea Bissau	1.03	36	0.293	163	Bissau
Kenya	28.11	580	0.481	130	Nairobi
Lesotho	1.88	30	0.473	131	Maseru
Liberia	2.64	98	0.325	159	Monrovia
Madagascar	13.26	587	0.432	135	Antananarivo
Malawi	9.14	118	0.330	157	Lilongwe
Mali	10.14	1 240	0.222	172	Bamako
Mauritania	2.15	1 026	0.359	150	Nouakchott
Mauritius	1.10	2	0.821	60	Port Louis
Mozambique	15.32	802	0.246	167	Maputo
Namibia	1.58	824	0.611	108	Windhoek
Niger	8.36	1 267	0.207	174	Niamey
Nigeria	119.33	924	0.406	141	Abuja
Rwanda	7.79	26	0.332	156	Kigali
São Tomé & Príncipe	0.12	1	0.451	133	São Tomé
Senegal	7.96	197	0.340	152	Dakar
Seychelles	0.07	0.5	0.810	62	Victoria
Sierra Leone	4.49	72	0.221	173	Freetown
Somalia	8.05	638	0.246	166	Mogadishu
Sudan	27.49	2 506	0.379	144	Khartoum
Swaziland	0.88	17	0.522	124	Mbabane
Tanzania	30.58	945	0.364	147	Dar es Salaam
Togo	3.88	57	0.409	140	Lomé
Uganda	21.05	236	0.329	158	Kampala
Zaire	41.17	2 345	0.384	143	Kinshasa
Zambia	9.49	753	0.425	136	Lusaka
Zimbabwe	10.67	391	0.539	121	Harare
TOTAL	545.19	23.177			
South Africa (qualified Lomé membership anticipated)	38.8	1 221	0.705	95	Johannesburg

* The HDI does not include figures for Cape Verde or Eritrea.



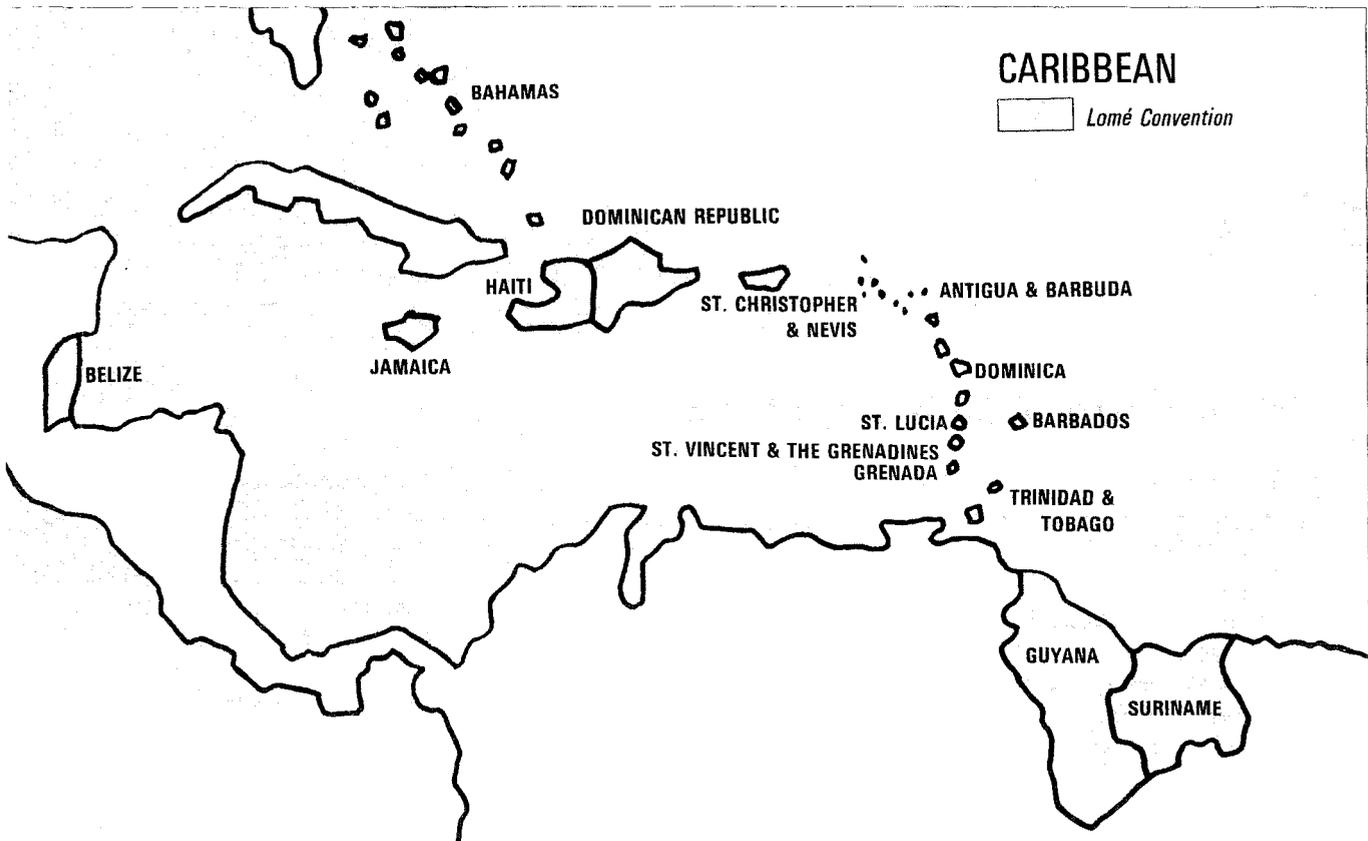
AFRICA

 *Lomé Convention*

 *Negotiations for qualified membership of ACP Group under way.*

Caribbean (15 ACP States)

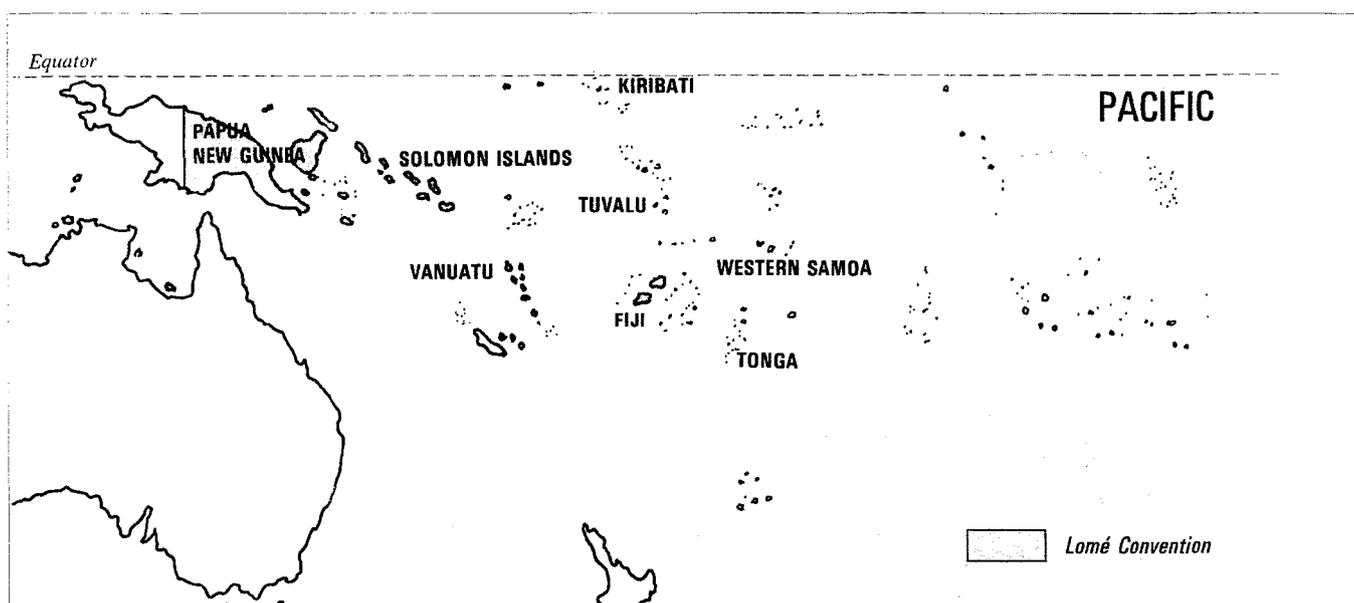
Country	Population (thousands)	Area (km ²)	Human Development Index	HDI ranking	Capital
Antigua and Barbuda	67	440	0.840	55	St John's
Bahamas	269	13 880	0.894	26	Nassau
Barbados	260	430	0.900	25	Bridgetown
Belize	205	22 960	0.883	29	Belmopan
Dominica	72	750	0.776	69	Roseau
Dominican Republic	7 608	48 730	0.705	96	Santo Domingo
Grenada	92	340	0.786	67	St George's
Guyana	816	214 970	0.622	105	Georgetown
Haiti	6 903	27 750	0.362	148	Port au Prince
Jamaica	2 495	10 990	0.721	88	Kingston
St Christopher and Nevis	41	360	0.873	37	Basseterre
St Lucia	139	620	0.732	84	Castries
St Vincent & the Grenadines	110	390	0.761	79	Kingstown
Suriname	445	163 270	0.762	77	Paramaribo
Trinidad and Tobago	1 338	5 130	0.872	39	Port of Spain
TOTAL	20 860	511 010			



Pacific (8 ACP States)

Country	Population (thousands)	Area (km ²)	Human Development Index [*]	HDI ranking	Capital
Fiji	747	18 270	0.860	46	Suva
Kiribati	75	730			Bairiki
Papua New Guinea	3 922	462 840	0.508	126	Port Moresby
Soloman Islands	354	28 900	0.511	125	Honiara
Tonga	94	750			Nuku'alofa
Tuvalu	9	30			Funafuti
Vanuatu	161	12 190	0.541	119	Port Vila
Western Samoa	170	2 840	0.651	102	Apia
TOTAL	5 532	526 550			

* The HDI does not include figures for Tonga, Tuvalu or Western Samoa.



Overseas countries and territories

Denmark

(Country with special relations)

- Greenland

France

(Territorial collectivities)

- Mayotte
- St Pierre and Miquelon

(Overseas territories)

- New Caledonia and dependencies
- French Polynesia
- French Southern and Antarctic Territories

- Wallis and Futuna

Netherlands

(Overseas countries)

- Aruba
- Netherlands Antilles (Bonaire, Curaçao, Saba, Sint Eustatius, Sint Maarten)

United Kingdom

(Overseas territories)

- Anguilla
- British Antarctic Territory
- British Indian Ocean Territory

- British Virgin Islands

- Cayman Islands

- Falkland Islands

- South Georgia and Sandwich Islands

- Montserrat

- Pitcairn Island

- St Helena and dependencies

- Turks and Caicos Islands

The European Union (15 Member States)

Country	Population (millions)	Area (1000 km ²)	Human Development Index	HDI ranking	Capital
Austria	7.9	84	0.925	14	Vienna
Belgium	10.0	31	0.926	12	Brussels
Denmark	5.2	43	0.920	16	Copenhagen
Finland	5.1	338	0.934	5	Helsinki
France	57.5	552	0.930	8	Paris
Germany	80.7	357	0.921	15	Berlin
Greece	10.4	132	0.907	22	Athens
Ireland	3.5	70	0.915	19	Dublin
Italy	57.1	301	0.912	20	Rome
Luxembourg	0.4	3	0.893	27	Luxembourg
Netherlands	15.3	41	0.936	4	Amsterdam
Portugal	9.8	92	0.836	36	Lisbon
Spain	39.5	505	0.930	9	Madrid
Sweden	8.7	450	0.929	10	Stockholm
United Kingdom	57.9	244	0.916	18	London
TOTAL	369.0	3 243			



Keywords from Commissioner Pinheiro

'Consistency, coordination and complementarity'

Professor João de Deus Pinheiro, the Commissioner with responsibility for development, gave a short address at the signing ceremony for the revised Lomé IV in Mauritius. The Commissioner was particularly keen to stress the spirit of cooperation demonstrated by the ACP countries throughout the negotiations. He also praised the perseverance of the French Presidency when the thorny issue of the Community's financial offer was under discussion. In the end, this question had had to be resolved by the Heads of State and Government at the Cannes Summit. With the benefit of hindsight, Professor Pinheiro drew encouragement from this fact, arguing that it bore witness to the importance which the European Union attaches to this aspect of Community policy. Below, we reproduce some of the key passages from the Commissioner's speech.

My initial observation might appear to be a statement of the obvious, but it is useful to reiterate that the fourth ACP-EC Convention was concluded for an overall term of ten years and its mid-term review was not intended to be complete renegotiation. I say this in order to avoid any misunderstanding as to the significance of what has been negotiated. It is worth remembering that the only thing we were obliged to do at the half-way point was to negotiate a new financial protocol for a second five-year period.

Bearing this in mind, we can see that the mid-term review concentrated on a number of essential aspects of mutual concern to the two sides. It is fair to say that this was the case, even if the amendments or additions initially ad-



Professeur Pinheiro, European Commissioner for Development

vocated by each group did not always point in the same direction.

What then, are the main lessons that can be drawn from the results of the review process? Perhaps paradoxically, if one considers the new financial protocol, the first point is that of continuity.

The increase in the resources available to our ACP partners is admittedly modest — of the order of 22% in ECU terms — for the next five-year period. However, it should be stressed that when valued in dollars, the currency which is usually used as the measurement when making comparisons in respect of international aid, the rise is much greater at 49%. Whichever measure one chooses, I think that the fact there *is* an increase amply demonstrates the desire to maintain the special EU-ACP relationship. Indeed, it is a rare positive example, contrasting sharply with the trend towards reduced aid contributions which is generally being seen at both the bilateral and multilateral levels.

Conversely, the other lesson that can be drawn is the flexibility of the system. To some extent, this was the central aspect of the mid-term review process, and it meant that it was possible to adapt to the changes which have taken place since the signing of the Convention in 1989.

These adaptations include the strengthening of the political dimension of the ACP-EC relationship through the proposal for an expanded political dialogue. More significantly, our desire to make respect for human rights, democratic principles and legitimate government the key elements of this relationship has been given concrete form. The adaptability is also demonstrated in our effort to improve the efficiency of our cooperation system by offering greater consistency between the various instruments and by promoting an approach to programming which is both flexible and efficient. Programming is the driving force behind the successful implementation of financial support. Finally, there is the fact that we are targeting the economic dimension of our cooperation towards the development of the private sector and the effort to make ACP products more competitive. This fact alone is illustrative of a new dynamism in commercial matters.

Challenge

These, in my opinion, are the main trends to emerge from the agreement that we are on the point of signing. I should point out, however, that beyond the establishment of the new orientations we are still faced with a considerable challenge, namely the implementation of the 8th EDF and of the revised Convention.

It is also a decisive challenge to place Africa, in particular, back on our agenda of priorities and to make sure that the continent is viewed, not as a failure but as a success. This success will itself be decisive in terms of the volume and scale of our future cooperation.

Given this context, what are the keys to success? It would be wrong to seek them in an environment which is foreign to the players involved in cooperation. On the side of the European Union, it would appear to me that an approach based on a threefold imperative is required. I would refer to these as the '3 Cs':

- *consistency* in the Community's approach, both in terms of the geographical areas where the Union's development policy is applied and in terms of the different Community policies;
- *coordination* of development actions between the Community and the Member States, particularly in operational terms and in the various sectors;
- *complementarity* between the development policies of the Community and those of the Member States.

For the ACP countries, the decisive element will be their ability properly to diagnose their situation and their requirements. Control of the factors involved in development can, moreover, only improve coordination between donors. We must not, however, assume that coordination and complementarity have to be designed for the exclusive use of the EU - they are, in fact, merely a starting point for dialogue between the partners.

I believe that these are the conditions which will enable what I would not hesitate to term an *avant garde* economic cooperation policy to be implemented on the basis of mutual respect between the partners and dialogue between equals. Programming will be the first hurdle. The policy will also necessarily entail genuine transparency and proven evaluation capabilities.

In terms of our priorities, this is also the context for development of regional integration efforts and joint actions aimed at providing genuine socio-political stability within Africa. If

we fail to do this then our inability to prevent crises will pose a serious threat to the future of development itself.

Finally, we should not forget that the strengthening of production capacity sought by the authors of the mid-term review (including the provisions on regional cooperation) is a particularly important instrument which should help the ACP countries to face up to international competition.

This aspect is all the more crucial since the globalisation of trade that we are now seeing is a decisive factor in the erosion of preferences. To be able to deal with this, it is no longer sufficient to argue exclusively, or even principally, in terms of tariff advantages: we must set our minds to using any instrument capable of enhancing the competitive nature of ACP products.

These are the big tasks that face us in the implementation of our cooperation arrangements over the next five years.

I have been talking about meeting deadlines. I should like now to conclude on a reflective note, looking at both the immediate future and the longer term. In the short term, we must proceed with programming without delay. We must not forget that one of the provisions we amended now obliges us to complete the programming exercise — not 'as soon as possible' between now and the entry into force of the revised Convention — but very specifically within twelve months of the signing of the review agreement. By the solemn act of placing our signatures on this document, we are thereby setting the 'programming' ball rolling. And the exercise must be completed before the beginning of November 1996.

In the longer term, we have to make appropriate and realistic preparations for a new deadline, namely the renewal of the Convention. That takes us right up to the end of the century which is not as far off as it seems. With this second deadline in mind, we must direct our thoughts as of now to preparing the ground as well as we can for the next quinquennial meeting

To return to a subject I spoke about earlier, I have no hesitation in

saying that, while we may have reached another significant milestone here today, in the life of the Convention, our work can never be considered truly over. This is not intended to be a pessimistic statement. The task is not a Sisyphian one. On the contrary, I would describe this 'perpetual return' as perhaps symbolic of self-sustaining development.

We should lose no time in giving thought to the task that awaits us. For its part, the Commission is more than ready to meet the challenge and to mobilise the necessary resources. I can guarantee that it will do so in a spirit of comprehensive cooperation with all the political, economic and social sectors involved. It will, of course, also do so by pursuing a constructive dialogue with its partners in the ACP countries. The partnership is still, indeed is more than ever, the motivation behind our cooperation, and the guarantee of our joint future. It is all the more important to preserve this in a world where interdependence is too often called into question by the philosophy of competition.

For the present, our firm hope is that we will be able, as soon as possible, to take advantage of the success of the Convention to which we have given a new basis. In signing on behalf of the Commission the agreement which embodies this renewed impetus, I wish our friends in the ACP countries in particular every success on the second half of the road leading us all towards the next millennium. ■

ing to make the Convention more ctive

interview with Carl Greenidge, acting Secretary-General of the ACP group

For an ACP viewpoint on the outcome of the mid-term review, we turned to Carl Greenidge, the acting Secretary General of the ACP Group. He is the organisation's Deputy Secretary-General and has 'held the fort' since June pending an end to the voting deadlock over a successor to Berhane Ghebray. He is well qualified to talk about the Convention having opened the negotiations for the original Lomé IV in his capacity as ACP Council President. A former Finance Minister of Guyana, Mr Greenidge is an agricultural economist who also has practical experience of development issues. We began by asking him what he thought were the most significant changes in the Mauritius Agreement.

— From the ACPs' viewpoint, Lomé IV *bis* attempted to build in modifications to those areas where they have had most difficulty in implementation. Obviously, the new financial envelope is an important element, although it didn't quite meet with what we expected and indeed sought. Apart from that, we wanted some things done in relation to trade, recognising the difficulties that have been encountered in this area. There has been some recognition of this in the sense that the regime has been reinforced. In the end, the Community agreed to implement a number of measures which improve access for ACP products. There were also some limited improvements in procedures pertaining to financial cooperation.

From a political perspective, we were concerned about the question of *unilateral* suspension of countries from the benefits of the Convention. The Commission wanted to build in certain elements such as the recognition of fundamental rights. And, in a sense, the outcome goes some way towards meeting both concerns. From the ACP stand-



point, the result is reasonably satisfactory in that the Community is not empowered, except in very specific circumstances, to suspend a member unilaterally. They have to consult the ACP Group before any action is taken and I think this is a good thing, in keeping with the Lomé spirit. At one time, it looked as though this might be undermined by a move towards unilateralism. After all, the Convention is something that enshrines jointness of decision-making. It is one of the few international conventions with this characteristic.

■ *So you are happy that the concept of partnership has been maintained?*

— Yes. It has been maintained in one of the most important, and what could have been one of the most contentious areas.

■ *You mentioned the financial envelope. Were you disappointed with the sum finally agreed?*

— I think it fair to say that the Group was somewhat disappointed. Its request for a larger sum was based on certain requirements which the Community itself acknowledged. There was, for example, significant demand for structural adjustment support — part of the Lomé package that has been heavily utilised. The Group also sought recognition for the fact that implementing human rights and democratic practice is

a costly business — in terms of such things as training police officers, educating the public and so on. However, we recognise that as regards aid, the international situation was not exactly propitious. There was also a specific problem — in Germany initially, and in the UK right up to end of the talks — with attempts to reduce the financial package. In these circumstances, the Group has said that result is as good as, and may actually be better than they might otherwise have expected.

■ *Looking at the human rights and democracy situation, a number of ACPs, including some of the largest ones, are currently facing difficulties. Does that pose any problems for you?*

— Naturally, the difficulties of any member state poses problems for the Group, both in its internal communication, and in dealing with third parties including the EU. At times, we have internal discussions aimed at moving processes forward. In some cases you see that the chaos results from movements which have perhaps been too sudden — with the involvement of institutions associated with practices that countries are not accustomed to. The Group recognises the need to be very deliberate and careful in dealing with these issues. Each problem must be approached on a case by case basis, bearing in mind the need to avoid instability and social disruption, because that doesn't help the process of democracy either. So the answer to your question is yes. And there are no easy solutions.

■ *One innovation has been the introduction of a two-tranche process for national programmes (NIPs). It is apparently intended to offer a 'carrot' to countries that use funds efficiently by giving them access to more resources at*

a later stage. This was resisted at the outset on the ACP side. Are you now satisfied with the new system and do you think it will work effectively?

— I think this idea originated in the Commission and it all depends on how it seeks to manage it. The ACPs objected on two grounds. First, the proposed allocation under the first tranche was initially too small. More important, there were no clear criteria regarding eligibility or the disbursement process for the second tranche. That effectively meant giving the Commission discretion over the disbursement of a significant proportion of the NIPs, and that was not seen as acceptable. One difficulty some countries have had with the Commission over the years in the management of Lomé programmes is that it has not always been easy to determine what is required to accelerate the disbursement process. This is not a problem for those that are politically favoured but it does apply to countries that are not seen as a political priority. So we had considerable difficulty with this suggestion. In fact, originally, there wasn't really a commitment to the second stage in any meaningful sense. Nor was there a commitment to the global pledge. We would have moved from a system where a country was told, for example, 'we pledge ECU 50 million over five years' to one where ECU 20 million is offered for the first two years 'and we will then decide what to do about you next.' Clearly the former situation is far more reliable for recipients than the latter. I think that was the essence of the problem. In the end, of course, the proportion in the first tranche was increased and although specific criteria haven't been laid down for the second stage, the global sum remains pledged. In that sense it is better than the initial position.

■ *Looking to the future, there has been speculation that we could be coming towards the end of the Lomé system as we know it. How do you see the future of the ACP-EU relationship beyond the year 2000.*

— I take as a signal the fact that the EC agreed to the accession of Haiti,

the Dominican Republic, Namibia and, in some form, South Africa, to the current Convention. One wouldn't expect them to have gone to the trouble of doing this only to bring the Convention itself to a sudden end in the year 2000. For me, that is an indication that it should be out of the question. I think Professor Pinheiro himself, and I would say the ACP Group as a whole, would wish the Lomé experience to be taken into account in any post-2000 modification. This is what we will be doing in our own submission in 1998 regarding proposals for the successor to Lomé IV.

We view it as a very useful instrument. Of course, we don't think it is as effective as it could be, and the reason for that is to be found at all levels. There are administrative problems on both sides. So, of course, there is room for improved implementation and we want to see that take place. There are certain aspects that might change between now and the year 2000 and, therefore, the emphasis that is given to some parts of the programme may vary. We are all concerned about the competitiveness of many ACP countries, and want to see Lomé IV resources used to enable their industries to compete more effectively.

The aim must be to help them diversify, or where that is not possible, to strengthen their capacity to deliver high quality goods in sufficient quantity to secure a bigger share of the market, both in Europe and elsewhere. Some regions may want to see greater resources devoted to financial cooperation. You may see some differentiation here, perhaps on a regional basis, perhaps not. On this point, I think we may see a lot more regional discussion of issues that are region-specific. The issues of general concern would continue to be discussed by the Group centrally. Let me give you an example. Conflict management is not currently a major concern in the Caribbean or Pacific, but it is in some regions of Africa. It may be that the countries involved would wish to engage in a policy dialogue with the Community on this subject. So that may be one way in which the Convention might change after the year 2000. Of

course, all the circumstances which will influence the shape of future cooperation are not yet known.

To conclude, I would like to make a general point. You hear a lot of pessimistic statements about the Convention. People argue that resources have been put in for more than 20 years and that, on the whole, the recipients don't seem to have benefited. From this they conclude that the Convention has failed. I would say that it is just part of a wider package. I am certainly not suggesting that the amount involved is insignificant, but I would echo the point made recently by an NGO. The ACPs' population is nearly 600 million and the last financial protocol was for ECU 12 billion. That works out at about ECU 5 a year per head. So one needs to see it in perspective. You cannot expect that sort of input to transform the economy of a country in difficulty. Thus, you cannot blame the Convention if certain countries have not developed in the manner that we would have wished. The job cannot be done by the Convention alone.

I think we should recognise that there are also ACP success stories. I recently saw a study by Minnesota University on developing countries since the end of the 1950s. Among those that have made the greatest strides in terms of GDP growth and other indicators, are several ACP states. In fact, some are doing well, others have done less well and some have performed disastrously. This is not surprising given that the Group represents a large portion of humanity. It takes in 70 of the world's 179 nations. Most depend heavily on primary exports for their wellbeing and, in the 15 years up to 1993, commodity prices saw an unprecedented fall. I think that also needs to be taken into account. Aid resources provided over the same period amounted to just half of the losses suffered because of the drop in commodity prices. In these circumstances, some countries have lost out and other have benefited. Many of those who give aid are the ones that have benefited from the enormous fall in prices. This is another aspect that tends to be overlooked. ■

Interview by Simon Horner

The advantages of a multilateral approach

The originality of the European Union's treaty relationship with the ACP countries lies, above all, in its multilateral nature. Successive Lomé accords have been the standard bearers of this kind of cooperation — which should, in principle, be the optimal form of link between developing and developed countries. When money is tight and aid budgets are under pressure, the case for the multilateral approach as set out in the Lomé Conventions is further strengthened.

In the first place, multilateral cooperation injects a greater degree of equality into the relationship with its focus on partnership. Bilateral arrangements, particularly those involving ex-colonies and the former metropolitan power, are more likely to be influenced by their historical context.

On a more practical level, the main goals of development cooperation, which most people would accept as the alleviation or eradication of poverty, and the improvement of quality of life through economic and social advances, are less likely to be subverted in a multilateral system. There is no question for example, of Lomé funds being used by ACP countries to buy weapons from EU manufacturers. Nor can there be an indirect link between the grant of development funds and arms purchases.

In many bilateral projects, the recipient is obliged to purchase the necessary goods and services from the donor state. It is true that restrictions also apply in Lomé contracts. In most cases, tenders are limited to companies or nationals from one of the Convention's contracting parties but since there are 85 of these, this is obviously a great deal less restrictive. It naturally follows that the greater the number of tenders for projects, from companies of

various nationalities, the higher are the chances of obtaining value for money. This applies to the whole gamut of contracts from technical assistance to works and supplies.

Sectoral policies such as structural adjustment programmes, which now have a higher profile in the Lomé Convention, can only be implemented successfully in a multilateral forum. In this context, the EU works in close collaboration with the World Bank and International Monetary Fund (IMF). There would be little point in one donor suggesting changes to monetary policy, for example, only to be contradicted by another donor. And it can be argued that the simple pooling of ideas in areas such as structural adjustment has led to better quality projects. EU officials stress that frequent dialogue with the Bretton Woods institutions has improved the design of projects, with closer attention now being paid to avoiding the negative social effects of adjustment.

National 'solutions' no longer practicable

A multilateral approach is also increasingly indicated as we seek to tackle the major issues of the end of the millennium. In fields as diverse as environmental protection, the AIDS crisis, population movements and the burgeoning information society, national 'solutions' are no longer practicable.

Trade is another area where the national flag is increasingly irrelevant. Liberalisation, which is speeding up, effectively means globalisation. The new World Trade Organisation (GATT's successor) is branching out into new areas including services and agriculture. It is also now looking at subjects such as the environment and labour standards, and their link with trade. And the regional groupings which are emerging and

consolidating across the globe are becoming the hubs of global liberalisation.

It can also be argued that the multilateral path is the only fair and effective way to implement relatively new aspects of development policy relating to matters such as good governance and human rights. The Lomé mid-term revision includes a strengthening of the human rights clauses, with provision for negative measures to be taken, such as the suspension of aid as a last resort, if respect for human rights, democratic principles and the rule of law, is flouted. An aid freeze by a single bilateral donor will obviously have much less impact.

A new paper drafted by the European Commission, setting out a general human rights policy, calls on EU institutions to work in the field of human rights with other players such as the United Nations and the Council of Europe, 'in order to maximise the effectiveness of its own actions.'

It would seem only sensible for donors to pool the available resources in the interests of more effective development cooperation programmes. During the mid-term review negotiations, the European Development Commissioner, *João de Deus Pinheiro*, spoke frequently about the need for greater 'complementarity and coherence' of aid between Member States' national aid budgets and those of the European Union. He also emphasised cooperation with other international donors.

As the Lomé Convention moves into its next five year phase, it is important that the many benefits of its multilateral nature are recognised and nurtured. And in conclusion, it is worth emphasising one of the simplest and most overlooked benefits of Lomé multilateralism, which is the coming together of representatives of 85 countries in a relationship based on partnership. All the Lomé 'players' appreciate this aspect and they are keen to ensure that it continues beyond the life of the present Convention. ■■■

Debra Percival