

Guide and Trade Union Dossier for Boosting the Capabilities of ACP Trade Unions in the Economic Partnership Agreements¹

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Summary

Trade union guide

Introduction	10
European Union-ACP relations: a trade union vision	11
Strengths and weaknesses of EU-ACP relations	16
The Cotonou Agreement	20
Trade union position on the Cotonou Agreement	26
The Economic Partnership Agreements (EPAs)	27
Trade union position on the EPAs	31
Evaluation of needs and obstacles to the trade union movement in the ACP countries	35
Participation: moving from speeches to reality is no mean feat	37
Trade union proposals for the EPAs	43
Trade union road map	52

Trade union dossier

Sheet 1	Privatisations and their issues in the ACP	58
Sheet 2	Issues in public-private partnerships for essential goods and services	62
Sheet 3	'You can't eat growth'	67
Sheet 4	The arrangements for the financing of development in the ACP and their limits	71
Sheet 5	The issues of regional integration, industrialisation and liberalisation of trade and capital movements in the ACP	78
Sheet 6	Determining factors and consequences of migratory movements between the EU and the ACP countries	84
Sheet 7	Evaluation of the major trends in the socio-economic and democratic transformations at the regional level	90
Sheet 8	Countering the limits of the 'Everything but Arms' initiative and rising to the challenges of reciprocity in the EPAs	113
Sheet 9	The EPAs must succeed and give effective shape to the regional integrations of the ACP countries	116

Annexes

Glossary	128
List of the works of the Cotonou Trade Union Group	134
List of the negotiation regions for Economic Partnership Agreements (EPAs)	136
Organisations promoting and acting as partners in the project ...	138
Experts who have collaborated on the trade union guide	140
Project co-ordination committee	142

Preface

The negotiations of Economic Partnership Agreements (EPAs) under the Cotonou Agreement entered their final phase this year (2007). They have presented some problems for the trade union organisations, both in the ACP (African, Caribbean and Pacific) countries and in Europe. The point is that these agreements will lead to structural reforms which will bring consequences for the living and working conditions of the ACP populations.

Accordingly, it is essential for the trade union organisations to get actively involved in the negotiations and the framing of these EPAs so as to guarantee that they comply with binding criteria tying the integration of the ACP countries into the global economy with the promotion of decent work, the reinforcement of social and economic rights and respect for workers' rights.

That is why the Confédération syndicale des travailleurs du Togo, on behalf of all the trade union organisations of the ACP countries and the European Trade Union Confederation have undertaken a project aimed at 'Boosting the capabilities of ACP trade union organisations in the Economic Partnership Agreements'. They were supported by the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL), now dissolved and united within the International Trade Union Confederation (ITUC) as well as by the Bureau for Workers' Activities at the International Labour Organization.

This project has been made possible thanks to contributions from the organisations themselves and financing from the European Commission as part of the 8/9th Development Fund. We should like to express our thanks here to the Project Unit and its director Mr Cumberbatch for lending us support throughout the framing of the project.

The guide and the trade union dossier which supplements it act as a resource for negotiators from the trade unions by offering analyses of central points with a view to promoting the social and human dimensions of the EPAs.

They have been drawn up by the team under Professor Frédéric Lapeyre made up of Thiery Amougou and Grégoire Ngalamulume, with the collaboration of the representatives from the European and international trade union organisations, but also eight ACP experts (see list at annex) with close ties to the trade unions in their countries and regions.

This publication has been produced in this format which combines the two documents (guide and dossier) thanks to financing from the International Labour Organization, sponsorship from the ARCOPAR Group and financial support from ACV-CSC (Belgium) for the organisation of a working seminar bringing together all the experts.

Our thanks go out, of course, to them and to all those within our organisations who have monitored and backed the progress of this project.

We want this publication to be widely disseminated and used as a tool throughout the negotiation regions. We hope in this way to help workers in the ACP countries and their trade union representatives to achieve the objectives of eradicating poverty and securing sustainable development and gradual integration into the global economy as advocated by the Cotonou Agreement.

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**Guide for Boosting the Capabilities
of ACP Trade Unions in the Economic
Partnership Agreements**

Introduction

EU-ACP cooperation has significantly evolved since the Yaoundé Agreements in 1963 and has introduced many institutional innovations. These innovations are the result of dynamics within the EU-ACP Agreements and of changes in a broader framework comprising international institutions, such as the IMF, the World Bank, GATT/WTO and the ILO, as well as changes in the international political and economic contexts. Far-reaching changes in the past 40 years at world, regional and national levels have inevitably brought about variations in *development demands* in the ACP countries and *development offers* in the EU.

Turning to the EU-ACP cooperation dynamic, the institutional picture has changed greatly since the 1957 Treaty of Rome, which marked the start of the European Community's multilateral cooperation with developing countries or regions. The Yaoundé Agreements, which were accused of reinforcing neo-colonialism by reproducing the *colonial pact's* division of labour, were replaced by the Lomé Agreements, which also turned out to be poorly adapted to the challenges of economic globalization, the debt crisis, repercussions of structural adjustment programmes, the failure of past development policies, the end of the Uruguay Round (1986-1994) and the birth of the WTO in 1995, in addition to the consequences of the end of the Cold War.

The Cotonou Agreement, signed on 23 June 2000, by the EU and 77 ACP countries, had the goal of taking on board the new rules of the game of EU-ACP cooperation imposed by the globalized economy and preserving, to the extent possible, a kind of development cooperation that would heed the constraints of the new international architecture and at the same time move towards a simple free-trade agreement.

However, it became clear that the liberalization of trade plays a central role in recasting development cooperation between the EU and the ACP countries, because it was put forward as a powerful means to contribute to growth targets, to create jobs and reduce poverty. It is in this new context that EU-ACP negotiations got underway in 2002 for the

Economic Partnership Agreements (EPA) that cover six regional areas – the Caribbean, the Pacific and the four African zones of West Africa (ECOWAS), Central Africa (CEMAC), East Africa (ESA) and Southern Africa (SADC). The inclusion of South Africa, although not a part of the ACP group, in the EPAs is still under discussion. The EPAs are reciprocal free-trade agreements negotiated bilaterally between the EU and the ACP regions or countries. Their goal is to bring EU-ACP trade relations into line with WTO rules.

But the implementation of the EPAs will unavoidably lead to deep structural reforms that will have consequences on the living and working conditions of the ACP populations. It is crucial that these structural reforms bring social advances and a reduction of poverty if the EPAs are to keep their promises, otherwise they may well be rejected by the people.

In that connection, it is essential that the trade union and the non-governmental organizations in the broad sense take an active role in the negotiations for and the formulation of the EPAs in order to guarantee that they keep to a few binding criteria that must combine participation in the world economy with the promotion of decent employment, a strengthening of social and economic rights and respect for the rights of workers. These criteria should be at the heart of concerns in regional negotiations and should guide the formulation of the EPAs.

The basic goal of this guide is to provide the ACP trade unions with a range of basic information on the Cotonou Agreement and the EPAs so that their capacity to negotiate and table proposals is reinforced in the process of establishing the EPAs. The EU-ACP negotiation process is long and complex and negotiations will overrun the deadline of 31 December 2007. The trade unions must therefore mobilize and demand their rightful role in the formulation of the EPAs. The Cotonou Agreement offers a unique framework for the participation of trade unions given that the signatory states are committed to overhaul the way they formulate development policies. This opportunity must be seized and the resources earmarked for this purpose must be made available. To achieve that, access to information is fundamental, but the

trade unions often suffer from a lack of information about EPA-related issues, about the state of negotiations and the arrangements for accessing resources to increase their capacities.

Therefore, this guide presents the main trade union issues arising from the new institutional framework introduced by the Cotonou Agreements and the EPAs and emphasizes the related risks and opportunities. It also provides a range of trade union claims that must be put forward by the trade unions at national and regional levels in the context of the EPA negotiations. Lastly, it offers a road map for taking up future challenges.

It should be recalled that this guide is accompanied by a trade union dossier that develops in a detailed fashion a range of EPA-related issues. It also acts as a resource for negotiators from the trade unions by offering analyses of central points with a view to promoting the social and human dimensions of the EPAs.

European Union-ACP relations: a trade union vision

Since 1957 (Treaty of Rome) the European and international trade-union movement has always attached a great deal of importance to and shown interest in the establishment of fair relations between the EU and the African, Caribbean and Pacific (ACP) countries in order to contribute to the economic and social development of countries in the Southern Hemisphere.

At the time, this entailed not only the independence of the countries concerned, but also ambitious economic and social development programmes with adequate means and resources, as well as structural reform in trade (prices for raw materials and their stability and organisation of the markets) in monetary matters, in technology transfers, so as to implement a world programme.

Relations have often stayed bilateral, with a minimum of transfers for a European development policy. Colonial relations were succeeded by neo-colonial types of dependence relations. All measures indispensable to finding the ways and means of real development were, generally, sabotaged during world negotiations on the same subjects, with a view to a new economic and social world order. This opposition from political and economic, European and world actors, was in total contradiction to the generous intentions announced in the two Yaoundé Conventions (1963 and 1969) and in the Lomé Conventions (1975, 1980 and 1985).

Positive aspects

Nevertheless, the trade-union movement did seek and support the many positive aspects that were gradually introduced in the agreements, establishing the EU-ACP relations, in particular:

- the contractual character of the agreement between 2 regions (the north and south of the planet) with its commitments programmed over time and reciprocity implications in the responsibilities;
- a positive concept of development, articulating the closely interwoven social, economic, ecological and cultural aspects;
- the taking into account of the role of women;

- the promotion of civil, political, economic and social rights, which constitute human rights and democracy;
- the development of human resources;
- the successive improvements of the agreements (joint institutions and advisory – including socio-occupational – bodies).

While supporting these innovations, the European and international trade-union movement, has always stated that it was concerned about the implementation of the Convention, in relation with its objectives.

From situations in the field, the trade unions have constantly drawn the attention of policymakers and technical officials of the Convention on the growing distance between words and deeds.

For 30 years, regular socio-occupational consultations like the seminars organised by the European Economic and Social Committee have had minimal if any impact at all on the contracting parties of the EU and the ACP. This has moreover played a role in legitimising an imitation democratic functioning of successive Conventions.

To be sure, the Convention has had positive effects in many fields: infrastructure and facilities. It has also attenuated, through Stabex and Sysmin, even more harmful consequences for the producers and the countries.

Nevertheless, there is a very serious efficacy deficit and a considerable disproportion between the sums allocated in the last 40 years to these relations and the results, even if it is worth qualifying according to companies and regions.

The trade-union movement has often insisted among European and ACP officials on a more dynamic promotion of decent employment and social protection as well as the taking into account of the attainments of the community-based and mutual assistance economy, in particular of workers in the informal economy.

A few milestones in the history of development cooperation between the EU and the ACP

- 1957 Treaty of Rome signed by 6 European countries. The Belgian and French – chiefly African and overseas – colonies are associated.
- 1963 Yaoundé I Convention between the EEC and 18 newly independent, essentially French-speaking states and Madagascar. Area of action: trade (tariff preferences), financial and technical cooperation (with, above all, economic and social infrastructure projects).
- 1969 Yaoundé II Convention. Virtual identical renewal of Yaoundé Agreement I.
- 1973 Great Britain joins the EEC and consequently, several countries of the Commonwealth and former British colonies will have to integrate the agreement. The former French-speaking states of Africa and Madagascar, together with those of the Commonwealth and former British colonies form the Africa – Caribbean – Pacific (ACP) group after the signing of the Georgetown Agreement.
- 1975 Lomé I Convention with 46 ACP countries. It aims to create a development model based on partnership and solidarity and enshrines the financing of infrastructures and facilities and agricultural programmes; establishes the STABEX: a system for offsetting the deficit in export earnings after the fluctuation of prices on the world markets, and grants non-reciprocal tariff preferences for ACP exports to the EEC. It also provides favourable protocols for ACP actors in sectors such as sugar, beef and bananas.
- 1980 Lomé II Convention with 58 ACP countries. Extension of Lomé I; creates the Sysmin compensation mechanism, a sort of Stabex adapted to mining products.
- 1985 Lomé III Convention, signed by 65 ACP countries which enshrines the emergence of the policy dimension in cooperation relations by establishing a dialogue on policies. Lomé III enshrines the gradual abandonment of the approach by projects in favour of a sectoral approach, the stated aim being food self-sufficiency and security. The environment is

one of the dimensions given wide support by this Convention, which also provides for support for structural adjustment.

- 1990 Lomé IV Convention signed by 68 ACP states for 10 years with a revision midway through (revised Lomé IV in 1995). It reinforces the policy dimension and the support to structural adjustment. New element: introduction of (political and economic) conditionalities.
- 1995 revised Lomé IV Convention (70 countries); human rights and the rule of law become conditions precedent. Introduction of the concept of sustainable development and the need to get integrated in the world economy; the fight against poverty.
- 1996 Green Paper, a discussion document released by the European Commission. Open to debate on the challenges and options for renegotiating the partnership when revised Lomé IV expires, on the eve of the 21st century. It takes account of the end of the cold war, the creation of the World Trade Organisation (WTO), the impact of conflicts and natural disasters, the internal institutional context of ACP countries, and the mitigated success of Lomé. An invitation is issued to negotiate a new convention that takes account of this development of the international context.
- 2000 Cotonou Agreement signed by 77 ACP countries.

Strengths and weaknesses of EU-ACP relations

The contractual character of the Convention is a leading qualitative element in relations between ACP countries and the European Union. It supposes a responsibility for undertaken commitments (objectives, priorities, functioning), and above all for their implementation. For the European and international trade-union movement, the responsibilities are shared. Without wishing to draw up a bill of indictment, we may identify a series of problems:

- The absence of transparency concerning the national indicative programmes and the financial sums pertaining thereto in most ACP countries;

- The opposition to or reticence about democratic practices involving the populations for improving their well being, through trade-union, social and associative organisations. These organisations are often considered to be subversive inasmuch as they wish, as is normal, to remain independent of the State and its structures. More satisfactory situations do exist of course, and positive developments have seen the light of day recent, but they concern only a minority of ACP countries;
- The under-utilisation of the Convention's potential, because of lack of political courage and the dispersion of technical capacities and reticence in strengthening common competencies;
- The national and regional divisions have weakened the contractual relationship of the ACP group with the European Union. The possibilities offered by the Convention, in particular for regional cooperation (Title XII) have been neglected, especially in Africa;
- The bad distribution of the Agreement's advantages. The impact of the Convention has concerned chiefly a minority fraction of the population and has fed the networks of the well-to-do or clientele, thereby promoting corruption. From this perspective, too many choices (conceptions, operators, places of application) were made according to short-term and mercantile policy interests where "speculators" from EU and ACP countries got together. The impact of the Lomé Convention concerns only a minority of the African population, and a slightly larger – yet still minority – group in the Caribbean and the Pacific. About 80% of the population is in the informal sector in Africa, and therefore nearly outside the field of influence of development programmes.
- The internal policies of the European Union. They are increasingly pervaded by a neo-liberal conception, whence the progression of economic and social malfunctions. Whereas the Convention has always been drafted with a conception of social development in mind, there is an impression that for more than twenty years, practices have been increasingly imbued by the neo-liberal ideology.
- The positions assumed by the Member States and the Union in international institutions are not consistent, and at times even contradictory. A coordination of the policies of the Union and the Member

States in monetary and economic authorities (IMF, World Bank, WTO) in close consultation with the institutions that have social or educational mandates (ILO, WHO), as well as in regard to debt relief, is also needed.

- Contradictions in the internal and external policies of the Union. These are in particular in the treatment of migrants, but also for agriculture, fisheries, trade, the development of services, etc. Other institutions (the European Parliament, the Economic and Social Committee, the EEC-ACP Joint Assembly, in particular) have provided explanations;
- Problems on the wider front of the distribution of competencies between the Union and the Member States on relations with ACP States as well as mandates among other international institutions. The policies pursued by the European Union are different from those of the Member States, whose particular interests in regard to ACP countries diverge. Privileged relations exist... in particular with former colonising States, including economic and political rivalries among some of the 15.
- The political and technical incapacity to integrate social provisions in the Lomé programming: employment, social protection, appropriate training, health, improvement of living conditions. It is not a matter of coming up with “separate” programmes on these issues, but of making them elements that constitute the objectives of ALL the programmes, with obligations of results sanctioned by evaluations.
- A reduced vision of development cooperation. Cooperation cannot be reduced to the gradual integration in the world market by the “free market forces,” the strengthening of competitive capacities of products and resources from ACP countries. It is necessary to define the objectives of development that is concurrently economic, social, environmental and cultural, the means and resources to be deployed in order to reach those objectives, and their application procedures.
- The limits of the private sector. In spite of its great importance, the private sector is incapable of taking up, on its own, the economic and social challenges that exist in nearly all ACP countries. Nevertheless, the private sector could play a decisive and efficacious role in “mixed economy” systems, comprising:

- The promotion of private economic actors as part of the economic and social programming of the country or the region, in accordance with the needs and priorities of the populations;
 - Efficient, competent and decentralised public sectors that can fulfil missions in the public interest (organisation of services);
 - Encouragement to economic and social innovations of the informal, rural and urban sectors.
- For the trade-union movement, regional economic and social integration could become a major option of a future Convention. It would be a means for counterbalancing the negative consequences of the Uruguay Round on the preference margins of ACP countries in their trade relations with industrialised countries. In these different regions, the diversification of trade and services could be organised through:
- The internal market: the improvement of living conditions, by trying to meet the essential needs, would strengthen the production and service activities in favour of the populations;
 - A regional market, where equipment, complementary productions and services could strengthen the multiple potential and meet a part of the demand through regional trade;
 - Export markets, by developing products or services that could enter in competitive systems.

This desirable diversification will be built up slowly, so it will be indispensable to introduce transitional measures adjustable according to countries and products. Among these provisions, the promotion of direct channels of fair trade between economic and social actors in the North and the South must be encouraged and reinforced.

Finally, taking into consideration social and ecological criteria in regional or national development policies should be part and parcel of programmes intended to provide guidance and support for such policies, including in their commercial dimension.

The Cotonou Agreement

The Cotonou Agreement was concluded in June 2000 by the EU and the ACP to promote and accelerate the economic, cultural and social development of ACP States, to contribute to peace and security and to promote a stable and democratic political environment. Its duration is 20 years, with a clause providing for a revision every five years.

The Cotonou Agreement is based on the principles of partnership and solidarity, and sets three main objectives:

- The reduction and, in the long term, eradication of poverty in ACP countries;
- Sustainable development;
- The gradual integration of ACP countries in the world economy.

The Agreement wants to be based on the trilogy of political dialogue, trade and development to reach its objectives.

This entails in particular:

- The definition of appropriate development strategies and a concentration on the objective to reduce poverty;
- The development of a new economic and commercial cooperation framework and the gradual integration of ACP countries in the world economy;
- The reinforcement of the political dimension;
- The promotion of the participation of non-state actors;
- The improvement of technical and financial cooperation.

The participatory approach is one of the major innovations of the Cotonou Agreement, which establishes a framework for the participation of the civil society, including the trade unions of ACP countries. The Agreement contains numerous references to the civil society and provisions relative to the participation of non-governmental actors are contained in more than thirty Articles of the Cotonou Agreement, as well as in a final declaration and in Annex IV relating to implementation and management procedures.

Civil society is mentioned in the Joint declaration relating to the partnership actors (declaration 1, annex to the final act), in annex IV, Article 4, in the Compendium on cooperation strategies and in the programming guidelines. The justification of the role of the non-state actors is provided in Articles 2, 4 to 7, 8, 9, 10, 15, 17, 19 to 24, 25, 33, 37, 56, 57, 58, 65, 70, 71, 72, 74 to 78 and 81 that were signed by the ACP States and that must consequently be fulfilled.

The role of non-state actors in the development process is recognised through:

- Participation in the definition of programmes and projects;
- Consultation and participation in the political dialogue;
- Support for strengthening their capabilities.

2. The documents of the Commission (DG Development) specify the categories. In addition to workers and employers, these are organisations for the defence of human rights, grass-roots organisations, organisations of women, associations of young people, organisations for the protection of children, representatives of the indigenous populations, organisations for the protection of the environment, agricultural organisations, consumers' associations, representatives of religious organisations, NGOs and associations from the cultural sector and the media.

3. The actors of the civil society must be constantly informed, be provided with financial resources, be involved in the implementation of cooperation projects and programmes, and be provided with capacity-building support in cultural and economic sectors in order to improve their organisations continuously.

The main actors of cooperation recognised by the Cotonou Agreement are the (local, regional and national) public authorities and the non-state actors. The State is the main actor of the Agreement, but must act in partnership with the non-state actors. Article 6 of the Cotonou Agreement thus defines the “non-state actors:” the private sector, economic and social partners, including trade-union organisations, and the civil society in all its forms according to national characteristics.²

The participation procedures are defined in each State, but Article 4 indicates the way in which the civil society must be involved.³ In the spirit of the Cotonou Agreement, non-state actors must participate in the charting of policies on cooperation for development, their implementation and their evaluations. To that end, they must be informed and involved in the consultation on cooperation policies and strategies, have access to financial resources in accordance with conditions fixed by the Agreement, and be provided with reinforcement of their capacities to support the local development processes.

It is provided that up to 15% of the funds allocated to each ACP country under the NIP could be used by the organisations of the civil society. Nevertheless, the allocation of these funds is not uniform in all ACP countries; they are at times non-existent or less than 15% in certain countries.

The Cotonou Agreement has instilled an impetus in the civil society of ACP countries to identify its own priorities. It has also made it possible to establish and consolidate organisations that can be officially recognised as eligible partners under the new partnership. The presence of Articles that “require” the active participation of civil society in order to be implemented has facilitated the process of institutional reinforcement of non-state actors.

The decentralisation of responsibilities to actors in the field for greater efficacy and the introduction of a sliding programming system that allows for a regular adjustment of cooperation programmes are also part of the specific features of Cotonou.

The main aid instrument is the European Development Fund (EDF), the management cycle of which is five years.

The European Development Fund (EDF)

Presentation

Created in 1957 after the signing of the Treaty of Rome, the European Development Fund is the main instrument of Community aid for cooperation on development to the ACP States and to overseas countries and territories (OCT). It is therefore the main financial instrument for EU-ACP cooperation. It is fed by contributions from the EU Member States.

Periodicity

Each EDF is concluded for a period of about five years. Since the first partnership convention in 1963, the EDF cycles have in general followed those of the partnership agreements/conventions.

- First EDF: 1959-1964
- Second EDF: 1964-1970 (Yaoundé I Convention)
- Third EDF: 1970-1975 (Yaoundé II Convention)
- Fourth EDF: 1975-1980 (Lomé I Convention)
- Fifth EDF: 1980-1985 (Lomé II Convention)

- Sixth EDF: 1985-1990 (Lomé II Convention)
- Seventh EDF: 1990-1995 (Lomé IV Convention)
- Eighth EDF: 1995-2000 (Lomé IV Convention and revised Lomé IV)
- Ninth EDF: 2000-2007 (Cotonou Agreement)
- Tenth EDF: 2008-2013 (Cotonou Agreement)

EDF instruments

The main instruments of the EDF are the development cooperation facility in the long-term (non-refundable aid) that grants a specific allocation to each ACP country, including an ordinary allocation for development projects and programmes and an occasional allocation for unforeseen needs, as well as additional financial resources to countries that apply cooperation activities successfully; and also the investment facility, which is medium- or long-term financing, chiefly in the form of loans or guarantee funds, to support the development of the private sector in ACP countries. This fund is managed by the European Investment Bank (EIB) and the investment facility committee (composed by representatives of the Member States).

The budget intended to finance long-term cooperation contains a special allocation intended to support regional cooperation and the economic integration of the regions.

The criteria for assessing the needs and performances for the allocation of the various resources as well as for the eligibility for the various loans and funds are set out by the agreement.

Implementation of the EDF

The Country Strategy Paper defines the cooperation framework between the European Union and each ACP country and region for a period of five years. This strategy is implemented through the National Indicative Programme (NIP) and the Regional Indicative Programme (RIP). This document establishes the distribution of the EDF funds among the priority concentration sectors, a financial calendar with

forecasts in commitments and outlays, as well as a provisional implementation timetable.

The programming is therefore the plan on how to use the EDF. It comprises 4 stages:

- The preparation and development of a cooperation strategy (CS) based on the medium- and long-term development objectives and strategies;
- A clear indication, by the Community, of the indicative programmable financial package that a country may have for a five-year period, as well as all useful information;
- The preparation and adoption of an indicative programme for implanting the cooperation strategy;
- A review process pertaining to the cooperation strategy, the indicative programme and the volume of resources allocated thereto.

The Cotonou Agreement pertains to important innovations in the implementation of the EDF. For one, the entire, extremely complex structure of 10 instruments under Lomé is reduced to two instruments. Furthermore, aid will no longer be automatic: the initial allocations to ACP countries must reflect both current needs and previous performances. An evaluation system will be used to ensure a continuous adjustment of the orientation and volume of the funds both to the needs and to performances. Finally, aid is concentrated in priority areas designated by the European Union under its development cooperation policy.

The National indicative programme (NIP)

* NIP: an indispensable instrument for the implementation of each ACP's cooperation strategy. When the programming of actions that benefit and involve two or more ACP states or all of them, and/or a regional body whose members include at least two ACP states, it is called a Regional Indicative Programme (RIP):

This programming includes the following:

- The preparation and development of a cooperation strategy based on medium-term development objectives and strategies of the country itself;
- A clear indication from the EU regarding the programmable indicative budget that the country will have during a five-year period as well as any other useful information;
- The preparation and adoption of an indicative programme in order to set in motion the cooperation strategy;
- A review process covering the cooperation strategy, the indicative programme and the volume of resources allocated to it.

Cooperation Strategy: the basis of the programming of aid allocated by the EU to the various ACP countries over a five-year period, drawn up jointly by the ACP and the EU after consultation with a broad range of actors involved in the development process. It must be adapted to the needs and the specific context of the state concerned.

Allocation of resources: in keeping with needs and the performance of each ACP State, in accordance with ad hoc criteria.

Preparation and adoption of the NIP: this process involves exchanges of views between the concerned ACP State and the EU. It is adopted by common agreement between the ACP State and the EU. Once adopted, it binds the EU and the concerned State. Six priority areas are set out by the European Commission: links between trade and development; cooperation and regional integration; macroeconomic policies; food security and sustainable rural development; a strengthening of institutional capacity; and good governance and the rule of law.

Review process: flexible and ongoing adaptation of actions in line with the agreement's objectives and with changes in the context of the State; annual operational review for the NIP, a mid-term review and, lastly, a final review for the NIP and the RIP.

Trade union position on the Cotonou Agreement⁴

4. CES-CISL-CMT, 2000, Trade union dossier: Cotonou Agreement (Brussels: ETUC).

The trade-union movement is satisfied with several provisions of the new agreement, on condition that they are really implemented, and in particular:

- The participation of non-state – including trade-union – actors in all the activities and in all the areas of cooperation;
- The explicit references to the fundamental rights of the ILO, as essential elements of the validity of cooperation, but also as criteria to meet in commercial cooperation;
- The social and sustainable development objectives and the principle that there could be no optimal economic development if not accompanied by parallel social development. These concepts must go together if economic progress is to be fully efficient and bring about an improvement in the way of life and the well-being of the populations;
- The transparency of the programmes, based on the commitments undertaken in the 15 EU Member States and 71 ACP countries in international institutions (UN, ILO, WHO, UNESCO);

Conversely, the trade-union movement is concerned about the ambiguities and shortcomings of this agreement, and in particular:

- The free-trade aspects, which often seem to prevail over the objectives and practices of cooperation;
- Although rendered flexible and subjected to evaluation, the integration of ACP countries in world trade entails major risks for the economic and social development capacities of these countries and the well-being of their population;
- The negligence of priority problems such as debt and structural adjustments as well as access to essential goods and services;
- In view of previous experience, serious doubts remain as to the will and capacity of the contracting parties to apply the social objectives and participatory methods.

The Economic Partnership Agreements

The Economic Partnership Agreements (EPA) are the economic dimension of the Cotonou Agreement and are governed by Article 37 of the Agreement. They must be signed by 31 December 2007 and have the goal of “...*fostering the smooth and gradual integration of the ACP States into the world economy, with due regard for their political choices and development priorities, thereby promoting their sustainable development and contributing to poverty eradication in the ACP countries*” (Article 34, paragraph 1). More generally, they take part in the application of the *development strategy* as described in Articles 19 to 27 (title 1) of the Cotonou Agreement.

The EPAs are scheduled to start on 1 January 2008 and will run for 12 years. Given the complexity and the issues involved in EU-ACP negotiations, a transition period has been planned from 2000 to 2008. A first phase, running until the end of 2003, was held for the entire ACP group and then, starting in 2004, specific regional negotiations took place.

The EPAs put in place by the Cotonou Agreement can be considered as reciprocal free trade agreements which have to be negotiated on a bilateral base between EU and the ACP regions.

Beyond the overriding objectives expressed, the EPAs are designed to bring EU-ACP relations into line with WTO rules. The preferential regime, which was reserved for the countries of the ACP group and was not open to all developing countries, did not comply with WTO rules, in particular the Most Favoured Nation and the Reciprocity clauses. The EU-ACP negotiation schedule meets this requirement for compliance with the WTO rules because it give the EU until 31 December 2007 to fall into line.

In a general way, the Cotonou Agreement calls for the gradual elimination of barriers to trade between the two parties and the introduction of ACP regional integration zones, which are common markets, characterized by a common external tariff, and the free movement of goods within the zone.

More specifically, these agreements have a threefold objective:

- Facilitate access of ACP products to European markets
- Develop South-South trade
- Support the regional integration process

The final aim of the EPAs is to enable the ACP States to take full part in international trade, which is held up as the best way of achieving growth and reducing poverty.

Characteristics of the EPAs

The EPAs can be characterised by certain major features:

- They are free-trade agreements: the European Union and the ACP countries are required to open their markets gradually and reciprocally. The EPAs provide for the liberalisation of trade in three steps: first, within a regional grouping of the country; then within the different regional markets of the Southern Hemisphere; and finally between the countries of the North and the South.

The creation of regional markets will make it possible to open the most isolated countries to the outside world and to develop private companies. To this end, the countries will have to adopt a common customs system and to eliminate choke points that hinder the free movement of goods.

As regards the liberalisation of the North-South trade, the European Union proposes a pragmatic and flexible approach that will enable each region to negotiate safeguard measures for vulnerable sectors. Furthermore, the European Union is aware that its quality standards for products risk penalising the exports of ACP countries. Aid programmes and the extension of transition periods and the change of the original rules will be negotiated to facilitate the entry of ACP products on the European market.

- These agreements provide for financial aid for regional integration: the financial aid must help to support the costs of the commercial opening and the necessary adjustments. The European

Union will provide financial support to the regional integration process and to the establishment of partnership agreements. The Commission wishes that the aids to the economic partnership agreements be integrated in the current regional programmes.

- These are regional agreements. Contrary to previous treaties, the EPAs will be signed by the EU and the ACP countries, this time grouped into six zones: the Caribbean, the Pacific, and 4 African zones, i.e. West Africa (ECOWAS), Central Africa (CEMAC), East Africa (ESA) and Southern Africa (SADC). In Africa in particular, the distribution of countries into zones has not taken account of existing relations.

Terms and conditions of the EPAs

The new trade agreements will be introduced gradually and therefore the parties recognise the need for a preparatory period. This preparatory period expires on 31 December 2007 and these agreements must in theory enter into force on 1 January 2008.

During the transition to the new trade agreements, the non-reciprocal trade preferences applied under the fourth ACP-EC Convention are maintained during the preparatory period for all the ACP countries, under the conditions defined in Annex V of the Cotonou Agreement.

The negotiations of the economic partnership agreements will be conducted during the preparatory period, and will be geared in particular to establishing a timetable for the gradual removal of barriers to trade between the parties, in accordance with the relevant WTO rules. The negotiations will take into account the level of development and the socio-economic effect of trade measures on the ACP countries, and their capacity to adapt and to adjust their economies to the liberalisation process. The negotiations will therefore be as flexible as possible when fixing a transition period of sufficient duration, the final coverage of the products, taking due account of sensitive sectors, and the degree of asymmetry in terms of the timetable for dismantling the tariffs, while remaining compliant with the WTO rules in force at the time.

At present, the second phase of bilateral negotiations has been officially launched with the 6 regional groups:

- **Central Africa:** October 2003, Brazzaville (Republic of Congo),
- **West Africa:** October 2003, Cotonou (Benin),
- **East and Southern Africa:** February 2004, Mauritius,
- **Caribbean:** April 2004, Kingston (Jamaica),
- **Southern Africa Development Community (SADC):** July 2004, Windhoek (Namibia),
- **Pacific:** September 2004, Fiji Islands.

The negotiations currently in progress with the six regions are long and complex. The deadline set for the end of 2007 will probably not be met. The transition period will be longer, and will extend well beyond 2008.

It should be noted that the EPAs are not compulsory. But if an EPA is not established, there may be discrimination in the ACP between the least developed countries (LDC) and the non-LDCs because the first have in any event free access to the EU market under the “Everything but Arms” initiative, while the non-LDCs have access to the EU market via a system of generalized preferences that covers all developing countries. The signing of an EPA is therefore much more important for the non-LDCs than for the LDCs.

Trade-union position on the EPAs

The trade unions in Europe and in the ACP countries contend that trade and economic integration should raise the standards of living and of work, not lower them.

“You cannot eat growth”

The reality of the social problems in the ACP countries poses a profound challenge to the righteous sequence of liberalisation, growth and reduction of poverty, which forms the basis of the descriptive aspect of the dominant neo-liberal discourse, and in particular the central place that liberalisation policies hold in structural adjustment policies. In this context, caution is needed when it comes to development policies shifting to policies to fight poverty, where any discussion of redistribution and employment is put aside to focus and reaffirm growth as the key objective. Economic growth is one of many aspects of development which is a wider, more complex, and not solely economic process. Now the EPAs are geared exclusively to economic growth, the increase of international trade of the ACP countries in the globalized economy. The EPAs reaffirm the hypothesis of positive repercussions of growth which neo-liberals count on, whereas past experience has amply shown that growth has benefited only a minority in the ACP countries. The failure of structural adjustments show that it is not enough to liberalise in order to improve the living and working conditions – quite the contrary!

The Cotonou Agreement and the EPAs must guarantee that human rights, and in particular social rights, are accorded more importance, over any commercial or financial aspect. These rights must be integrated systematically in all EPA negotiations at regional level.

Whereas certain objectives can be approved, e.g. the creation of national or regional markets that existed only potentially, it is worrisome to note the very unequal control of markets and their components; the burden of debt in most ACP economies; the importance of the informal economy (60 to 80% of workers); the low capacities of the political, economic and social players; the absence or very low level of

purchasing power, etc. All these elements do not plead in favour of economic and social development.

The growth of trade between ACP countries takes higher priority for these countries than the opening of their markets to EU products. It is worth taking account of the need – which has been recognised, incidentally – to sequence trade liberalisation measures. And the liberalisation measures duly accepted between the ACP countries must take priority over the liberalisation measures in regard to the EU. As a matter of fact, an exaggerated opening of the ACP markets to EU competition would wreak havoc on the economies of the ACP countries, whereas an effective integration of the ACP regions would guarantee that the countries concerned would derive more advantages from a subsequent integration with the EU.

However, we must also analyze the consequences of regional integration when, in a given region, there are partners with very unequal levels of economic development, accompanied by considerable risks for the weakest link in the productive chain.

Economic restructuring in the ACP countries will bear a high price tag and require enormous resources from the EU in the long-term, in accordance with the provisions of the Cotonou Agreement. The governments, in particular those that depend largely on customs revenues, will suffer greater budgetary pressure, as the liberalisation of trade will reduce such revenues. This will in turn have a serious impact on the personnel of public services in numerous ACP countries, as well as on the capacity of governments to provide essential public services such as health and education.

Impact studies are indispensable before and after insertion decisions. The EU and the ACP must take measures rapidly to carry out studies on the economic and social impact of the economic and trade policies proposed in the countries and regions concerned.

The trade-union movement insists that this programme be multidimensional and on a large scale, and provide for:

- A cancellation/reduction of the debt and a re-conversion of it in negotiated social and economic activities per country, in favour of the populations;
- The addition of official development aid on top of such financial resources, that should be increased (up to 0.7% at least) rapidly;
- A rehabilitation of the education and health services, designed as public services, and accessible without discrimination;
- Measures to guarantee income for small rural producers and small-scale fishermen;
- Active policies to promote and protect decent jobs (in synergy with the ILO's 'Decent Work' strategy).

Impact of the EU-West Africa Economic Partnership Agreement⁵

5. Summary note
from GRET -
December 2005
<http://www.gret.org>

Regional integration

Regional integration will have several consequences, some positive and others negative, for the sustainable development of the region. First of all, tax revenues will fall, which will reduce the capacity of states to intervene and will raise the issue of alternative financing. However, the expansion of the market and the elimination of internal customs barriers may be a strong stimulus for the regional economy, provided that the market is genuinely fluid and that the sensitive sectors are sufficiently protected from European imports.

The elimination of customs duties for imports from Europe: a loss of resources for the states

The EU is West Africa's biggest supplier. Moreover, the liberalization of the West African market will bring about a big reduction in customs revenue.

Increase in imports from Europe and greater competition for local production

Most studies concur that the introduction of an EPA will increase imports from the European Union. The creation of trade, i.e., additional imports, could reach US\$ 647 million. The elimination of customs duties on European products could create a trade diversion, that is to say that European imports may replace imports from another region, in an amount estimated at US\$ 390 million. In all, the gain in exports for the European Union could be around US\$ 1 billion, equal to around 15% of current exports.

Rapid liberalization unanimously discouraged

A scenario for rapid and total liberalization is regarded by the sources studied as dangerous for West Africa. Competition in farm imports from the European Union risks annihilating the positive results of regional integration. Most people assert that a more progressive scenario is preferable, with the possibility of continued protection for farm and food production in the region.

Few new opportunities for the least developed countries (LDC)

Thanks to the *Everything but arms* initiative, the LDCs will have duty-free access to the European market for all products in 2009, and without an obligation to open their borders. On the other hand, they must sign an EPA, which requires they open their market to European products.

The benefits for the non-LDCs if tariff barriers are lifted

Nigeria, Ghana and the Ivory Coast are three West African countries that are not LDCs. Their exports are mainly farm products, ore and oil & gas (Nigeria in particular). A better access to the European market would have little impact on the volumes already being exported. On the other hand, it would develop exports of new products, in particular processed farm products with higher value-added, some of which are still liable for customs duties.

But if an EPA can improve access to the European market and develop new exports, the goods produced must make it to European territory. To achieve that, these new exports must first meet the demands of the buyers and health legislation.

A risk of regional imbalance and non-sustainable exploitation of natural resources

Regional integration, if successful, runs the risk of favouring the geographical areas with the best production factors, to the detriment of less advantaged areas. In a word, the coastal countries that enjoy better agro-climatic conditions should develop more easily.

Evaluation of needs and obstacles to the trade-union movement in the ACP countries

There is a large similarity in the needs and priorities of the trade-unions of the ACP countries to play their rightful role in negotiations on the EPAs as provided under the Cotonou Agreement. The needs are felt in four inter-dependent fields, i.e. information, intellectual and technical training, organisation, and the improvement of institutional capabilities.

On the information front, the trade unions are calling for a more efficacious information system so that they can get more in-depth knowledge on the procedures, practices and policies of the Cotonou Agreement which several trade-union members say they are familiar with in a global and summary manner. The intellectual and technical training needs of the trade unions and their members are felt in the areas of globalisation (stakes of the globalized economy), macroeconomic indicators (meaning, interpretation and limits), international trade, the NEPAD and the WTO (institution, rules and operation). The objective is to acquire a capability for evaluation and negotiation with state and international actors who, generally, keep the trade unions out of the discussions, arguing that they understand nothing about international trade. The shortcomings and needs in terms of organisation call for the establishment (or where, they already exist, the boosting) of national, sub-regional and international synergies between the trade unions.

Consequently, the last trade-union demand states a need to boost the institutional capabilities of the trade unions at national and regional

level. To this end, the priorities of the trade-union demands in the ACP countries are: (1) to improve the basic knowledge of trade unionists; (2) to expand the training schemes on trade agreements in particular for general secretaries and activists; (3) to identify resource individuals with knowledge and skills in trade and to support them to disseminate said knowledge; (4) to support a concrete lobbying plan on the question of work; (5) to have publication possibilities; (6) to have financial support so as to be able to conduct analyses and to disseminate information among grass-roots activists; (7) to improve the participation framework of the trade unions and the civil society in the negotiation process; (8) to improve the analyses of the informal sector and the protection of those who work in it.

It is also advisable to ensure access for the ACP trade unions to the resources of cooperation for development. In general, the ACP trade unions are not even aware that these funds exist. So they have no access at all to the recourses of cooperation for development. They do not know the access procedures and the mechanisms through which they can apply for and obtain such resources. This situation is due to a lack of information between the governments, which are generally familiar with all the clauses of the Cotonou Agreement, and the trade unions, which at times lag behind on the information front. Furthermore, several trade unionists are very ill informed about the internal provisions of the NIPs and the RIPs. Similarly, the relay role that the ACP States have to assume between the EU and the non-state actors does not facilitate access for the trade unions to information and even less so to resources of cooperation for development.

Participation: moving from speeches to reality is no mean feat

Participation today looks like the magic formula of development policies, just as structural adjustment and liberalization were in the 1980s and 1990s. But in practice, the participation of non-state actors is still too weak and is limited to mere information and communications without really bearing in mind the demands and proposals of the other development actors.

The goal of reorienting development cooperation for the benefit of the non-state actors and the new forms of conditionality relating to good governance underpinned the democratization and decentralization process in the 1990s in the South. This evolution was conducive to the development of new partnerships, which led to a broader scope of competences in the private sector, civil society organizations and local authorities.

The recent report from the Secretary General of the United Nations on civil society expresses very accurately this new vision of development based on the promotion of public-private partnerships. The central idea is that we must take advantage of potential or existing synergy generated by the different development actors and bring into contact the stakeholders who are grappling with the same problem.⁶ Cooperation, when identifying the objectives and defining the project, tends to improve the project, which is then enriched and more firmly anchored in reality and in step with the demands of the development of populations.

Furthermore, a redefinition of the roles and responsibilities of the national and local public actors (private sector or civil society) should lead to improvements in the management of a whole range of essential services because “Where capacity is devoted to multi-stakeholder processes, the pay-offs have been significant”. These partnerships now constitute a very useful tool for development cooperation and for finding innovative responses to critical questions. The Millennium Development Goals also acted as a catalyst for the partnerships in the field among the public authorities, the private sector and the civil

6. United Nations, 2004, Report of the Secretary General in response to the report of the Panel of Eminent Persons on United Nations-Civil Society Relations, A/59/354.

society organizations, because these objectives cannot be achieved without concerted action by all concerned.

The broadening of development cooperation to include a wide range of actors, such as civil society as well as local public authorities and members of parliament, is regarded as “an opportunity to mobilize new capacities and diverse experiences in order to take up some of the most demanding problems of the day”⁷ The recommendations from the Cardoso Commission are very clear on this subject. The UN must emphasize the inclusion of all stakeholders and be aware that the key actors are not always the same in all cases. It is therefore vital to encourage partnerships with different stakeholders in order to find effective solutions and enable a whole range of world networks to innovate and to make headway.

New world governance must therefore be built on the promotion of participation and responsibility at all levels. But the commitment from the stakeholders and the development of partnerships call for a strengthening of civil society and private sector organizations, provisions for forging compromises including creative conflict prevention and resolution mechanisms and the training of national and multinational civil servants to deal with a broad range of stakeholders. To that end, it is necessary to create an institutional environment able to encourage these new partnerships and to give the various stakeholders involved the means to act and to develop their potential.

Decentralized cooperation, introduced as early as 1989 in the context of the Lomé IV Convention, was a new approach to development cooperation. Its goal was to expand the usually small number of cooperation actors by legitimizing the role of decentralized actors involved in development.⁸ Its innovation was the support it offered to initiatives that came directly from the grassroots. The responsibility of defining needs and the formulation and implementation of the projects was transferred to local actors. They were no longer regarded as mere beneficiaries or implementers of projects that were designed by others upstream, but as promoters of improvements in their working and living conditions.

7. Panel of Eminent Persons chaired by F. Cardoso, 2004, *We the people: civil society, the United Nations and world governance* (New York, United Nations), p. 8.

8. G. FONTENEAU and F. LAPEYRE, 1998, *Trade unions and decentralized cooperation*, (Brussels: European Trade Union Confederation).

The role of decentralized cooperation as a new development cooperation instrument was reaffirmed in the revised Lomé IV Convention that stipulates in Article 12: “Recognizing that decentralized cooperation actors can make a positive contribution to the development of the ACP States, the contracting parties agree to intensify their efforts to encourage the participation of ACP and Community actors in cooperation activities.”

The main aim of decentralized cooperation was to provide a better response to the needs and priorities of the populations, thanks to the broadening of the range of development actors via the establishment of new types of partnerships among the national public authorities and local authorities, the private sector and civil society organizations. The idea was to promote a redefinition of the role and responsibilities of all involved in the development process by backing a process of accountability of the actors through the transfer of responsibilities and a decentralization of means.

This new approach to cooperation and development was advanced even further by the European Commission under the Cotonou Agreement signed in June 2000. The Agreement includes original provisions designed to promote participatory approaches with a view to securing the participation of civil society and economic and social actors. In that connection, the non-state actors received support for strengthening their capacities in vital areas so as to improve their skills, in particular in organizational matters, representation and the introduction of consultation mechanisms in order to promote strategic alliances.

In order to meet the development needs of local groups and to encourage all the decentralized cooperation actors to make a contribution to the independent development of the ACP States, development cooperation must support, on the one hand, the financing of micro-achievements at local level that have an economic and social impact on the life of the people and, on the other, the financing of decentralized cooperation, in particular when joined by the efforts and means of the organizations in the ACP States and their counterparts in the European Union.

Another good vector for the participation of non-state actors in development cooperation are the Poverty Reduction Strategy Papers (PRSP) that were introduced at the end of 1999 as part of a joint IMF and World Bank initiative. Their objective is to help poor countries and donors to boost the impact of their joint efforts in the fight against poverty.

The objectives of the PRSPs are many, but a primary one is the promotion of the participation of non-state actors by means of a range of participatory techniques and the creation of areas for dialogue and bargaining. Also worthy of note is the creation of internal and external partnerships on a new basis resulting from a more or less significant redistribution among the different development actors of roles and responsibilities including, on the one hand, the government, the local public authorities, the private sector and civil society actors and, on the other, the government and the international donors.

However, the preparation of the PRSPs is problematic and unsatisfactory. The wealth of recommendations made by the civil society actors are usually ignored. Lastly, not all of the strategy for combating poverty is open to the participation of civil society actors because the priority objective of adapting to the globalized economy is not even up for discussion. Consequently we have pointed out that the PRSPs have not opened the door to alternative development strategies and remain, on the contrary, very close to the previous structural adjustment programmes, although the form has been changed and they now include participatory procedures.

As mentioned by the International Labour Office, which has analyzed trade union participation under the PRSPs, the trade unions have not been systematically consulted. They have even been totally excluded in certain countries. However, in the absence of a genuine debate with workers' representatives, and their employers, the chances of achieving the sought-after policies are low⁹.

It is therefore surprising to note the excessive use of the terms "participation" and "participatory", while most often consultation is not even offered. The new paradigm of development remains focused on the

9. ILO, 2004, *Trade unions and poverty reduction strategies*, Labour Education 2004/1-2, N°. 134-135.

assumption that integration into the globalized economy and the adaptation of its rules are the unavoidable side of any development approach. The paradox of the new approach to development cooperation is found in the fact that it claims to listen to non-state actors while, at the same time, it fears that their claims and initiatives may stray from the path of dialogue that it has so carefully marked out. In other words, they may take part provided they do not seek to change the rules of the game and do not demand a radical redistribution of resources and power.

But the trade union movement's efforts must not be allowed to wane. It must continue to influence the process by which development policy is devised. Its role is essential and it must claim its new responsibilities as specified in the PRSPs and in the Cotonou Agreement. The trade unions must see to it that the ACP States assume their commitments and must appeal to the European Commission and its delegations in the ACP States to ensure that those commitments are fulfilled.

Trade-union participation in the ACP countries

Deep differences have been observed in effective trade union participation in negotiations and in the attention paid to their claims by the ACP States. Whence the following three groups:

a) 1st group of ACP trade unions: no trade-union participation and no participation by workers' associations, although such organisations exist

The strategies to exclude trade unions and workers' associations from participation come in many guises. The trade unions are continuously out of step with the government when it comes to information, and either lack information, or faced with attempted corruption or stonewalling by the government. The problem to solve in this area for the first group of ACP countries remains intact. It comes down to allowing trade unions to participate, and taking their opinion into account in the decisions and implementation of development policies. The countries of West Africa (Togo, Guinea), Central Africa (RCA) and East and Southern Africa (Burundi), the Caribbean and the Pacific (Vanuatu, Kiribati and the Granada islands) which are part of this

group show that there is a possible link between the crisis in the national democratic process, and the absence of participation by the trade unions and workers' associations in the national policies.

b) 2nd group of ACP trade unions: participation by trade unions and workers' association without taking due account of their demands

This is the situation in the ECOWAS countries, where there is participation by the trade unions and workers' associations, but where their demands and observations are not taken duly into account in the application of development policies. This is the case in Benin, Burkina Faso and Senegal. In this second group, the step to dialogue and participation in negotiations has been made. That of taking due account of the demands of trade unions and workers' associations remains to be negotiated and honed, so as to prevent the dialogue that already exists from degenerating into a dialogue of the deaf. This would turn the social dialogue into an instrument for the local governments. Senegal is on the right track to solving this problem through institutional innovations. It adopted a tripartite national charter on the social dialogue in 2002, while establishing a National Social Dialogue Committee (NSDC). This 2nd group has one of the main characteristics of the political regimes in a large number of African States in this group, i.e. the presence of a purely institutional democracy, without any concrete and real application in the means of action.

In Central Africa, countries like Cameroon, Gabon, and the Democratic Republic of Congo are part of this group, as are the Comoros in Southern Africa. In the Caribbean and the Pacific, the countries of this group are Jamaica, Surinam, Haiti, the Fiji Islands and the Dominican Republic.

c) 3rd group of ACP trade unions: participation by trade unions and workers' association with due account taken of their demands

Finally, the third situation is that of ACP countries in the Caribbean and the Pacific, where trade unions and workers' associations participate effectively in the negotiations and their demands are taken into account in the implemented policies. This is the case of Barbados and Ghana, where the trade unions are respected and take part in trade and

government policy negotiations. This third group, which consists only of two countries, has already taken the two steps, i.e. participation and due account of trade union demands in policies. Vigilance and the constant challenge of these attainments nonetheless remain the best instruments to adopt in order to avoid regression in the field of dialogue and the participation of the EPAs in the development and decision-making process.

Trade-union proposals for the EPAs

These agreements must without fail have a social dimension.

If these agreements have no effective social dimension, the populations will have no confidence in these provisions. The success of these agreements depends in large part on the confidence that the populations and the main actors can show them. So the economic partnership agreements must reinforce the social capital in the ACP States and regions. To that end, social objectives and participatory implementing methodologies are needed, in particular through the social dialogue. The National Indicative Programmes, stemming from the Cotonou Agreement, have shown all the difficulties, as the participation by non-state actors, which has been highly selective (excluding the trade unions in particular), is limited.

These agreements should contribute to the economic and social development of these regions and lead to a significant improvement in the living and working conditions of the populations concerned.

It is important that the negotiations at the level of all the ACP countries comply with certain obligatory criteria: beyond a well-advised integration in the world economy, trade should be developed, accompanied by the relevant social rights, the reduction of poverty, and the respect of workers' rights.¹⁰ These criteria should guide the regional negotiations.

The EPAs must guarantee that human rights, and in particular social rights, within the meaning of the ILO, are accorded greater importance

10. Article 50 of the Cotonou Agreement and fundamental standards of the ILO.

over every commercial or financial aspect. These rights must be systematically integrated in all EPA negotiations at regional level.

This should hinge on three major themes:

Promotion and guarantee of rights

The guarantee of fundamental social rights, enshrined in the Cotonou Agreement (preamble) as essential elements shared by the contracting parties of the Cotonou Agreement. These are 8 agreements concerning fundamental social rights (tripartite declaration of the ILO adopted by the International Labour Conference of 1998).

This concerns:

- The freedom of association (Convention 87)
- The right to organise and collective bargaining (Convention 98)
- The banning of forced labour (Conventions 29 and 105)
- The gradual elimination of child-labour and the banning of work affecting the dignity of children (Conventions 138 and 182)
- The equal treatment of men and women, nationals/aliens (Conventions 100 and 111).

But the international labour code also comprises 70 operational conventions.

The Conventions relative to these topics specify the objectives, procedures and the arrangements for the implementation and guarantees of these rights. These rights are indispensable conditions for the dignity of individuals residing in a territory. They constitute the basis of every social policy. Article 25 of the Cotonou Agreement stipulates that social development must promote the respect of fundamental social rights.

In addition to these fundamental rights, other rights resulting from the ILO Conventions must be considered, because they are pertinent in the economy, in particular:

- Social protection (Convention 102)
- Maternity protection (Convention 183)
- Employment policy (Convention 122)
- Labour inspection in industry (Convention 81) and in the agricultural sectors (Convention 129)
- Migrant workers (Convention 97)

In principle, for these Conventions to be legally applicable in a country, they must be ratified by that country (an official legal act). Nevertheless, the fundamental social rights (8 conventions) must be applied in all the ILO Member States by the very fact that they are members of the organisation (this is the case of all the EU and ACP states). In its technical cooperation programme, the ILO provides advice when a country wishes to revise or improve its legislation. But the ILO is confronted by the World Bank which advises the country (with arguments relative to loans) on options often opposed to those of the ILO.

It is worth underscoring that numerous aspects relative to employment, social security and equality between men and women as well as the close connection between the development of trade and labour standards are contained in a rather general fashion, only in the preamble of the negotiating mandate given to the Commission on the EPAs.

Equal opportunity and gender equality

- Equality between men and women is considered today an important factor in social and institutional changes in favour of fairness and growth and, consequently, must be clearly affirmed in all policies and development actions.
- The ILO invokes international labour standards to promote equality between men and women, in particular the four main conventions relating to equality: Convention 111 on discrimination (employment and occupation), Convention 100 on equal pay, Convention 156 on

workers with family responsibilities and Convention 183 on maternity protection.

- Resolutions from the International Labour Conference dating from 1975, 1985 and 1991, and the Resolution concerning the promotion of equality between men and women, equal pay and maternity protection, of June 2004, which reinforced this approach. The ILO has chosen to take up this issue in two ways. First, all policies, programmes and activities must strive to always take account of the specific, and at times diverging, needs of men and women, in particular practical and strategic needs particular to women. Second, targeted interventions, based on prior analyses of needs and concerns, should be designed to enable men and women to participate in and benefit equally from development efforts.
- Issues relating to gender are regarded as themes and horizontal issues in Article 31 of the Cotonou Agreement. Therefore, cooperation must contribute to the strengthening of policies and programmes that improve, guarantee and broaden equal participation by men and women in all sectors of political, economic, social and cultural life. It must also contribute to improving women's access to all resources necessary for the full exercise of their fundamental rights on the basis of specific measures. Equality between men and women is affirmed by the Agreement.
- Objective 3 of the millennium declaration supports the promotion of equality and empowerment of women. Without gender equality, we cannot vanquish hunger, poverty and disease.
- In addition, particular efforts must be made at every level – local, national, regional and international – to ensure that women, indigenous populations, ethnic minorities and others, such as migrants, have equal access to goods.

A concrete social development strategy must be applied to two essential elements against poverty

- The promotion of decent work
- The promotion of social protection

The emergence of local and regional markets means that the populations must have purchasing power. The promotion of work as well as systems of social protection must generate regular revenues.

The promotion of decent work

The promotion of decent work (with fair and decent working conditions) must be pursued in all sectors of production (crafts, rural sectors, formal public and private sectors, informal sectors).

Three options must be taken into consideration

- Regional integration
- The promotion of mixed economy systems (market economy, community-based economy)
- The diversification of trade and products

To be sure, productive investment is a key factor of this strategy. Thus, the measures provided in the Cotonou Agreement (Annex II, Chapter I, Articles 1 to 15) must be implemented with greater dynamism in order to support the industrialization effort and the development of infrastructure with the support of the European Investment Bank.

The performance of contracts for infrastructure and facilities and services, financed by the EDF, must be entrusted, as a matter of priority, to ACP economic operators, who could be provided with appropriate technical assistance.

A programme for processing primary products in the ACP regions (energy, mines, agricultural and fishing products, etc.) should be developed in order to increase the value-added of national production, to diversify production and to promote job creation.

The promotion of fair trade must also be considered systematically so as to contribute to regular revenues for the producers and to the selling of the products.

Decent work must be accompanied by specific measures:

- Initial and continuing training
- Vocational and technical training (manual workers, clerical employees, managers, technicians, executives)

- Labour relations, flanked by collective bargaining agreements and assisted by labour inspection, consisting of advice and assistance for the production sectors.

Particular attention must be paid to the continuing training, pay and working conditions of public service employees, teachers and health-care professionals, as well as to the promotion of equal opportunities for women.

Similarly, questions of health and safety at work in all production sectors must be addressed with concrete measures, with the competent support of the labour authorities.

In all areas, cooperation with the ILO programmes (for example, the simultaneous improvement of productivity and working conditions) may contribute to the improvement of this strategy.

The informal sectors often employ the majority of the working labour force, in many EPA regions. These are sectors with extensive, diverse and complex activities. These marginal sectors, as they are known, contribute to the GDP of the countries, provide products and services for populations that are not very solvent, and especially since these sectors provide revenues, albeit precarious, and make job-creating activities possible (production of goods and services, community-based economy).

The trade-union movement has often noted in the past, that the contracting parties of Cotonou and previously Lomé, the national and European public authorities, were totally disinterested in these sectors, although they have registered positive results under difficult conditions, that prove more efficient than the contribution of multinationals in the ACP countries.

With the support of the International Labour Office, the contracting parties of each EAP should consider a negotiated programme (economic, commercial, social and fiscal aspects) that contributes to a gradual and fair integration of these informal sectors in the formal, public and private, rural and urban sectors.

The public contracts for infrastructure works and facilities should contain, without fail, social specifications pertaining to the ILO Conventions (fundamental social rights). With a system of points covering various requirements (value for money, expiry dates, etc), the best performer on the social front (jobs created and supplied, guaranteed social rights) should get a good mark in terms of points.

Decent work

- Decent work means suitable, acceptable, productive and carried out under conditions of freedom, equity, safety and dignity;
- Decent work includes full employment, social protection, fundamental rights to work and social dialogue, i.e. the key components of social justice;
- It is a concept of the ILO. It provides a general framework for action in socio-economic development:
- The indicators are the possibility of performing productive and suitably remunerated work; safety at work and social protection for families; improved prospects for personal development and social integration; freedom for human beings to express their concerns, to organize and take part in decision-making in areas that have an impact on their life; equal opportunity and treatment for all men and women.
- How to promote it: Actions at world level should mobilize the main players of the multilateral system and the global economy around this objective. At national level, the integrated programmes drawn up in the countries by the principles of the ILO defining the priorities and the targets in the context of national development. The ILO works to promote decent work in its actions relating to employment, social protection, standards and the principles and fundamental rights to work and social dialogue.
- Improved coordination in national and international policies is necessary for improving the prospects of sustainable growth that would promote advances in productive investment, the development of businesses, in particular small and medium sized companies, and the

creation of decent jobs. It may also help countries to tackle globalization difficulties.

- Reducing unemployment on its own is not enough. We must above all reduce and eliminate unacceptable jobs and dreadful conditions that have low productivity or are carried out under duress.
- The promotion of decent work is a joint responsibility of the principals of the ILO and the Bureau.

The promotion of social protection

Social protection and employment are the main tools for fighting poverty. The lack of these two elements creates economic and social insecurity in the populations. Social security systems exist, in theory, in most of the ACP countries, but owing to a lack of finances, they often cover only a minority of workers in the formal sector. However, there is no coverage for the vast majority of the population and there are no income substitution benefits such as sick pay, unemployment benefits, and pensions.

Health in particular is a neglected area; all the populations of the ACP countries are demanding access to quality medicine, irrespective of their place of residence.

Moreover, the absence of real health policies is a serious obstacle to the development of trade and the economy. Epidemics such as AIDS, malaria, tuberculosis, malnutrition, etc. take their toll on the production sectors.

It is a complex problem that the local, regional and European public authorities have to take into account. Even if charity activities can fill the gaps temporarily and provisionally, which is indispensable, they are public policies of social justice.

In this field, the self-organisation of men and women working in informal sectors often generates community-based economy initiatives in many areas, and particularly in health (mutualisation of the risks), which, thanks to the use of micro-credits and micro-insurance, provide partial, yet real, solutions to the needs of the people. In general, these

efforts are little known and receive little support from the public authorities.

European contracting parties should be reminded that their social security systems stemmed from similar initiatives by European working-class circles in the 19th and — the early years of — the 20th century.

A fund for the promotion of social protection should be created in each EPA, financed by public and private contributions to provide gradual solutions. The development and support of economic and social achievements should constitute a decisive contribution to this aspect of the fight against poverty.

This strategy should be pursued efficiently through an active general participation method, thanks to the social dialogue, an objective enshrined in Article 25 of the Cotonou Agreement.

Universal access to essential goods and services must be ensured and liberalization practices or the application of the private sector's cost-efficiency logic must be rejected in sectors that are key for human development, such as the water sector.

Trade-union road map

This guide is a work in progress tool that can be expanded with the support dossier during national, regional and sectoral seminars and workshops.

It is a tool for responsible and effective actions, for mobilising workers and populations so that each Economic Partnership Agreement can have an effective social dimension.

Role of the European and international trade-union movement

The European trade and development commissioners have all stated in writing that the EPAs must include an effective, negotiated and participatory social programme.

It is therefore necessary to negotiate a general framework agreement so that the essential aspects are contained in each EPA:

- Guarantee of social rights;
- Joint strategies for decent work and social protection;
- Negotiated implementation, under the aegis of European and ACP public authorities, among economic operators from all sectors of activity and representatives of workers from these sectors.

This requires reasoned interventions among the officials of European institutions (Parliament, Economic and Social Committee, Council of Ministers) and the ACP (Committee of Ambassadors, Secretariat of the Group).

The European national trade unions should take similar steps among their national and European members of parliament and their government.

The national and regional ACP trade unions

11. They comprise representatives from each state and from the Commission, via delegations.

In each region, task forces monitor trade negotiations.¹¹ The organizations representing civil society must without fail be consulted by the

task force in order to listen to their analyses, their proposals on social aspects and, more generally, on all development-related problems.

In so doing, the civil society representatives must structure themselves at regional level and have a permanent organization enabling them to draw up their positions on a collective basis. The European Union must contribute financially and technically to the creation and start-up of such a project.

It is therefore essential to do the following:

1. Establish a regional trade-union structure in the 6 negotiation regions of the EPAs, with at least 2 representatives from each national organisation of the region. If needed, elect standing officers.
2. The regional trade-union team produces a file on the state of negotiations for the Economic Partnership Agreement (Impact studies? Who are the negotiators? Consensus reached).
3. The regional trade-union team requests a working meeting with EU and ACP negotiators from the region
 - What is the state of the negotiations?
 - Information on social aspects already broached;
 - Presentation of trade-union proposals (3) with a view to the social dimension of the EPAs

At the same time, these proposals are made in each national government of the region.

4. The regional trade-union team contacts the other workers' representatives (public sectors, private sectors, craftsmen, informal sectors) and apprises them of the trade-union plan for the social programme of each EPA (guarantee of social rights, promotion of decent work and social protection) and the establishment of a Regional Social Dialogue Committee.
5. The regional trade-union team demands that a tripartite negotiating structure be established, comprising
 - EU-ACP national/regional public authorities
 - Economic operators from different sectors (private and public sectors, craftsmen, rural sectors and informal sectors)
 - Representatives of workers from different sectors

6. The regional trade-union team draws up a negotiating plan with all the actors, including practical matters:
 - Assume the costs of the participation of trade-union actors – travel, accommodation
 - Possibility to call on experts by the trade unions
 - Negotiate with the regional EPA team as well as at national level, the possibility of gaining access to funds so as to participate under good conditions in this responsibility exercise, as established by the Cotonou Agreement.

Every EPA must be flanked by a regional social-dialogue committee

Every regional committee is made up of the national and regional public authorities who are party to the EPA and qualified representatives (employers and employees from all the production sectors: craft workers, fishermen, rural sectors and forestry, public and private sectors and the informal sectors) who are organized or in the process of organizing.

The remit of the social dialogue committee is to achieve two additional objectives:

- access by all men and women and social rights guarantees
- drafting and application of the social development strategy
 - promotion of decent employment
 - promotion of social protection

The public authorities and the representatives of the productive sectors negotiate and decide, by means of a bipartite or tripartite contract, the necessary arrangements and procedures for the effective achievement of this social dimension.

Where necessary, other sectors, such as consumers' representatives and environment NGOs, can enter into commitments for the satisfactory achievement of these objectives.

The European and international trade union movement is well aware of the challenges that this strategy poses for the ACP trade unions. That is why it has set up and financed, with a subsidy from the Project Management Unit (8th EDF) and the assistance of the Workers'

Activities department of the ILO, a programme to boost the capacity of ACP trade unions, in particular in the areas mentioned (decent employment and social protection) by means of active and responsible participation in social dialogue.

The Extraordinary Summit of the African Union held in Ouagadougou in September 2004 in order to promote productive employment and to combat poverty via decent work, decided on a series of measures, pointing out that the protection of fundamental rights of workers and social dialogue “are irreplaceable tools for development”.

During the Summit, both sides of industry (African employers and workers) confirmed their joint undertaking to promote, decent employment and social protection, via the systematic use of social dialogue.

Now is the time for responsible and effective action

We hope that in 2007, we will be able to mount and finance a technical assistance project so as to make full use of this Guide to implement the social supervision of the EPAs.



Trade union dossier for boosting the capabilities of ACP trade union organisations in the Economic Partnership Agreements

This trade union dossier supplements the trade union guide which presents the main trade union issues arising from the new institutional framework introduced by the Cotonou Agreement and the EPAs and emphasizes the related risks and opportunities. It likewise provides a body of knowledge and analyses to help boost the capabilities of the trade union organisations at the national and regional level in the framework of the negotiation of the EPAs.

It also acts as a resource for negotiators from the trade unions by offering analyses of central points with a view to promoting the social and human dimensions of the EPAs.

Sheet 1: Privatisations and their issues in the ACP

Why privatisations?

- The economic crisis affecting many ACP countries from the nineteen-eighties onwards is largely to be laid at the door of the poor management of many public enterprises by the States. The remedy recommended and applied by the structural adjustments consists in privatising these enterprises.
- The neoliberal criticism against the State, fed not only by the concept of **the market economy**, but also by the idea that the citizen is a consumer or a client of public services, insists on **efficacy, profitability and evaluation** in changing the development model in the ACP by covering the public management in discredit.
- Privatisation is sometimes put forward as a condition for the granting of a loan to an ACP country by the IMF and the WB.
- It should be noted that it is not whether the production factors are in **public or private ownership** that determines the socio-economic success of an enterprise, but how it is managed and the general macroeconomic and socio-political environment in which it is operating (the presence or absence of corruption, the presence or absence of misappropriation, whether or not there is compliance with accounting and budgetary rules, not straying from objectives set). **So it is not just privatised enterprises that work, as the dominant neoliberal discourse would have people believe.**

What is a privatisation?

- A privatisation means **the total or partial transfer of ownership** of the productive factors of an enterprise, from the public sector to the private sector.

What are the various arrangements in a privatisation?

- A privatisation occurs in line with two arrangements, **transfer** and **concession**.

- Privatisation by transfer means that the State sells off **all the assets** of a public enterprise to the private sector.
- Privatisation by concession means that the State signs a **joint management contract** with the private sector **on the basis of clearly defined specifications**. In this case, the State retains part of the assets of the public enterprise and transfers the other part to the private sector.

What are the general effects expected from a privatisation?

The socio-economic effects expected from a privatisation can be achieved only **if the competition conditions** are first satisfied. These socio-economic effects are:

- An improvement in the quality of the services provided to consumers by the enterprise thanks to competition;
- A drop in the price of that service thanks to competition;
- A rise in the quantities offered to consumers thanks to competition;
- A **financial adjustment** consisting of saying to whom (the public and/or private sector) the enterprise belongs;
- A **real adjustment** consisting of stating what is to be produced, how it is to be produced, and in what quantities and at what price it will be produced.

What are the issues in privatisations in the ACP?

Privatisations have had disastrous social and political effects in many ACP countries. We have seen:

- an increase in the prices of the services provided by the privatised enterprises (water, electricity, healthcare etc);
- a deterioration in the quality of the service (repeated interruptions in the supply of water and electricity);
- a loss of sovereignty for the States in strategic sectors (energy);

- a deterioration in access for vulnerable populations to essential goods and services (notably, to water and healthcare);
- a rise in the recovery rate leading to breaches of contract and the rise in the use of unsafe drinking water by populations unable to pay their bills on time (as in South Africa, the Ivory Coast, Cameroon, etc);
- a rise in epidemics as a consequence of the increased use of unsafe drinking water;
- a deterioration in healthcare access conditions.

What can be done to avoid these negative social effects?

- Avoiding these disastrous social effects consists of defining a **set of specifications** in such a way that the **socio-economic situation of the populations after privatisation** is better than the **socio-economic situation of the populations before privatisation**. To do this, it is necessary:
 - To see to it that privatisation does not lead to the transformation of a **public monopoly** into a **private monopoly**¹². This has tended to be the majority situation in many ACP countries in sub-Saharan Africa. It has engendered disastrous social consequences (price rises, a rise in illegal supplies, increased prevalence of epidemics, deterioration in the services and loss of State control over vital and energy supplies);
 - To favour privatisations by **concession**, where the State can retain a right of inspection and veto, rather than privatisations by **transfer**, where all decision-making power is handed over to the private enterprise;
 - To encourage competition between private enterprises applying to purchase the public enterprise, and to choose the ones which **best satisfy the demands** in the political and socio-economic specifications;
 - To ensure that alongside the State, the **NSAs** participate in the definition of these political and socio-economic specifications;

12. We talk of a monopoly when we have only one party on the supply side against a multitude on the demand side. If that one supplier is the State, we talk of a public monopoly; if it is private we talk of a private monopoly.

- To submit the extension of the management contracts with the private sector to **the constraint of the socio-economic results achieved after a period laid down in the specifications**;
- The **NSAs, the State and the private enterprise** must deliver a price for the service or the resource such that the least well-off social classes are not excluded;
- Privatisations in the water, healthcare and education sector must ensure that the general interest is preserved and that **'healthcare for all', 'water for all' and 'education for all'** remain realities in the ACP;
- Privatisations must not lead to **social regression** which would adversely affect the battle against poverty.

Sheet 2: Issues in public-private partnerships for essential goods and services

Whereas traditionally, the State had borne the responsibility for access for the population to essential services, the South has for two decades been seeing a major growth in the role of the private sector in health and education and a trend towards the privatisation of water and electricity supplies and sanitation services. Three reasons have been adduced for this development: scant public resources; the mediocre quality of the public service; and pressure in favour of economic liberalisation. The dominant idea is that a public service does not always represent the best solution where the institutions are shaky and the use of the public purse lacks transparency. The problem identified by the Bretton Woods organisations, among others, is thus that far too many public services are being poorly managed by the public authorities responsible. In addition, suffering from an acute lack of resources, many States in poor countries cannot guarantee effective and universal public services, or finance major infrastructure investments for the maintenance and development of such services. This situation forms a major hurdle to the achievement of the United Nations Millennium Goals and in particular the goal of halving the proportion of people lacking access to safe drinking water by 2015.

This is why the World Bank systematically insists that the States make a commitment to seek greater efficiency in the use of public funds and a better price-benefit ratio for these essential services. The pursuit of these objectives has taken the form either of the privatisation of these essential services, or a radical switch in the method of public management of these services. On the one hand, privatisation has made it possible to stop subsidies to loss-making public enterprises placing a drain on public spending (a priority of the Bretton Woods organisations) because where the infrastructures are public, the rates are often too low to allow the recovery of costs and there are frequent problems with non-payments. Privatisation was also intended to improve efficiency, productivity and profitability in the essential services sector by inject-

ing the rationality and dynamism of the market forces into decision-making and business management. On the other hand, even where these services were not privatised, the new public management rules rely on the principle of total coverage of costs, forcing service providers to seek a level of income making it possible to cover all their recurrent costs while devising cost coverage which takes account of future cash flow requirements. In both cases – privatisation and new public management – the poorest populations have had to face a substantial increase in costs and growing problems with access.

In the 1980s and 1990s, the new dominant elites acted as vectors for the demands of the market forces relating to economic liberalisation and the opening up of markets which led to a proliferation of private suppliers for essential public services. The funding providers also played an important role in this sense, by demanding that private financing and provision be extended to these services, and notably the supply of water in urban environments. The General Agreement on Tariffs and Trade (GATT) drawn up by the WTO also encourages partial privatisation. In the framework of these agreements, countries must pledge 'to gradually raise the level of liberalisation' and they are encouraged with ever-increasing urgency to liberalise fresh aspects of service provision.

It is important to recall that the proliferation of public-private partnerships is in no sense the logical and inevitable result of the return to the economic rationality of the market forces. In recent years, they have been institutionalised, protected and guided by the dominant players in the framework of the new global architecture in charge of the smooth running of the globalised economy. The United Nations conference on development financing in Monterrey and the United Nations world summit on sustainable development in Johannesburg in 2002 set these new partnerships at the heart of the transformations in development co-operation by making them into one of the new outlets offering the greatest promise in terms of impact on the populations' living conditions.

The World Bank, in association with other international bodies, has set in place some innovative mechanisms to ensure a growing role for the

private sector in the management of essential services. The guarantees of the World Bank, the International Financial Society and the Multilateral Investment Guarantee Agency also help governments to attract private investors in the water and sanitation sectors, thanks to the reduction of the risks linked to the performance of the governments. The World Bank also provides loans designed to finance projects which meet the conditions of privatisation and cost recovery. Such is the case, for instance, with the project to supply water in Luanda in Angola, whose objectives are notably to recruit private enterprises to manage the water distribution system in the major urban centres and to adopt a charging system allowing the recovery of the costs by the water distribution company.

This new dominant vision of the management of essential services also characterises the New Partnership for Africa's Development (NEPAD) launched in 2001, which encourages partnerships between the public sector and the private sector to attract new investments in various essential sectors, including water. This position indicates a radical change among the dominant African elites, who are playing the game of transnationalisation by opening their doors to direct foreign investment by multinationals and offering them opportunities to make their capital work for them in new sectors of activity (transport, energy, water or sanitation).

There are now over 2,350 public-private partnerships in the water and sanitation sectors, whereas they were virtually non-existent at the beginning of the 1990s. However, the promotion of the partnerships and the redefinition of the public-private fields of responsibility do still pose some problems, because under the guise of improving quality and access to essential services, these policies have translated into results which have sometimes been controversial, when they have been associated with the privatisation of these services. The problem arises whenever private companies do not wish to ensure the supply of water in the countryside or in poorer districts in low-income countries, because they consider that this activity is not profitable, given the lack of solvent markets in these zones. For example, in Cartagena in Colombia, a huge

shanty-town has not been connected to the network because the service provider took the view that it was not part of the conurbation.

So the results of these partnerships have been patchy, because contrary to expectation, privatisation has not made it possible to raise the new capital anticipated, and the new public-private partnerships have not been able to mobilise these additional resources to improve quality and access to these essential services. Moreover, the most badly-off are bearing the brunt of the reluctance of the private operators to finance investments offering a poor return in poorer areas, and have to cope with the principle of payment for services by customers on which the public-private partnerships rest. In 2000 in the Bolivian town of Cochabamba, for example, the price of water rose three to fourfold within just weeks, after a private London company secured the deal to supply the town's water.

These problems illuminate the limits of the public-private partnerships if we want to maintain the idea of universal access to these essential services. An awareness of the risks of the exclusion of the poorer strata from access to these essential services is at the bottom of the reflection on the global public goods which are not goods like others and need in that sense to be provided by mechanisms outside the logic of the market or else by modified market mechanisms ensuring that nobody is left out. The emergence of the idea of corporate social responsibility followed the rising tide of anxiety regarding this vast process of the privatisation of essential services. It means that we are including a new type of responsibility – social responsibility – and that a company is also not being considered as an economic entity simply pursuing the objective of maximising profit, but also just one of many parties involved in its environment, with a duty to collaborate in the improvement of the living and working conditions of the populations while preserving its profitability.

However, one can only be cautious with regard to this a-conflictual and a-historical vision of the social achievements which focuses on the purely voluntary and non-binding character of such corporate social responsibility initiatives, while history shows that they have always

been the fruit of intense struggles. Corporate social responsibility cannot take the place of national and international rules and legislation governing the social and environmental rights at the risk of causing insecurity in the populations' living and working conditions. So a strong public determination is necessary if privatisation is not to occur at the expense of the poorest. In Bolivia, water and sanitation in La Paz and El Alto, for example, have been awarded to the bidder which promised the highest number of connections in the poor districts.

Sheet 3: 'You can't eat growth'

At the moment, there is a large-scale intellectual counter-offensive designed to reinforce the mechanism justifying the neoliberal integration project on the basis of the virtuous progression of liberalisation, growth and poverty reduction which would justify the prescriptive side of the dominant discourse and notably the priority accorded to liberalisation policies in structural adjustment and development policies.

In this framework, the slide of development policies towards poverty reduction policies makes it possible to leave aside any reflection linked to the question of redistribution and to reaffirm the centrality of the objective of growth. For the dominant players, the priority is now for there to be fewer poor people, but more social justice. If, at the same time, inequalities are reduced, then that is all to the good because it accelerates the poverty reduction process, but it is not necessary and it is important to avoid any voluntarist policy in this field which might jeopardise the conditions of growth.

The fundamental issue in the deconstruction of this work is to look at the problem of the role of growth in development policies. If the benefits of growth are shared fairly and if growth helps the poor, then a policy focused on promoting growth can be justified. If, on the other hand, the poor are excluded from the benefits of growth or receive proportionally fewer benefits, the objective of growth should be reincorporated into an integrated development strategy, in which growth is an important aspect but is given no more importance than the creation of productive jobs, the fairer distribution of income, social protection and the meeting of basic material and immaterial needs.

In the 1970s, the perception by a whole category of development specialists that growth had been uneven and had had no effect from the point of view of improving the lot of the most deprived, translated into the development of a new school of thought putting forward the idea of mis-development. This was defined as the outcome of growth by inequality which had been pursued by most of the countries in the third world by adopting a copycat path of development compared to

the one in the countries which are now developed. Rapid growth had led to the emergence of modern production enclaves delivering a westernised lifestyle and consumption pattern to an elite, with the rest of the population being pushed to the margins. The consequence was perverse growth based on the production of luxury goods for the domestic market, while the majority of the population had no access to essential goods, that sector being under-developed for want of solvent demand. This realisation was to be behind the proliferation of works in order to define fresh development strategies designed to improve living and working conditions for the populations, and first and foremost the poorest. Under the ILO's World Employment Programme, extensive research has been conducted on the basis of field missions to define strategies oriented towards employment in which employment would not be a variable depending on the choice of development policies, but on the contrary, would be at the very centre of the policy formulation process. It is on the basis of these works that strategies geared towards 'redistribution with growth' and 'essential needs' will be developed within the international organisations.

In the 1970s, the radical critics of growth theory also defended the idea of a greater loosening of the ties between the sphere of accumulation and the sphere of development, because development seemed to them to have as its objective not the accumulation of capital, but the satisfaction of mankind's basic needs – whether material or immaterial. In the early 1980s with the debt crisis in the South and the neoliberal counter-revolution in the North, the social dimension and the critical reflection on growth once again virtually vanished from the formulation of development policies. The structural adjustment programmes were dominated by the objectives of macroeconomic rebalancing and microeconomic transformations in order to create an environment favourable to the market forces which were now seen as the drivers of growth and a 'rational' development path.

During the 1990s, the ideology of growth in the framework of globalisation crystallised into the hegemonic reading grid of the restructuring operations underway at the global level and the associated issues. These

restructurings of the conditions for accumulation were facilitated by the dominant discourse which is marked by its very strong functionality vis-à-vis the fresh demands of the capitalist system. Yet the legitimacy of this discourse on globalisation and its prescriptive aspect – structural adjustment programmes seeking to meet the conditions for advantageous integration into the globalised economy – relies upon the dynamism of the globalised capitalist economy.

It is very interesting in this connection to show the spectacular gulf between the vision of the world disseminated by the elites who favour the neoliberal globalisation project and the reality of the backward social phenomena at the global level:

- On the one hand we have the dominant discourse based upon the ideas of convergence, growth and improvement of the living conditions of the population via globalisation: ‘Provided that effective political orientations are adopted, there is a strong potential today which leads us to hope, in decades to come, for significant gains for the ever-growing numbers of people in the active population at global level. However, there are no guarantees of this optimistic scenario. If the developing countries and the industrialising countries do not adopt policies based upon the market economy, or if the tendency towards the reinforcement of international integration is stopped by protectionist practices, the decades ahead might indeed be characterised by a downturn in growth and an increase in inequalities at the global level’.
- On the other hand, we have the recognition – within the United Nations system itself – of the intensification of poverty, inequalities and exclusion at global level: the increase in inequalities, the informalisation of economies, increasingly precarious conditions, the rise in poverty and the deterioration of the social bond.

Seeing such evidence reinforces the social demands emerging around the world for the definition of fresh development policies in which the objective of integration would be subordinated to the objective of human development. It is crucial for the countries in the South to

regain control of the speed of integration and the sequences of integration. Integration must also serve the needs of a project for a democratically framed society, and not be imposed on societies. The ultimate test to be passed by all structural adjustment and stabilisation programmes is that of improving the populations' living conditions: if a programme cannot pass this test in reality or on paper, then it is condemned and is in need itself of structural adjustment or complete redefinition.

Sheet 4: The arrangements for the financing of development in the ACP and their limits

Financing development means finding resources able to cover the spending incurred to this end. ACP development is financed in line with various arrangements which are:

- International bilateral and multilateral debt;
- National public or private debt;
- Development assistance;
- Transfers of funds by emigrant workers;
- Popular financial systems (informal and local).

Financing development by the ACP's international multilateral and bilateral debt

- It offsets the inadequacy of national savings capable of supporting the investments necessary for development.
- It is **bilateral** where the loan/borrowing contract is between two States, and **multilateral** where it is between not just one State and the international financial institutions (**public multilateral**), but also, between the State and the multinational banks (**private multilateral**).
- The logic of international debt consists in getting a State moved from a situation **of net debtor** (owing money to others), towards a situation of **net creditor** (the one to whom others owe money), in the hope that it will have allocated its credits productively.
- This development financing strategy led to the **crisis in international debt in the ACP after an unproductive accumulation of the international resources in the period 1960-1980**.
- The payment of the **debt servicing** (interest + principal) absorbs a major part of the resources which the ACP countries could otherwise have allocated to social investments in things such as hospitals, health-care, education and so on.
- There is a **heterogeneity of debts** because there is a **heterogeneity of creditors and a heterogeneity of debtors**. This sometimes blocks the cancellation and rescheduling negotiations.

- With the public component of the amount of ACP debt being lower than the private amount, cancellation is not impossible. Its refusal is simply the **absence of a genuine political will on the part of the public bilateral and multilateral creditors.**
- The HIPC (highly-indebted poor countries) initiative is a debt management mechanism which allows just the indebted countries to gather together the resources to pay. **It handles debt in order to be able to pay, not to be able to develop.**
- It is not the reimbursement of the ACP debt, a short-term objective, that should **shape the development of the ACP**, but development, a long-term objective, that must constrain the reimbursement of the ACP debts.
- The only solution capable of liberating the development of the ACP is **the unconditional cancellation of their external debts.**
- **Responsibilities are shared between debtor ACP countries and their creditors** in the process of international debt.

Financing development through national debt in the ACP

- Despite the financial liberalisation measures in the structural adjustment programmes, many ACP countries still have '**debt economies**'. In other words, economies in which enterprises finance their development investments via the loans granted by the banking system.
- In sub-Saharan Africa in particular, the national banks have all been privatised. It is now **western banking multinationals** that control the national banking systems.
- The banks are over-liquid and sound since the structural adjustments, **but they still do not grant credits to the national SMEs, but only to more profitable import/export activities.**
- **Ordinary people**, who have no bank guarantees, are still excluded from the loans granted by the national banking systems.
- **It remains easier to obtain a credit to buy a western car than to grow bananas, even though these are more useful in terms of local food self-sufficiency in the ACP.**

- The national banking systems are thus largely **outward-looking** and do not finance local development projects but projects which are the most economically profitable at the international level.

Financing ACP development by popular (informal) financial systems and micro-finance institutions

- The popular financial system is made up of financial institutions generally described as 'informal' (notably, tontines).
- These tontines have their roots in the distant past and help the populations in the ACP not just to find the financing for their SMEs, but also to solve their day-to-day problems (sickness, marriages, mourning, field work, building a house, etc).
- It is a system that links social concerns to the economic interests of individual and collective accumulation and operates above all on the basis of trust and joint guarantees.
- This popular financing system is limited in that it finances only **short-term activities**, while development is a **long-term process**.
- The micro-finance institutions also participate in development financing, granting small loans to the poor social classes and to small entrepreneurs.
- However, the reimbursement constraints are very draconian and sometimes create new forms of poverty which did not exist before micro-credit.
- The **integrated financial system**, in other words the system which does not exclude anybody, promoted by the UN via micro-credit, sometimes seems to be an instrument for neoliberal development policies.
- Certain micro-finance institutions try to tip the popular financial system off its axis by killing it from within through a raft of copycat financial practices.
- The micro-finance institutions appear more and more as stages in the evolution towards conventional banks. This means that **the poorest populations are not reached by them**.

- The activities financed are often microscopic and do not get people out of poverty.
- Micro-credit sometimes seems to be more of an instrument for **social financialisation** than one contributing to the fight against poverty.

Financing ACP development by Official Development Assistance (ODA)

- **What is Official Development Assistance (ODA)?**

- The developing countries benefit from a host of financial resources of two categories: official development finance (ODF) and private contributions (investments, loans, export credits). ODF encompasses ODA, whether bilateral or multilateral. ODA also includes technical assistance, gifts and loans.
- It comes essentially from the industrial countries in the North (donor countries).
- It has been steadily falling since the 90s and has never reached the objective of 0.7% of GDP in those countries. This objective has been set by the United Nations for a number of years already.
- ODA is neutral in itself, insofar as **its positive or negative effects depend on government policies**. The relationship between the positive effects of the aid and **the right internal directives** is maintained, even in the course of adjustment.

- **Why this constant erosion of ODA intended for the ACP?**

- Most of the donor countries in the North have themselves weathered an economic crisis and instituted budgetary adjustment measures to cut public spending. On the basis that charity begins at home, they have reduced the amount being paid to the developing countries by way of aid.
- The growing disengagement of what were the biggest donors for several years, the United States and Japan.
- The end of the Cold War and the discovery of new partners among the countries of Eastern Europe.

- Some donor countries have insisted on the **lack of positive results of aid because of waste and because of funds being misappropriated by the ACP elites.**
- The neoliberal approach of development policies changes the method of development co-operation between the ACP and the donor countries. There is thus a shift from a strategy of **'trade plus aid'** towards a strategy of **'trade but no aid'**.
- The World Bank is asking more and more for criteria to evaluate the effectiveness of development assistance.

- **Advantages of ODA in financing the development of the ACP**

- A country undergoing a cash flow crisis can succeed in financing development projects thanks to ODA.
- The ACP countries can benefit from the technical assistance and training of their nationals in specific areas.
- The beneficiary ACP countries can commit development expenditure without worrying about the external constraint and their budgetary balances.
- ODA can stimulate economic growth.

- **Drawbacks and limits of ODA in financing the development of the ACP**

- Over a quarter of the bilateral aid is tied. In other words, it is **dependent upon the purchase of goods and services from the donor country.** This means that the aid is no longer neutral vis-à-vis the external balance of the beneficiary country
- Tied aid is perceived as **ungenerous** and **opportunist** on the part of the donor countries which find in it a way of defending their economic, commercial, political or security interests.
- Tied aid leads to a **selection of projects with a strong element of imports which do not appear as a priority for the development of**

the beneficiary countries and have a negative effect on their trade balances.

- Tied aid blocks competition and leads to **added costs in certain development sectors** by monopolies which the donors create for themselves there.

- Aid is not an effective instrument in the fight against poverty in the very poor countries.

- **No country in the world has developed with international aid but by the mobilisation of internal savings.**

- Aid sometimes even develops a **link of dependency and assistance** in the beneficiary countries.

- **What to do in order to benefit from ODA in financing the development of the ACP?**

- The beneficiary countries need to have **precise development objectives** to which to assign the ODA resources.

- The beneficiary countries need to set in place **sound management** of the aid resources. This implies socio-economic stability, a lack of corruption and misappropriation and the presence of the rule of law.

- **The Non-State Actors** (NSAs) in the ACP need to be involved in the definition of the development objectives and the management of the international aid resources.

- The beneficiary ACP countries need to be able to adopt long-term visions and to trust the **'civil society'** to create **'substitute institutions'** to replace those forming part of a State bureaucracy whose management of ODA is not always transparent.

- The donor countries need to limit tied aid packages and to adopt an attitude of complementarity between them, not one of competition.

- **Aid packages need to create knowledge and reinforce skills and autonomy, rather than simply spending money.**

Financing the development of the ACP through transfers of money by emigrant workers

- Globalisation is marginalizing the countries of the South in general and the ACP in particular. Aside from integration into world trade thanks to income from oil, it is thanks to the links that **migrants** maintain with their home countries that many ACP countries continue to hold on to a position in the world economy despite the current restrictions on migrations.
- Transfers in the form of savings by emigrant workers represent substantial and stable contributions for several ACP countries at a time when income from public and private capital is fluctuating or even negative.
- Official development assistance has been in freefall since the 1990s, while transfers of funds from emigrant workers are very dynamic.
- **Transfers of funds from migrants** have become as important as transfers going via foreign direct investment (FDI) and far outstrip Official Development Assistance (ODA)¹³.
- Transfers not going via the informal networks are **extremely highly taxed**, notably by Western Union, which makes a financial profit on the back of the emigrant workers.
- Certain analyses into the effects of transfers of funds by emigrant workers see them as a godsend which will make it possible to get development under way; others point to the dependency effects.
- The families of emigrant workers can fall into a mindset of consumption to the detriment of accumulation.
- A beneficial effect of the income from the funds may be offset by a negative effect translating into a situation of rent, favouring demand for imports over local production.

13. See El Mouhoud Mouhoud, 2006, 'Migrations internationales, mondialisation et développement', *La lettre de la régulation*, n° 55, pp.1-5.

Sheet 5: The issues of regional integration, industrialisation and liberalisation of trade and capital movements in the ACP

What are the links between regional integration, capital movements, industrialisation and the liberalisation of trade?

- Regional integration makes it easier to establish the liberalisation of trade by creating regional markets interacting with each other and with the rest of the world.
- Regional integration thus allows countries setting it up to gain better control over the liberalisation of trade and to impose a **precise profile of industrialisation and development** on the rest of the world.
- The liberalisation of trade favours the international capital movements necessary for the financing of regional and national industrialisation.
- Regional integration, the liberalisation of trade and industrialisation are thus **interdependent** and mutually reinforce each other.

The issues of regional integration in the ACP

- Regional integration is an incarnation of the slogan of '**Strength through unity**'.
- It is easier and more credible for an ACP country to co-operate and negotiate with the EU through a region to which it belongs than in isolation.
- Regional integration can deliver the expected synergy effects only if the countries which constitute it:
 - a) are stable in social, political and economic terms;
 - b) establish the rule of law;
 - c) relinquish part of their sovereignty in certain areas in favour of the regional institutions;and
 - d) if the regions have an agency to monitor the application of the measures taken by the economic and political union.

- In the case of the ACP countries, such **monitoring agencies** do not exist. This role is played by certain EU bodies as part of EU/ACP co-operation.
- The pace of regional integration **needs to be tailored to the problems and the timetable of the countries setting it up**. This condition is not complied with in many ACP regions, where it is the EPAs that lay down the timetable for regional integrations without taking into account either the specific features of the sub-regional institutional processes or their own rhythms.
- Regional integration of the ACP countries **must be an instrument not simply for free trade, but also for the promotion of the rule of law and social development**.
- **The political and social stability of a region** is very important in terms of attracting foreign direct investment (FDI), hence the importance of first putting a stop to many armed conflicts in many ACP countries if there is to be any hope of positive effects from regional integration.
- Regional integration cannot single-handedly change the **narrow production structures** of the ACP, let alone **their method of integration into the international market by cash and primary specialisation**.
- The success of regional integration also requires the development of **regional communications** (roads, railways, air transport, telephone, internet).

The issues of international capital movements in the ACP

- The liberalisation of trade goes hand in hand with the liberalisation of international capital movements.
- There are two sorts of capital movements:
 - a) **Floating capital** is purely speculative. It has no productive effect on the countries receiving it. It may even lead to inflationary pressures which erode workers' purchasing power.

b) **Capital movements generated by foreign direct investment** (FDI), on the other hand, lead to genuine investments which can improve employment and growth within a country.

- FDI to most of the ACP is very low because of social and political instability; the absence of the rule of law; failure to abide by property rights; the concentration of the international capital movements within the industrial countries with the same levels of development.

- FDI can chip away at **the sovereignty of the ACP** in many sectors and start a struggle against poverty when they translate not into supplementary socio-economic development, but into **the purchasing of the socially strategic public enterprises (water, electricity, healthcare, education)**.

- It is very dangerous for a country's development policy to be based on **external capital** because everything may collapse the minute it leaves the country or the region.

The issues of industrialisation and the liberalisation of trade in the ACP

- FDI, regional integration and the liberalisation of trade between the ACP and the rest of the world are supports for their industrialisation. The point is that FDI represents a financing resource, and the liberalisation of trade makes these resources available within the regions which can be their landing places.

- The ACP and their regions need a certain level of industrialisation to solve **their dependency problems** vis-à-vis manufactured and industrial products from the EU.

- Industrialisation can offer a solution to many problems in the field of the transformation of local resources (wood, minerals, etc), and in the health sector (hospital equipment, medical research tools, treatment methods, epidemiological analysis laboratories, etc).

- Many co-called industrialised countries have successfully industrialised themselves by relying on **the development of the production of labour-intensive goods**.

- **The principle of reciprocity** set up by the EPAs seems to block off the real possibilities for the industrialisation of the ACP. The point is that reciprocal opening up of markets between the EU and the ACP means that European industrial products will be competing with the emerging ACP industry, which will not have the time to develop.
- Regional integration and the setting in place of EPAs must be accompanied by a **demand for measures to protect the nascent ACP industries, which are unable to cope with competition from the EU industrial sector**. How can this be done with liberalisation measures all over the place?
- The EPAs must ensure that **they do not confuse industrialisation and development**. It is possible to have industrialisation without development, when the latter leads to major social polarisation and the destruction of historical social security institutions.
- Industrialisation which translates into the setting up of a **productive structure that is more capital-intensive where the ACP countries are more labour-intensive would be a social catastrophe in the sense that it would translate into an increase in unemployment and the reinforcement of a two-track productive system**.
- Industrialisation is useful and necessary only **if it delivers socio-economic well-being in the ACP countries**.

What are the lessons to be learned from the past industrial experiences of the ACP?

- After independence, **the voluntarist industrialisation** policy of the ACP based on capital-intensive heavy industry (iron and steel, engineering, electrical construction, chemicals, energy production, etc) suffered a crippling failure.
- **As in the past, the agro-industrial complexes must not simply over-exploit the local mining resources and the farmers**.
- Industrialisation which aims at **local transformation** of mining and forestry resources is **of more use to development** than an a purely extractive industry geared to the export of cash products.

- The industrialisation of the ACP must not perpetuate **the primary specialisation** as was the case after independence.
- **Industrialisation must not bring with it a drop in the production of domestic consumption products in favour of export products.** This would lead to the ACP countries becoming dependent for food, and the destruction of the national and regional markets to the benefit of the international market.
- Industrialisation must allow a way out of the old vicious circle: **'to diversify exports or angle their production to external markets, the ACP countries would need to industrialise, therefore to import equipment goods, therefore to have currency reserves, which would force them to try to maintain a sufficient level of income from exports, and therefore to pursue the primary specialisation'**
- The linkages between town/country and modern/traditional sectors must not be analysed, as they were in the past, in terms of **traditional forms to combat** and **modern forms to promote**, but more in terms of **synergies and complementarity**. This involves taking account of the complementarities and interdependencies between sectors, territories, their activities and their players.
- The national reports have shown that the primary sector was mobilising the bulk of the active population, but was participating less in the formation of the value added than the tertiary sector. **The choice of the sectors towards which to target FDI and industrialisation is thus a key question given the scarcity of resources available.** These choices must determine the development sequences and the linkages between territories, players and activities to be deployed. Which social classes and activities will be sacrificed or reformed at each stage in the industrialisation process?
- **The technological choices and ways of organising labour** depend on these sectoral choices, the international setting, the level of employment and the structure of the active population (men/women, younger people/adults, skilled/unskilled, villagers/town-dwellers, etc).

- The **'turnkey industries'** strategy sets in place **industrial mimetism** of which the major consequences are the non-development of **local engineering and genuine technological learning**. It fosters **technological dependency and not the national integration of an industrial fabric**.

- **Industrialisation is not a neutral technical process vis-à-vis the social field**. It affects the nature and the state of **social relationships**. This is why it is important to discover the most effective ways to develop it in the ACP without **'social casualties'**.

Sheet 6: Determining factors and consequences of migratory movements between the EU and the ACP countries

Some general information

- Aside from involuntary migrations (as a result of wars, slavery, natural catastrophes, mobilisations, etc) and luxury migrations (tourism, a taste for seeing new places), individuals and populations have always moved from one territory to another in a bid to improve their living conditions.
- Knowing the **determining factors** in the migratory ebb and flow makes it possible to act not on the consequences, but on the causes of this phenomenon which occupies development policies and the nature of North-South relations.
- Migratory movements are part and parcel of the process of development insofar as they foster contacts between **populations and their practices, territories and living conditions**.
- In an age of globalisation, **the mobility of populations from one country to another can be equally a factor for integration or proof of instability and precarious conditions**.
- **The poor countries send fewer migrants than the countries with intermediate incomes, but proportionally more very well-qualified migrants**.
- Asia, and to a lesser extent Europe and Africa, are the main regions from which the **qualified migrants** come (see table 1).
- **There is no real substitution between migrations and international trade** as claimed by the standard theory of international trade.
- **Illegal immigration causes many human problems for the nationals of the ACP** [detention centres, refugee centres, people with no papers, forced repatriations, modern forms of slavery (prostitution, exploitation of illegal workers, etc)].
- EU immigration policy is slacker in times of strong economic growth than in times of recession, when the immigrant becomes 'the hell of other people'.

Table 1: Breakdown of qualified migrants by zone of origin (as a total % of graduate migrants)

REGIONS	PERCENTAGES (%)
Asia	32
EU (25)	26
Africa	9
South and Central America	5
North America	5
OECD	40

Sources: Dumont (J.C) and Lemaitre (G.), 2005, 'Beyond the Headlines. New Evidence on the Brain Drain, *Revue Economique*, n° 6. Docquier and Alii, 2005, 'Union Européenne et migrations internationales: l'UE (15) contribue-t-elle à l'exode des travailleurs qualifiés?' *Revue Economique*, special issue, ' Localisation, migration, institutions', n° 6.

The socio-historical and economic determining factors in the ebb and flows of migrants between country of emigration (country left) and country of immigration (country of settlement)

a) The social and historical determining factors

- EU/ACP relations show that colonial history plays a central role in the current migratory movements.
- **During the colonial period, the old colonial powers in the EU were emigration countries, while the ACP were immigration countries.** The explorers and the colonists set out from countries in Europe (England, France, Germany, Portugal, Spain, Italy), and settled in many ACP, which at the time were colonies.
- **The decolonisation movement** reversed this trend. Many European citizens and their local connections returned to Europe when efforts to cope with the struggles for independence in the colonies turned violent and damaging. **The ACP colonies turned into emigration countries and the European countries into immigration countries.**
- The period of **independence** enshrined several failures in the ACP development process. Local living conditions deteriorated in the ACP,

forcing their populations to leave for the countries of Europe: these failures were:

- * A conception of development presenting **modern commodities and western symbolic, behavioural, spiritual and material references as being 'heaven on earth'**;
- * **Structural adjustments** are draconian measures leading to a rise in unemployment, precarious conditions and poverty in both rural and urban areas in the ACP;
- * **The absence of the rule of law** in many ACP;
- * **The lack of economic fairness and equity between the EU and the ACP destroys the local markets and impoverishes several social classes.** The point is that **many stock breeders in the ACP are being submerged under a tide of subsidised chickens from the EU; fishermen** in the ACP countries are falling victim to illegal industrial fishing by EU fishing boats; **farmers** in the ACP countries are victims of EU subsidies under the common agricultural policy.

b) The economic determinants

- Some economists say that what drives someone to leave his or her village for the city at the national level, or to move from one country to another in international terms, **is the level of wages hoped for, given the greater likelihood of finding a job in the town or in the host country than in the village or the home country.**
- Other economists also say that people migrate **because they want to reduce their relative privation.** In other words, they want to reduce the privation in terms of goods, services and leisure that they are suffering because they have a very low income or even nothing at all compared to people in **other social groups** which they take for reference purposes.
- Other economic analyses show that migration organised **individually** corresponds to increased risks in the life of the migrant, whereas migration organised by **a network of migrants or by the whole family**, corresponds to a diversification of the risks which is more reassuring for the migrant.

The consequences of contemporary migratory movements in the departure countries (ACP) and the host countries (EU)

- Migration corresponds to destruction of one's **social capital** (one's relationships and social acquaintances in the departure country), in the search to construct another one in the host country.
- Migrations play a positive role in the annual growth of the total population of several OECD countries, and participate **in the natural population growth** (surplus of births over deaths), with incomers' fertility being higher than that of the nationals.
- Transfers of funds by emigrant workers **finance development in the ACP** (Jamaica, Haiti, Barbados, Dominican Republic, sub-Saharan Africa, etc).
- The host countries benefit from the arrival of highly qualified and unskilled **labour**, which is needed in the two extreme segments of their labour markets.
- The departure countries lose **a workforce in the agricultural sector**, because those who leave are generally young men and young women.
- **The brain drain** is not always negative for the departure countries, even if the benefits are largely to the good of the EU countries.
 - * One first positive effect may be linked to the unblocking of the labour market in the country of origin, where rates of graduate employment are very low;
 - * The rise in the knowledge economy in the OECD attracts highly qualified populations from the ACP;
 - * Graduates from the ACP are rarely employed at the level to which they are qualified in the EU countries.

What about immigration policy between the EU and the ACP?

- The prime goal of an immigration policy is not to achieve the impossible by wishing to put a complete stop to all people emigrating from the ACP to the EU, **but to make sure that the migratory flows are channelled better and made more secure in a spirit of co-operation and consultation.**

- **Current EU immigration policy, which consists of training border guards and financing detention centres in transit countries such as Libya, Senegal and Morocco, is totally ineffective. It means passing the buck to these transit countries without being able to stem the flow of migrants.**

- **It is only if there is development in the ACP countries from which people are departing that their populations can be encouraged 'to dream their dreams at home' and stop migrating to the EU. This implies:**

- * Improving living conditions in the rural zones so as to reduce migrations from the countryside to the towns in the ACP;
- * Improving urban living conditions so as to reduce international migrations from towns in the ACP to towns in the EU;
- * Promoting the construction of **the rule of law** in the ACP in order to remove the reasons for migrations on political and ideological grounds.

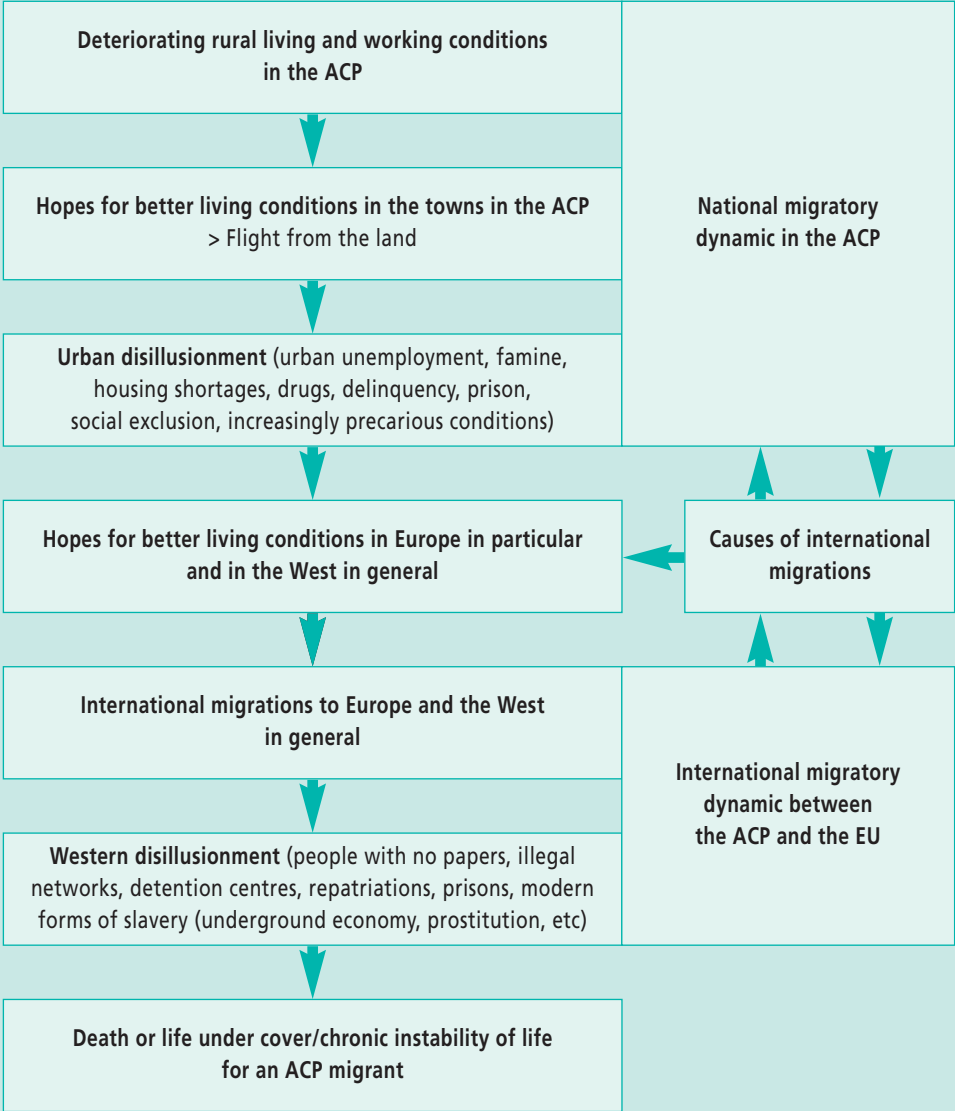
- **Better distribution of the benefits of the emigration of skills could be achieved if five principles were applied¹⁴:**

- * ***The principle of effectiveness*** consisting of creating a passport offering free movement of these skills in order to avoid the lock-in effects associated with irreversible policies on aid on return;
- * ***The principle of equity*** would seek to better share out the costs associated with mobility between all the players, by developing the education sector and helping students;
- * ***The principle of sustainability*** would mean that in the long term, the benefits for the departure countries depend on the institutions in the country of origin, in particular in terms of the management of their human resources;
- * ***The principle of ethics*** would define the rights and duties of each of the players;
- * ***The principle of responsibility*** would protect immigrant workers and illegal workers already in EU countries.

14. See Dumont (J.C.), 2006, 'Les migrations internationales de travailleurs qualifiés. Des Bénéfices à partager', in Mouhoud (direc.), *Les nouvelles Migrations*, Universalis.

Diagram 1: Causes, consequences and interdependencies between internal and international migrations¹⁵

15. Author's conception. Migrations do not always give rise to negative consequences, so we are focusing here on migrations driven by precarious conditions and illegal international immigration.



Sheet 7: Evaluation of the major trends in the socio-economic and democratic transformations at the regional level

The purpose of this sheet is to offer a succinct summary of the situation in the ACP in macroeconomic terms and in terms of access to essential goods and services, regional integration, democracy and sound governance. The information given below comes from national reports drawn up on the basis of a trade union questionnaire for the purposes of this project to boost the abilities of the trade union organisations.

The macroeconomic indicators, the production structures and the specialisations in the ACP and their regions

All the regions demonstrate the same characteristics at the macroeconomic level, and in terms of specialisation and the nature of the production structures, as may be seen from Table 2.

Table 2: General characteristics of the economies of all the ACP countries¹⁶

16. Author's conception.

Nature of the economy	Orientation of the economy	Nature of the link vis-à-vis the EU	Nature of the specialisation	Characteristic of the growth pattern
<ul style="list-style-type: none"> - rentier; - very extensive informal sector; - very narrow production base. 	<ul style="list-style-type: none"> - largely outward-looking economy. 	<ul style="list-style-type: none"> - colonial division of labour (suppliers of raw materials); - significant external dependence. 	<ul style="list-style-type: none"> - primary specialisation; - industrial sector very poorly developed. 	<ul style="list-style-type: none"> - growth pattern very unstable because economies operate on rentier basis, are outward-looking and dependent.

The WAEMU (the West African Economic and Monetary Union)

- Serious instability in the growth rates in several countries, Table 3 shows that the WAEMU has been posting positive growth rates since 2000. While these growth rates cannot be attributed solely to the effects of the Cotonou Agreement at the individual level, still less is this the case at the sub-regional level.
- In terms of production structures, of the contribution made by different sectors to the creation of value added and of the percentage of the active population per sector, the economies in the WAEMU zone are still very poorly diversified, are outward-looking and are heavily dependent on primary agricultural products, with very low demand price elasticity (see Table 4).
- The greater contribution of the tertiary sector compared to the secondary sector in the formation of value added (32% against 23% in Togo, 47% against 22% in Burkina Faso, 50% against 17% in Guinea and 44.5% against 24% in Senegal) is evidence that the WAEMU economies are still little industrialised and process very little locally.
- The division of labour set in place by the colonial pact is thus being perpetuated, and continues to force the countries in this zone into widely substitutable productions where they have control neither over the supply (climatic vagaries, parasites) nor over the international demand.
- The SYSMIN and STABEX instituted by the Lomé Convention to correct this aspect of things have been no more successful in doing so than the Structural Adjustment Policies and the current Cotonou Agreement. The production structures constructed in the long term following historical trajectories remain stable compared to the short-term political measures put forward by the SAP to sort out the economies and kick-start growth.
- It might be more effective not just to draw simply on co-ordination of the market, but also on age-old local institutions which have proved their worth in resolving certain local problems encountered by the players. This is all the more important when farming is the sector playing the greatest role in the employment of the active population in the countries in the zone.

- Successfully forging an alliance between the traditional system based on a combination of mixed farming/stock breeding and certain modern farming methods might be of more use to these countries in terms of food self-sufficiency, a necessary precondition for any social autonomy and for any stable and solid economic development.

Table 3: Some macroeconomic indicators on the WAEMU countries

Country	Years	Real GDP per capita	Real GDP (in millions)	Growth rate of GDP
BURKINA FASO (in \$)	2003	n/a	n/a	6,5%
	2004	280 (on average)	n/a	4%
BENIN (in Euro)	2000	378,1	n/a	2%
	2001	n/a	n/a	6%
	2004	419,2	n/a	n/a
	2005	n/a	n/a	3%
TOGO (in \$)	2000	n/a	n/a	n/a
	2001	n/a	n/a	n/a
	2002	n/a	n/a	4,5%
	2003	n/a	n/a	4,5%
SENEGAL (in \$)	2000	617	5795	5,6%
	2001	637	6117	5,6%
	2002	629	6185	1,1%
	2003	640	6422	6,3%

Sources: National reports – Senegal, Togo, Benin and Burkina Faso, 2005

Table 4: Relative economic weighting of different production sectors (WAEMU)

Country (reference year)	Sectors	Percentage of the active population per sector	Weighting of the sectors in the national economy
BENIN	Primary (agriculture, breeding, fishing, mines, etc)	55%	34 to 36 % of GDP
	Secondary (industry, energy, etc)	n/a	
	Tertiary (trade, administration, services)	n/a	30 to 35 % of GDP
TOGO (2003 and 2004)	Primary (agriculture, breeding, fishing, mines, etc)	67% (2004)	45% of GDP (2003) and 48% (2004)
	Secondary (industry, energy, etc)	n/a	23% of GDP (2003) and 25% (2004)
	Tertiary (trade, administration, services)	n/a	32% of GDP (2003)
BURKINA FASO (2003)	Primary (agriculture, breeding, fishing, mines, etc)	80 to 90%	31% of GDP
	Secondary (industry, energy, etc)	n/a	22% of GDP
	Tertiary (trade, administration, services)	n/a	47% of GDP
GUINEA	Primary (agriculture, breeding, fishing, mines, etc)	n/a	18% of GDP (less than 1% for fishing)
	Secondary (industry, energy, etc)	n/a	17% of GDP
	Tertiary (trade, administration, services)	n/a	50% of GDP
SENEGAL	Primary (agriculture, breeding, fishing, mines, etc)	over 50%	21% of GDP
	Secondary (industry, energy, etc)	n/a	50% of GDP
	Tertiary (trade, administration, services)	n/a	21% of GDP

Sources: National reports - Senegal, Togo, Benin and Burkina Faso, 2005

The CEMAC

- The trends highlighted by the economic aggregates in Table 5 are the consequences of a set of factors inextricably linked to the structures of the national economies, the international economic climate, the internal political and social situation, the SAPs, the Cotonou Agreement and other, older, internal political and economic characteristics. So it would be better to look at them in that light, rather than as direct and unique effects of the Cotonou Agreement.
- Moreover, the economies of Central Africa therefore have an extremely limited production base, like those in West Africa. Mining and agricultural cash crops are predominant here, once again underscoring the rentier economy. The result is serious dependency vis-à-vis external demand of which the instability, coupled with the instability of international prices, weakens the national growth schemes (see Table 5).
- External factors such as the world prices of primary products, climate, parity between the euro and the dollar, substitutes to exported products, international demand and the local political situation make these economies very vulnerable and unstable. For example, the revival of growth in the Central African Republic in 2004, following the rapid drop of 7.7% in 2003, did not result from the dynamic nature of the local economy but rather purely from the increase in the world prices of diamonds and lumber. This is also the case for Burundi's economy, which is heavily dependent on the success of its exports of arabica coffee and tea. As for Gabon, its economy has also been going through a critical period since 1998 because of the sharp decline in oil production and export of 11.9%. Hence the cyclical economic crises which are very often caused by the same factors.
- The point is that, confined in an international division of labour whose distant historical roots stretch back to the colonial period, the level of diversification is very low and economic specialisation is exclusively rentier in nature. Such is the case with the Central African Republic, where the 1.2% growth rate recorded in 2004 is due entirely to an upturn in exports of diamonds (400,000 carats/year on average)

and lumber (between 500,000 and 800,000 m³/year). Gabon, which is one of the largest oil producers in the area, is the most typical case of a cash economy. Between 1990 and 2002 Gabon's economy was strongly based on mining and exporting crude oil (30% of GDP and almost 70% of total state income). Therefore, an 11.9% reduction in the mining and exporting of oil led to a 9.6% reduction in Gabon's GDP in 1999. This dependency on oil is so great that the country ultimately falls victim to it.

Table 5: Growth rate of GDP in Central Africa

Country	Years	Growth rate
GABON	2000	-1,9%
	2001	2%
	2002	-0,3%
	2003	2,1%
	2004	1,4%
	2005	2,2%
CENTRAL AFRICAN REPUBLIC	2000	0,9%
	2003	-7,7%
	2004	1,2%
BURUNDI	2000	-0,9%
	2001	2,1%
	2002	4,5%
	2003	-1,2%
	2004	4,8%
	2005	5% (estimated)
DRC	2001	-2,1%
	2002	3,5%
	2003	5,7%
	2004	6,8%

Source: National reports – Central African Republic, Burundi, Gabon and DRC, 2005

Eastern and Southern Africa (COMESA, SADC)

- Aside from South Africa, which is now rated as among the emerging countries, the economic characteristics of the other countries in this region are almost the same as those of the ECOWAS and CEMAC: in other words, primary specialisation; productive rentier systems with little diversification; a pattern of complementarity in exchanges with the rest of the world, unstable growth rates which depend heavily on external factors (exchange terms, climate, conditions in the raw materials markets, etc).

The Caribbean and Pacific countries

- The Dominican Republic, in the Pacific Region, has an economy which is doing quite well. The dynamism of its national production is due to the reinforcement of macroeconomic stability which is reflected in factors such as price stability through stability in the exchange rate, the slowing down of inflation and a sustained reduction in interest rates. GDP thus rose by 7.3% between January and September 2005. This bears witness to the consolidation of the relaunch process initiated one year earlier. The other factors accounting for this recovery are currency from the tourism sector, transfers of funds from Dominicans abroad, and its free zones which include 500 enterprises and employ 7% of the active population.

- In the Caribbean Region, Barbados is witnessing an economic upturn following the recession of 1991/1992. The period between 1993 and 2000 was the longest phase of expansion ever recorded by the country since independence. The average growth rate of GDP is 2.8% per year. Inflation during the same period was 1.7%, whereas it had risen to 5.7% in 1997 following the introduction of value-added tax (VAT). Economic activity declined in 2001, when the country registered a reduction of about 2.8% in the growth rate of GDP. The recession affected the sugar and non-sugar agricultural sector, tourism (drop of 5.9%), international trade and financial services. The economy got back on track in 2002 and still relies heavily on tourism (7.7% increase), construction (2.9%

increase), transport and communications. Table 6 gives some indicators of this upturn in growth.

Table 6: Growth rate of Barbados

Periods or year	Growth rate
2002-2003	2,3%
2004	4,8%
2005	4,1%
2006	4% (estimated)

Source: National report – Barbados, 2005

- Although unemployment was running at 11% in 2003, the upturn in 2002 caused it to fall to 9.8% in 2004 and to 9.5% by the end of 2005. Inflation remains at 2.5%. **This is a rare example of growth leading to lower unemployment.** In other words moving in the opposite direction. The fact that the territory is a small island with a total population of under 300,000 people explains this positive link between higher growth and employment. Adult literacy is 97%.

- Elsewhere in the Caribbean, Grenada's economic activity fell by 3.8% in 2001 and 1.1% in 2002. These poor performances can be attributed to the decrease in farm production and activity in manufacturing, construction and restaurants. This downwards trend was reversed in 2003 when real GDP increased by 5.7% when tourist activity picked up again. But then Grenada was hit by hurricane Ivan in 2004 which caused damage equal to 200% of GDP. This resulted in a 4% reduction in economic activity and the restaurant/hotel sector saw a 25% reduction in activity.

Table 7: Some growth rates in the Caribbean and Pacific regions

Country	Years	GDP growth rate
VANUATU	1997	6,0%
	1998	0%
	1999	0%
	2001	-2,7%
	2002	-4,9%
	2003	2,9%
KIRIBATI	1995	3,5%
	1996	4,3%
	1997	1,0%
	1998	7,3%
	1999	2,3%
	2000	-4,0%
	2001	2,0%
FIJI	2000	-2,8%
	2001	2,7%
	2002	4,35%
	2003	3,0%
	2004	4,1%
	2005	1,7%

Source: National reports – Kiribati, Vanuatu and Fiji, 2005

Links between economic growth, poverty and access to basic services

With very few exceptions, growth does not bring a reduction in unemployment and an improvement to living conditions in the ACP.

ECOWAS and CEMAC

- No concrete links between economic growth and improved living conditions for the populations through the creation of additional jobs and an increase in national wealth.
- Accordingly, access to essential services (water, electricity, housing, education, healthcare, etc) depending largely on purchasing power in a

context where privatisations continue, does not improve at all. The people in Benin were so aware of this that they created the popular slogan: **'La croissance; ça ne se mange pas!'** ('You can't eat growth!'). Hence the reason why there is such a huge discrepancy between meeting the needs of the people and the positive image presented by the macroeconomic indicators in Table 3.

- The socio-professional category of the head of the family (apprentice, family helper, self-employed, not in active employment, unemployed and so on) has a major impact on poverty in both rural and urban areas.

- A positive correlation seems to exist between urbanisation and unemployment. In fact, according to the ILO unemployment is a purely urban phenomenon.

- The lack of links between growth and improved social well-being seems to prove that development does not come solely from the practices introduced by the decisions taken by the national and international systems. It might be better to improve the understanding of a set of practices and institutions thanks to which the populations succeed in living on less than one dollar a day. Improving these types of institutions and practices without neglecting the big system projects might be a development strategy capable of reaching the populations more directly in their everyday living conditions. This is all the more important for the fact that the analysis of the WAEMU reports shows that the boom in the informal sector increases with urbanisation, and seems to be the sector which means that the villages in this region show less exclusion following the rise in urban unemployment.

- The sexual structure of urban unemployment is important and skewed towards men.

- The greater poverty that the reports show in rural areas while unemployment there is marginal might be the result of a link between towns/rural areas which destructures the latter through the knock-on effects of the rise in the cost of urban living and its purely monetary evaluation. In that case, the high rural poverty referred to in the Guinea report when unemployment there is the exception might be described as *integrated poverty* in the sense given to it by Serge Paugam (2005)¹⁷.

17. PAUGAM (S.), 2005, *Les formes élémentaires de la pauvreté*, PUF, Paris.

In other words, a configuration where those that we call the 'poor' are numerous and do not stand out from the other strata in the population. The issue is to establish whether, with such homogeneity in terms of status and socio-economic factors, it might not be better to refer to *destructured lifestyles* rather than poverty.

- These results are hardly surprising if we take a close look at Table 4. In fact, it is not just that the structural adjustments are still being made in the WAEMU countries and that they are imposing restrictive monetary and budgetary policies, but also the fact that it is not the primary sector – the largest provider of jobs in these countries – that is the driver of the growth. Instead, it is mainly the tertiary sector, which employs a small proportion of the population, that plays this role.

- The fact that results in expanding economies such as those in the WAEMU area in terms of well-being, the struggle against poverty and access to essential goods and services are rickety and patchy raises the general and recurrent problem of the link between economic growth and development. The positive character of the macroeconomic growth indicators does not transfer to the living conditions of the populations. Quite obviously, economic growth, although it is a factor to be taken into account in this process, does not belong at the very heart of all the concerns of a social system. In the case at issue, it seems to be less a factor for social well-being in these countries than just the result of a mechanical and productivist organisation of the national institutional pillars adapted progressively to the logic of the market.

- Hence the need to question the links between the ideas of growth (dynamics of the productive activities) and wealth (the problem of distribution and use) at national and international level, in order to understand why the WAEMU are experiencing growth without wealth.

- Research needs to go into more detail within the informal sector which, according to all the national reports, is the one creating the most jobs.

- Aside from the Central African Republic and Congo, where the economies are barely emerging out of a situation of total ruin after countless years of war, and where extenuating circumstances may be

granted to the non-existence of the positive link between growth and improved social well-being, Gabon and Burundi also demonstrate the effective non-existence of this link.

- This is a situation which leads neither to reduced poverty, nor to the creation of jobs, let alone improvements to the population's access to essential goods and services in the CEMAC. This situation is also the result of a combination of political and economic causes, some of them extremely distant, and others linked to the mismatch between the good results of a simple economic mechanism organised to produce them, and the social situation of the populations.

East Africa and Southern Africa (COMESA, SADC)

- Aside from South Africa, where economic dynamism and the setting up of the *Black Empowerment* programme are helping to integrate the black populations into the world of business, growth does not bring the creation of additional jobs and a reduction in poverty in the other countries in the region.

- In some countries (Burundi, for example), young unemployed people are joining the armed militias which formed during the years of civil war. So there is growth without enrichment of the populations, because the country is recording a drop in income per capita following the combined effects of a high rate of population growth and a drop in the nominal value of GDP. According to the French Economic Mission, the number of people living below the poverty line rose from 35% in 1990 to 70% in 2004 although growth was 4.8%.

Democracy and good governance in the ACP

- Substantial progress, although much still remains to be done.

ECOWAS

- Despite a few positive points on the democratisation front, the ECOWAS still shows poor changeovers in power and more rapid liberalisation of economic life than of political life.

18. BADIE (B.), 1992, *L'Etat importé. L'occidentalisation de l'ordre politique*, Fayard, Paris. BAYARD (J.F.), 1989, *L'Etat en Afrique. La politique du ventre*, Fayard, Paris.

19. AMOUGOU (T.) and NGO NYEMB (M.), 2005, *idem*.

- The lack of changeover in power (as in Burkina Faso) or its very low occurrence (as in Benin and Senegal) is another characteristic of African democratic processes where *hegemonic, vote-catching networks*¹⁸ lock off access to power by relying on powerful social players whose role is to work to maintain the status quo. The countries thus experience not successions of different regimes, but a *generational reproduction* of the same regimes already in place when the single party system was in force¹⁹. Hence the frequent use of the *politico-economic cycle* which consists of taking some positive, popular decisions just ahead of the elections, so as to capitalise on the electorate's generally poor memory. Moreover, with the SAPs still in force, the international legitimacy that they confer on the African leaders and governments which apply them means that the economic sphere is very often liberalised more quickly than the political sphere. Democracy thus tends to be converted into a simple instrument to promote economic individualism and the conquest of international legitimacy, without realising the social promotion which is its prime objective. When democracy becomes simply an end in itself, rather than a means for action, it is no surprise if access to essential goods and services remains mediocre.

CEMAC

- Despite some positive signs to be encouraged, democracy and good governance remain very fragile in countries which are barely recovering from deep conflicts, such as Burundi, the CAR and the DRC.
- The national reports highlight some positive efforts to respect political freedoms, even though much still remains to be done.
- The parties in power remain largely dominant and firmly embedded in powerful networks maintaining the status quo at the head of the countries. Good governance automatically suffers as a result, because the vote-catching networks operate in shadowy ways by redistributing payments to the power supports.
- Moreover, the *neo-patrimonial character* of the States means that every political official tends to take his slice of the *national cake* wherever he

may be and whatever he may be doing. This does not serve the interests of good governance.

- Democracy is reflected more by more or less proper elections than by changeovers in power.

- A strange link seems to occur between the lack of changeover in power and political and social stability. The point is that the CEMAC zone shows great political and social stability in the countries where the authorities in power have not changed for over twenty years (Cameroon and Gabon, for example).

The Caribbean and Pacific countries

- With a number of countries experiencing a boom in the democratic process, it is hard to make an assessment. Haiti, for instance, is completely under construction and nothing certain and definitive can be put forward in that area. However, there is trade union freedom there. No information available on democracy and good governance in the Dominican Republic. Corruption and non-compliance with workers' and trade unionists' rights are present in countries such as Kiribati, Vanuatu and Fiji. Likewise, after quite an open system in the early years of the present government administration, Barbados has returned to obscurantism in administrative practices over recent years. Grenada denounces the same lack of transparency in customs unions and failure to respect certain social rights.

State of regional integration and integration into the globalised economy

ECOWAS

- The ECOWAS is already a sign of a determination to achieve sub-regional integration. This is effective through exchanges which exist between the countries of the West African region. For example, this region soaks up some 5% of Guinea's exports, not taking account of informal cross-border transactions.

- However, this sub-regional integration remains very weak, not just because these countries do not produce enough tradable goods and

show virtually the same production profile, but also because of many internal conflicts being suffered by certain political and commercial partners.

- The conflict currently afflicting the Ivory Coast is a major hurdle to this integration insofar as this country is a geo-strategic player in the organisation of trade in this region.

- Moreover, the fact that Nigeria, the region's strongest economy (40% of GDP in the ECOWAS countries) has openly adopted a protectionist strategy also does nothing to facilitate advances in terms of integration. The autonomous port of Cotonou, the economic power-house of Benin, is thus seriously affected because of an 11% drop in its traffic and a loss of competitiveness captured by the ports of other countries.

- The European Union (EU) devoted 235 million euros (or something over 154 billion FCFA) to regional co-operation with West Africa between 2003 and 2006 via the two major organisations, the WAEMU (the West African Economic and Monetary Union), which brings together the French-speaking countries of the former CFA zone, and whose integration process is already well advanced, and the ECOWAS (the Economic Community of Western African States) which includes the WAEMU countries and whose treaty constitutes the reference organisation in terms of integration. To this end, the European Commission has adopted a co-operation strategy and indicative programme document between the EU and the region. The strategy proposed is to promote long-term convergence between the two integration processes via: *Consolidation of the customs union and reinforcement of the common market at the WAEMU level, and the creation of the ECOWAS customs union and the reinforcement of the capacities of its executive secretariat taking account of the acquis of each of the institutions.*

- The reinforcement of the capacity of the organisations to capitalise on their commercial specificities both at the level of the WTO and in the framework of the negotiations for the economic partnership agreements (EPAs) is likewise considered as an essential objective as part of this process.

- To this end, 50% of the allocations under the regional indicative programme (RIPs) will be assigned to 'support for economic integration and trade'. Support for the definition and implementation of the regional sectoral policies in a spirit of complementarity and subsidiarity with the national programmes is another key element to be supported, particularly in the transport sector, a vital component in an economic integration policy.
- The strategy seeks to support a demand for facilitation and harmonisation at regional level to allow the free movement of goods and people. This second sector of concentration, transport, will be given 35% of the RIP resources.
- The role of the region and in particular the ECOWAS at the political level in terms of conflict prevention is another important thrust in the strategy. Allocations are scheduled in this direction in the sector (15%). Support will be maintained for important actions requiring to be consolidated in fields including fisheries, health or culture.
- Integration into the globalised economy is also a reality, because exchanges exist between the countries in this zone and the European Union. Guinea, for instance, accounts for some 40% of imports in value from the EU. International trade is the major instrument through which the ECOWAS is integrated into the world economy.
- However, it must be noted that this integration remains very marginal. The outward-looking nature of the economies in the zone and the division of labour under *the colonial pact* which still persists there mean that in general, they get integrated via rent and via trade balances with a structural deficit.
- So the problem is not to establish whether or not integration exists. It is a long-standing historical fact. The important thing is to understand and analyse what contribution it makes towards the process of the development of the ECOWAS and which political strategy would make it more useful and effective for this zone. This is a fundamental concern, because the economies in the area cannot achieve much in international trade if they continue to be confined in a *logic of*

complementarity inherited from colonisation, while contemporary trade operates in accordance with a *logic of competition*.

- Moreover, an examination of global trade movements shows that over half of them are intra-branch exchanges between western countries with the same level of development and the same demand profile. This means that the best commercial partner for an industrialised country is another industrialised country, not a poor country.

- Although development financing is not specifically part of the EPA negotiations, the EU has clearly intimated that aid for the implementation of the EPA will represent a central priority for the European Development Fund (EDF). Support for regional economic integration is already one of the cornerstones of European assistance for regional development in Western Africa.

- In Western Africa, uniquely, the global amount of the RIP 9th EDF (2003-2007) amounts to 250 million euros. Over the period 2008-2013, the indicative amount of the RIP 10th EDF is 477 million euros. These funds encourage economic diversification, the development of the private sector, the modernisation of the public sector and the development of human resources. These are pillars of competitive economies ready to grasp the opportunities offered by regional integration and the EPA.

CEMAC

The institutions in place in Central Africa

- Even though displacements of people, goods and services, convergence of macroeconomic policies and monetary stability remain far from perfect in Central Africa, sub-regional integration is a reality. Many political and economic institutions are in place and prove this. They are the Economic and Monetary Community of Central Africa (CEMAC) created in 1994, the Economic Community of Central African States (CEEAC) whose treaty goes back to 1983, and the Bank of the Central African States (BEAC) instituted in 1972.

- CEMAC unites 6 countries sharing the FCFA as their currency (Cameroon, Central Africa, Congo, Gabon, Equatorial Guinea and Chad), while the CEEAC also includes Sao Tome and Principe, the

DRC, Rwanda, Burundi and Angola. Aside from these institutions, the specific geographical position of certain countries also plays a positive role in this sub-regional integration. For example, the CAR, a land-locked country forming the weakest economic link in the CEMAC depends heavily upon its neighbours (Cameroon and Congo Brazzaville) for its circuit of imports and exports, particularly via the ports of Douala in Cameroon and Pointe-Noire in Congo. Moreover, this country is negotiating its EPA via the CEMAC.

- Aside from the fact that more still needs to be done to achieve the harmonisation of monetary and budgetary policies, many other obstacles are hindering this sub-regional integration. These include the lack of a transnational road network to reinforce the physical, economic and political bonds between the States. Intra-regional trade likewise remains very low (1.9% of exchanges in 2002) despite some significant progress. The other obstacles are the civil wars which certain countries have suffered, and the political conflicts between neighbouring States to which they lead. Rwanda and Uganda are currently engaged in a conflict with the DRC, which is accusing them of organised aggression. Things are so bad that the DRC wants to continue the negotiations for its own EPA within CEMAC and not within the COMESA.

- Integration into the globalised economy is also a fact, since it occurs through international trade organised since colonisation. The fact that these countries all concentrate on the production of primary products means that their integration into international trade is just as unstable as their balance of payments, which varies depending on international trade conditions and other internal political factors. So it is international integration through income from oil (Gabon), mining (DRC, Central African Republic) and farming (Burundi) that dominates in this region.

The action of the EU in reinforcing regional integration in Central Africa

- The specific objective of co-operation between the EU and Central Africa in the regional economic integration sector and support for trade

is to contribute to the gradual embedding of Central Africa in the world economy through the consolidation of the regional economic space.

- The results expected are the intensification of exchanges and the improvement of the competitiveness of the region's economies, an increase in levels of growth and an improvement to the capacities for the formulation of regional policies.

- To help the region to implement its agenda, the RIP must contribute to the reinforcement of integration mechanisms, via horizontal activities in support of the regional institutions, in the countries concerned and the private sector in the region. It is in this context that the plan is for the CEMAC Executive Secretariat to be reinforced, so as to improve its organisational, planning and management capacities. Particular attention will be paid to the reinforcement of the capacities for analysis, through the setting in place of the right tools in terms of help in the design of regional integration policies and decision-making assistance (economic impact evaluations and processing and analysing data).

- This project should make it possible to deliver 'advisory assistance' and logistical support to the CEMAC Executive Secretariat in various priority sectors for the regional integration process: customs union, multilateral surveillance, organisational study, tools and procedures for budgetary and accounting management.

- Moreover, this programme represents a first experience of co-operation between the EU and the CEMAC Executive Secretariat and must make it possible for the institutions concerned to learn to work together.

- This project forms the key element in the European Commission's effort to give the CEMAC region Member States some tools with which to manage their harmonious integration and their insertion into the world economy. The project relies on training actions and actions in support of co-ordination as well as the provision of equipment and the financing of studies. It runs on a basis of consistency and complementarity with the one provided by French co-operation since 2002.

- To this end, transport and telecommunications are priority sectors in the co-operation between the EU and Central Africa in order to reinforce regional integration. The objective of this co-operation is the establishment of a priority transport network, well maintained by the States. The results expected are the improvement of exchange conditions thanks to the lifting of the physical and non-physical obstacles and consequently, the improvement in time and cost of carrying goods across the region. As an example, 30 to 40% of the RIP resources are devoted to these sectors.

- In light of the crisis situations existing in 2002 and 2003 in certain countries in the region (CAR, Congo, Chad), and the possible effects of cross-border contagion (the Great Lakes conflict and Sudan), the EU-Central Africa co-operation strategy for 2003-2007 has provided for **support for conflict prevention and political dialogue**, and the implementation of the regional initiatives and actions responding to the specific problems of the countries concerned by the conflicts or upheavals.

- As an example, 5-10% of the RIP resources are earmarked for this co-operation sector (excluding concentration). Over the period 2003-2007, the co-operation actions will relate inter alia to: support to the CEEAC for the implementation of the MARAC (Early Warning Observation and Monitoring System for Central Africa); support for regional initiatives designed to prevent and settle crises, including DRRRR (Disarmament, Demobilisation, Repatriation, Reintegration and Repopulation) actions.

- More precisely, support for the CEEAC might target the following elements: (I) a study and/or a feasibility seminar on the subsequent stages of the development of the mechanism, notably the setting up of zone bureaux; (II) a programme of institutional support, covering inter alia the questions of the collection and utilisation of the information; (III) the potential outfitting of MARAC in terms of telecommunications.

- In these cases, the involvement of countries like Burundi, Rwanda, the DRC and Angola in any programme of support for this mechanism

will call for cofinancing, notably on the basis of the respective NIPs and/or the RIPs of the regions participating under the 9th EDF.

- The main measures that the region needs to take in order to contribute to the implementation of the strategy lie in the commitment of the States to the establishment of solid co-operation with the conflict prevention mechanisms set in place notably by the OAU at continental level.

East Africa and Southern Africa (COMESA, SADC)

The institutions in place in the zone

- Southern Africa includes a number of regional integrations and agreements. It is a meeting place of several initiatives and economic-political integration groupings in sub-Saharan Africa. The point is that the CEEAC also includes Sao Tome and Principe, the DRC, Rwanda, Burundi and Angola.

- Aside from these institutions, the specific geographical position of certain countries also plays a positive role in this sub-regional integration. For example, the central position of the DRC means that that country is at the confluence of several other sub-regional institutions and is automatically a member of them. Aside from the above institutions, the DRC is also a member of the South Africa Development Community (SADC), through which it participates in the RIP and the negotiations of an EPA with the EU, the Association des Banques Centrales d'Afrique (ABCA), the Common Market for Eastern and Southern Africa (COMESA) and the Economic Community of the Great Lakes Countries (CEPGL). Burundi is also a member of most of these sub-regional institutions and organisations.

- Aside from the fact that more still needs to be done to achieve the harmonisation of monetary and budgetary policies, many other obstacles are hindering this sub-regional integration. These include the lack of a transnational road network to reinforce the physical, economic and political bonds between the States.

- Intra-regional trade likewise remains very low (1.9% of exchanges in 2002) despite some significant progress. The other obstacles are the civil wars which certain countries have suffered, and the political conflicts between neighbouring States to which they lead. Rwanda and Uganda are still not on good terms with the DRC, which is accusing them of organised aggression. Things are so bad that the DRC is going to continue the negotiations for its EPA within CEMAC and not within the COMESA.

Integration into the globalised economy

- Integration into the globalised economy is also a fact, since it occurs through international trade organised since colonisation. The fact that these countries all concentrate on the production of primary products means that their integration into international trade is just as unstable as their balance of payments, which varies depending on international trade conditions and other internal political factors. So it is international integration through income from mining (DRC) and farming (Burundi).

- On 11 October 1999, South Africa and the European Union signed a Trade, Development and Cooperation Agreement (TDCA) following four years of difficult negotiations. Although this agreement was not ratified until 2004, certain aspects of it have been in force since 2002 and form the basis of relations between the EU and South Africa.

- After having started the negotiation of their EPA within the COMESA in October 2005, the ACP in this area decided in February 2006 to join forces with South Africa and to draw on the TDCA to negotiate the EPAs with the European Union. The finance ministers of these countries have already suggested under the aegis of South Africa, whose status as an emerging country in economic terms seems to act favourably for them in the negotiations for a new commercial regime.

The Caribbean and Pacific countries

The existing integration institutions

- In the Dominican Republic, regional integration and integration into the globalised market go hand in hand with the entry into force on 1 January last year of the free trade treaty between Central America, the USA and the Dominican Republic (DR-CAFTA). Almost 90% of the public sectors have satisfactorily completed the procedures and the adjustments necessary for the entry into force of DR-CAFTA. This means that Haiti is also compulsorily integrated, not only through its ties with these countries, but also through its external trade, however low its volume.

- Barbados, Grenada, Jamaica and Surinam are well integrated in sub-regional terms and in terms of the globalised economy, even though they are not big players in the latter arena. Sub-regional integration occurs via a set of political and economic institutions. This regional integration has seen an acceleration in terms of legislative actions. On 30 January 2006, Barbados, Belize, Guyana, Jamaica, Surinam, Trinidad and Tobago signed the CSME agreement removing all the restrictions on movements of capital, goods, services and persons.

- Other CARICOM (Caribbean Community) countries have signalled their intentions to integrate this agreement in 2006. However, there are no institutions making it possible to monitor the application of this agreement; hence the fact that the common desire to establish a *CARICOM passport* continues not to be acted upon, because no institution tasked with implementation of the decisions taken (restriction agency) exists yet. Outside of CARICOM, through which the Cotonou Agreements are negotiated and which thus integrates these countries into the world economy, other regional institutions exist, such as the OECS (Organisation of Eastern Caribbean States).

Sheet 8: Countering the limits of the 'Everything but Arms' initiative and rising to the challenges of reciprocity in the EPAs

From the point of view of Africa, the 'Everything but Arms' initiative (see box 1), may theoretically have consequences such as improvements to conditions for access to the European markets for the beneficiaries and the erosion of the existing preferences for the non-beneficiaries. However, it has to be noted that this initiative does not affect all the ACP. While certain ACP countries have in fact refused to sign it (see box 2), not all the EU countries have responded favourably to the demand by the United Kingdom, Denmark and Sweden to extend the 'Everything but Arms' initiative to all the ACP. And when we realise that the 39 ACP which have ratified this initiative are also involved in free trade, we wonder whether the advantages do not cancel each other out in the same way as the commercial restriction that it wanted to impose on arms.

The principle of reciprocity is another focal point for numerous anxieties and issues in the ACP. In the Cotonou Agreements, the ACP were simply required not to treat the EU less favourably than any other industrialised commercial partner. The EPAs, on the contrary, plan to offer duty-free access for the bulk of the EU's exports to the ACP States. This gives rise to the following concerns:

- the liberalisation required on the part of the ACP to introduce reciprocity will inevitably lead to adjustment costs for these States in the form of increased competition for local producers and the arrival of lower commercial taxes into the State coffers;
- does the reciprocity also apply between the ACP members of the EPAs?
- can different members introduce different preferences vis-à-vis the EU?
- what proportion of imports from the ACP needs to be made free of tariffs?

- what is the pace of the introduction of the reciprocity? How can we avoid protectionism of the quality standards imposed by the EU on ACP farm produce?
- what is the impact on the productive fabric of the ACP of the introduction of the trade in services in the EPAs?
- with regional integration being a complex, long-term process as witness the historical construction of the EU, can it be effective when it is occurring in the ACP hastily and under pressure from the EPAs? The question is all the more relevant because the Commission is asking the Southern Africa Customs Union to complete its customs union in 2008 and not in 2010 as was scheduled in the timetable for this region.

These are some fundamental questions to be rigorously examined in order to properly manage the EPAs and avoid social drawbacks because of the effects of evictions and the lack of positive social effects.

Box 2: Objectives of the ‘Everything but Arms’ initiative

- *The ‘Everything but Arms’ initiative* is an innovative proposal by the European Commission to eliminate quotas and customs duties for all products except arms, imported from the 48 poorest countries in the world.

Timetable: the elimination of customs duties and quotas applicable to virtually all products took effect on 5 March 2001; the complete liberalisation of trade in sugar, rice and bananas will be phased in over a transitional period. The duties applied to bananas will be lowered by 20% per year from 1 January 2002 and eliminated no later than 1 January 2006; duties on rice will be reduced by 20% on 1 January 2006, by 50% on 1 September 2007 and by 80% on 1 September 2008, finally being scrapped no later than 1 September 2009. Duties levied on sugar will be reduced by 20% on 1 July 2006, by 50% on 1 July 2007 and by 80% on 1 July 2008, and eliminated no later than 1 July 2009.

Box 3: African States parties to the draft EU-ACP partnership agreements

West Africa (ECOWAS):

Benin*, Burkina Faso*, Cape Verde*, Ivory Coast, Gambia*, Ghana, Guinea*, Guinea Bissau*, Liberia*, Mali* ; Mauritania* Niger*, Nigeria, Senegal*, Sierra Leone*, Togo*.

Central Africa (CEMAC):

Cameroon, Congo, Gabon, Equatorial Guinea, CAR*, Chad*, Sao Tome and Principe*, DRC*.

Southern and Eastern Africa:

Burundi*, Comoros*, DRC*, Djibouti*, Eritrea*, Ethiopia*, Kenya, Madagascar*, Malawi*, Mauritius*, Uganda*, Rwanda*, Seychelles, Sudan*, Zambia*, Zimbabwe.

South Africa:

Angola, Botswana, Lesotho*, Mozambique*, Namibia, Swaziland, Tanzania.

* = States in the LDC category benefiting from the 'Everything but Arms' initiative.

Sheet 9: The EPAs must succeed and give effective shape to the regional integrations of the ACP countries

Meaning and role of regional integration

Regional integration refers to two types of realities, one natural and one constructed or institutional. The point is that the idea of regional integration refers not just to the countries grouped by specific geographical zones, but also to institutional constructions giving rise to singular political and economic blocs.

The regions and their economic blocs vary in terms of their size and their ambitions. They may equally emerge following a set of historical and geographical factors linking several States (such as the ACP and the EU), or be the result of alliances or a political project shared by those States (such as the EU and South Africa). They may also either correspond to a simple free trade area, or be pushing integration further. In general, they tend to be very dynamic, for they can extend the integration, reduce it, record the arrival on board of new members or the loss of old ones.

Even though several regions and their economic blocs already existed before the all-out liberalisation of trade with globalisation, several countries rely on such organisations to:

- harmonise their monetary, financial, economic and social policies;
- protect themselves from competition by not exposing themselves to international competition in sectors and industries still under construction;
- get negotiating power in order to escape from imposed liberalisation or to define it on its own terms;
- gain a huge regional market allowing them to depend less on external markets;
- impose a development profile in the negotiations;
- exploit the complementarities and the economies of scale and to create synergies in order to organise regional public services, infrastructures (security/defence) and regional institutions to

- guarantee respect for the planned framework in order to channel reforms and internal policies and reinforce their credibility;
- define and integrate the best regional practices in terms of political and economic governance;
- exert collective pressure on the countries deviating from the regional development criteria, etc.

That said, when it comes to liberalisation, an agreement creating a regional economic zone has a twofold effect: by liberalising trade within the zone, it represents an important step towards planetary competition and liberalisation. However, it also creates an economic bloc which is a way of resisting that liberalisation and providing protection against that competition by setting in place a singular institutional matrix to manage its development model.

When it comes to ACP/EU co-operation, the Economic Partnership Agreements (EPAs) effectively rely upon the principle of regional integration. It is then a matter of strengthening the local markets and developing trade within the region itself. This will make it possible at one and the same time to facilitate local trade and to make the region more attractive to investors. The EPA will then serve to bolster the economic partnerships between this regional market and the European Union and to gradually liberalise commercial relations between the latter. The ACP economies will thus be able to diversify, put an end to their dependency vis-à-vis the preferential aspect to the markets, and get better integrated into the world economy. The negotiations seeking binding commitments are currently being fast-tracked with a view to the conclusion of the EPAs in 2008. But there is still a mismatch between the ACP and the EU on the ways and means to guarantee in practical and operational terms on the determination and the capacity of the European Commission to respond to their concerns regarding the reinforcement of competitiveness, the reduction of the costs linked to the adjustments, the liberalisation of trade and the erosion of the preferences in such a way that they are able to realise the potential of the market under the EPAs.

20. Point of view of the European trade union movement (ETUC) and the international trade union movement (ICFTU and WCL), November 2002.

To this end, **the trade union movement** insists on the fact that the prime objective of these negotiations is the development of the ACP and the fight against poverty: hence it is urging the ACP to lay down criteria to be respected by the EPAs in order that the negotiations do not deviate from those two objectives. They are: supposed integration into the world economy; social development; poverty reduction, and respect for workers' rights²⁰.

The different forms of integration and the stages they go through

We set these out in boxes 3 and 4.

Box 3: The stages in regional integration

Degree of integration	Features
Preferential trade zone	Reduction of tariff and non-tariff barriers
Free-trade zone	Elimination of tariff and non-tariff barriers
Customs union	Free-trade zone + common external tariff
Common market	Customs union + free circulation of productive factors
Economic union	Common market + harmonisation of economic policies
Complete economic integration	Economic union + unification of economic and sectoral policies

Source: BIAO (B.), 1999, 'Intégration régionale en Afrique Centrale', *L'intégration régionale en Afrique Centrale, Bilan et perspectives*, pp. 29-41, Karthala, Paris.

Box 4: The different forms of integration

Integration by the market	Integration planned by the State	Integration by the players
<p>The process is dominated by the liberalisation of trade and the play of comparative advantages.</p>	<p>Voluntarist actions and institutions dominate the integration process which implies protection, planning, a coalition and equalisation mechanisms. This option implies the construction of a draft of a society disconnected from the international market and liberal management of the economy.</p>	<p>The creation of market mechanisms and their utilisation. Integration consists of the construction of regional spaces for consultations between players.</p>

Source: HUGON (Ph.), 1991, 'L'intégration régionale africaine, un processus contradictoire', *Intégration régionale et ajustement structurel en Afrique subsaharienne*, Etudes et documents, Ministère de la coopération et du Développement, Paris, pp. 19-77.

The possible obstacles to regional integrations in the ACP: sub-Saharan Africa

It is difficult to integrate poor countries like several sub-Saharan African ACP countries. In general, the integration of such countries involves not increases in wealth and capacities, but rather the reinforcement of poverty and instabilities, conflicts and shortages. This comment is based on the positive effects expected from integration (growing yields and economies of scale), which have a positive impact when the integration concerns rich countries which are institutionally strong and politically stable, and a negative impact when the countries considering integration are poor, as is the case with many in the ACP. To put it another way, the cumulative effects of wealth and institutional synergies

which are created between the rich do not exist when poor, unstable countries are integrated.

That said, political, institutional and social stability is crucial. That is why the EU and the **trade unions** insist jointly on a set of conditionalities whose function is to build up the economic, political and social fundamentals capable of assembling these prerequisites for the success of regional integrations in the ACP. Human rights, democracy and the rule of law are among them.

The essential elements and the fundamentals of the EU/ACP partnership

- A crucial commitment to good governance

The Cotonou Agreement reinforces still further the political dimension of EU/ACP co-operation. Its political underpinnings go well beyond democracy and human rights, to offer a fairly broad definition of governance which the Commission considers to be ‘the rules, the processes and the behaviours by which interests are organised, resources generated and power exercised in society’²¹. In the fourth paragraph of the preamble to that Agreement, the parties acknowledge that ‘a political environment guaranteeing peace, security and stability, respect for human rights, democratic principles and the rule of law, and good governance is part and parcel of long term development’²² (see box 5).

21. May 2005, *L'Union et L'Afrique subsaharienne: Quel partenariat?* Occasional paper, n° 58, The European Union Institute for Security Studies, Paris.

22. *Idem*.

**Box 5: Regarding the EIDHR
(European Initiative for Democracy and Human Rights)**

* The principles of liberty, democracy, respect for human rights and the rule of law form a cornerstone of the European Union.

* The European Community's external assistance programmes total some € 5 billion p.a. in addition to European Development Fund resources for the African, Caribbean and Pacific countries (13.5 billion Euro under the 9th EDF between 2000-2007). This assistance is available, inter alia, to promote human rights, democracy and the rule of law, through programmes focused primarily but not exclusively on assistance channelled via governments, much of it targeted at tackling the root causes of poverty.

* The financial instruments in favour of candidate countries (in particular Phare) are a sound basis for a coherent treatment of the human rights and democracy problems. In its co-operation with African, Caribbean and Pacific countries, the Commission has already begun to consider progress in implementing institutional reforms for human rights, democracy, the rule of law and good governance as an element in defining allocations for individual countries within the total EDF financial envelope.

In the definition of governance, the three key features which recur and which already existed under Lomé IV are:

- 1 Respect for fundamental freedoms and human rights as defined by international law, understood as including civil rights, political rights, social, cultural and gender rights;
- 2 Respect for the universally recognised democratic principles which underpin the organisation of the State to ensure the legitimacy of its authority, the legality of its actions which are reflected in its constitutional, legislative and regulatory system and the existence of mechanisms for participation (the text stipulates that these principles must develop in line with the democratic culture of each country, which might be a contradiction vis-à-vis the universality of the principles raised above);
- 3 Respect for the rule of law governing the structure of the State and its operation (distribution and separation of powers, application of the principle of legality, etc). Therefore, good governance becomes the capacity of a State to serve its citizens through transparent and responsible management of the human, natural, economic and financial resources with a view to sustainable, equitable development.

The consultation procedures

Violation of these fundamental principles may lead to the suspension of EU development assistance, hence the proof that the conditionalities represented by these principles serve as an *external restriction agency* or a *discipline structure* in the framework of EU/ACP co-operation. This explains the existence of the procedures for consultation between the parties in co-operation, so as to draw up what we might call 'inventories' of the ACP with due regard to the fundamentals of co-operation through regular control which, as appropriate, takes the decisions required on a case-by-case basis.

Divergences appear between the EU and the ACP on the principles for evaluation and the sanctions which may result. The Member States have long been split over the very principles of sanctions between the 'moralisers' and the 'pragmatists'.

Moreover, the Cotonou Agreement does not spell out what measures are likely to be adopted in the event of a violation of the fundamentals of co-operation. Similarly, many ACP consider these conditionalities and the political and social dialogue imposed to be a fresh form of interference robbing the ACP States and their governments of the responsibility for their acts through a process of infantilisation dictated by the *master-slave logic*.

That being the case, it is important to establish where the thresholds or the tolerable or intolerable limits lie in the violation of the fundamentals, by asking whether sanctions such as the suspension of the assistance actually act as more of a punishment to the governments who have behaved wrongly, or the poor and vulnerable classes. Accordingly, it seems that a permanent commitment to the promotion of the fundamentals is of more use than immediate sanctions, especially when the effect of sanctions is often a lasting loss of the authority and influence of the party imposing it. The case of Zimbabwe, which divided the Union over the choice between *immediate economic sanctions* and the *continuation of the political dialogue*, says a lot about this state of affairs, even though ultimately, the first option won out, coupled with a ban on members of the Mugabe government entering the Union.

Aside from a few concrete actions already undertaken by the EU in realising these fundamentals necessary for the success of regional integrations (see Table 8), the challenge of the EPAs where regional integration is a central plank lies in giving effective shape to the demands by the **trade union movement** on the realisation of the positive links between trade and social development and the fight against poverty.

Table 8: Sub-Saharan Africa: annual report 2003 on development policy and the implementation of external assistance

Prevention of conflicts, good governance and rule of law			
WEST AFRICA	Sudan	Ceasefire agreement maintained	1,1
	Ivory Coast	Peace negotiations	0,5
	Nigeria	Support of electoral process	6,5
	Togo	Formation of local administrations	1,3
	Sierra Leone	Improved treatment of prisoners and national census	7,5
CENTRAL AFRICA	Central African Republic	Peace negotiations conducted under the auspices of the African Union + National census	1,9
EAST AFRICA	DRC	Support of electoral process and protection of human rights	14,3
	Eritrea and Ethiopia	Projects linked to peace process and mine clearance	1,0
	Madagascar	Support of electoral process	0,2
	Somalia	Peace negotiations in Kenya	0,5
TOTAL EU SPENDING			34,8 (million euros)

Source: May 2005, *L'Union et L'Afrique subsaharienne: Quel partenariat?* Occasional paper, n° 58, The European Union Institute for Security Studies, Paris.



Annexes

Glossary

ACP

Group of states from Africa, the Caribbean and the Pacific, organization set up by the Georgetown Agreement in 1975.

Balance of payments

The balance of payments is the statistic that includes all real and financial transactions that, during a specific period of time, take place between the residents of one country and the rest of the world. Nationally, the balance of payments is a key element of national accountancy owing to the inclusion of external factors that contribute to the establishment of the gross national product (GNP) and the gross domestic product (GDP).

CEMAC

The Economic and Monetary Community of Central Africa was set up by a treaty signed on 16 March 1994, by six Central African countries: Cameroon, Central Africa, Congo, Gabon, Equatorial Guinea and Chad. It is an extension of the *Banque Centrale des Etats d'Afrique Centrale* (BEAC) and the Customs and Economic Union of Central Africa (UDEAC); the CEMAC acts as a relay for and strengthens these latter organizations.

Colonial pact

is a self-sufficient trade regime through which the centres sell manufactured products to colonies at prices higher than the world price and buy from colonies primary products at a price higher than the international market price. The result is economic dependence and a logic of complementarity that confines the colonies and the subsequent independent states to their primary, low value-added, sectors.

Competitiveness

Economic competitiveness is the capacity of a country, a town or a company to be viable and to develop in relation to other countries, towns and companies that carry out similar activities, also called external competition.

Dutch syndrome

is an expression referring to a range of harmful events created in an economy by the expansion of a sector that produces a natural resource. This sector causes damage in the form of rapid changes in the allocation of resources and the contraction of tradable goods in the wake of a distortion of relative prices.

Economic growth

This refers to a sustained increase over a long period of time of a production and volume indicator. In practice, it is the indicator used for measuring gross domestic product (GDP) and the rates of growth and variation of the GDP.

ECOWAS

The Economic Community of West African States was set up on 28 May 1975, by a treaty signed by 15 countries; Cape Verde joined in 1977.

EEC

European Economic Community was created by the Treaty of Rome on 25 March 1957. Starting on 1 November 1993, the name European Community or European Union replaced that of the European Economic Community in the wake of the Maastricht Treaty of 7 February 1992.

Free trade

A situation in which no obstacle limits or thwarts trade. Internationally, free trade implies the elimination of customs, tax and regulatory barriers.

GDP

is gross domestic product, which is the total value of domestic production of goods and services in a given country in a given year. It is also a measure of the income from production in a given country. The term annual economic production, or simply production, are also used.

Globalization

refers to a wide range of phenomena. From the purely economic standpoint, it is the increasing interpenetration and interdependence of

national economies and the submission of any transaction to the law of value as sanctioned by the impersonal forces of the market (supply and demand). From the geopolitical standpoint, it refers to the end of the Cold War, the bipolar world, the declassification of non-aligned countries and the victory of democracy and the market economy.

Technologically speaking, it refers to the development of new information and communication technologies and the ensuing expanding connections. Globalization can therefore be considered, in its most common definition, to be the growing economic interdependence of all the countries in the world, owing to the increase in the volume and variety of cross-border transactions relating to goods and the fact that technology is ever faster and more pervasive.

GNP

(gross national product) is the total value of the final production of goods and services of economic operators in a given country over a given year. Unlike the GDP, the GNP includes net income from abroad, i.e. the yield from investments made abroad, less proceeds from foreign investment made in the country. The GDP is a national statistic because it reflects the value-added produced by the residents of the country in question (principle of nationality), but it is not internal because a part of this value-added is produced abroad. The GDP is based on the principle of territoriality. The GNP, like the GDP, includes the country's VAT, whose legitimacy has been challenged.

HIPC Initiative

This is an initiative in favour of the highly-indebted poor countries (HIPC) that consists of a global debt reduction provision for the highly-indebted poor countries that apply adjustment programmes and reforms backed by the IMF and the World Bank.

IMF

Set up in 1944 at the UN financial and monetary conference held at Bretton Woods via a treaty that entered into force in 1945 to promote the introduction of a strong world economy. The IMF has 184 member countries and its task, among others, is to promote international mone-

tary cooperation, guarantee financial stability, contribute to economic stability and facilitate international trade.

Investment

This term refers to the use of means, in particular capital, for the production of goods and services.

Monetarism

An economic doctrine stating that action by the state in monetary matters is useless or even harmful. It is based on the idea that a currency is neutral and it is a simple instrument of exchange that can have no effect on the production of wealth nor on its distribution.

Multinationals

are private companies conducting activities in several countries. Some are increasingly powerful and are able to hold sway over other companies and even over states.

NSA

Non-state actors. In the spirit of the Cotonou Agreement, they include civil society in all its forms in accordance with national characteristics, the private sector, economic and social operators and trade union organizations.

Politico-economic cycle

This term refers to an electoral practice consisting of making popular economic decisions in the run-up to elections in order to get elected. For example, a government might decide to increase wages during an election campaign in order to secure the votes of civil servants and other pressure groups.

PRSP

Poverty Reduction Strategy Papers are set up by the government of low-income countries in keeping with a participatory process in which national stakeholders and external development partners, such as the IMF, the World Bank, take part. The PRSPs describe the macroeconomic, structural and social policies and programmes that a country

sets in motion over several years to promote growth and reduce poverty. They also describe external financing needs and related financing sources.

Trade balance

The trade balance of a country gives an overview of its exports and imports of goods and sometimes services, depending on the nomenclature used. These goods include manufactured goods, raw materials, farm products, travel and transport, tourism, service and consulting businesses, etc.

Rentier economy

is an economy that derives the bulk of its income from the exploitation of a rare resource. A rentier economy is one that receives on a regular basis substantial income from abroad paid by foreigners, companies or the government of a given country.

SADC

The Southern Africa Development Council was set up on 17 July 1992, in Windhoek, Namibia.

Structural Adjustment Plans

are plans imposed by the IMF and the World Bank on countries going through economic difficulties in exchange for which they receive aid. These countries undertake to observe a monetarist policy, to sharply reduce public expenditure, including in the social sectors, and orient all economic forces towards exports in order to honour their debts.

Washington consensus

This concept refers to the fundamental agreement between the IMF, the World Bank and the OECD concerning ten economic prescriptions that are recommended for struggling economies and make up the basis of the Structural Adjustment Plans. The prescriptions mainly concern budgetary discipline, guiding public expenditure, taxation favourable to investors, the liberalization of financial markets, a stable and competitive exchange rate, trade liberalization, privatizations, deregulation and the protection of private property.

World Bank

Created on 1 July 1944 at the Bretton Woods conference in the United States at the same time as the IMF, the World Bank's official task is to support development projects, grant low-interest loans to developing countries and interest-free loans and grants in a wide variety of sectors. In practice, it aligns itself with the IMF and places its financial might in the service of the Structural Adjustment Plans. It comprises two development bodies: the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA), and has 184 members.

List of works of the Cotonou Trade-Union Group

Re-established in 1992, the Lomé-Cotonou Trade-Union Group, led by ETUC (ETUC-ICFTU-WCL) published:

1. A Trade-Union Guide for Decentralised Cooperation (1996)
2. The Future of EU-ACP Relations – Contribution to the Commission’s Green Paper (October 1996)
3. The European and International Trade-Union Movement Refuses the Social and Economic Exclusion of Africa (EU-Africa Summit, April 2000)
4. The Cotonou Agreement – A Trade-Union Guide – Analysis – Innovations – Opportunities (September 2000)
5. Trade-Union Proposals for EU-ACP Relations
 - a. Contractual Policy Framework
 - b. Effective Social Policies
(July 1997)
6. Trade-Union Proposals for EU-ACP Negotiators for the Future Cotonou Convention (June 1998)
7. Reminder of Trade-Union Proposals with EU-ACP Negotiators (2nd Ministerial Version - July 1999)
8. Trade Must Serve Social Development
About Economic Partnership Agreements
(November 2002)
9. Expertise for Rapporteurs of the European Economic and Social Committee - For a Social Dimension of the Economic Partnership Agreements (2003-2004)
10. Boosting the ACP Trade Unions in the Economic Partnership Agreements (2003)
11. Contribution to the Mid-Term Evaluation of the Cotonou Agreement (2004)

12. Boosting the Capabilities of the ACP Trade Unions in the Economic Partnership Agreements. Description and Argumentation of the Project (March 2005)
13. The ACP Trade Union Organisations in the Face of the ACP Stakes.
Risks and Opportunities and Needs in Terms of Boosting Capabilities.
Summary of Professor Lapeyre (UCL) of the research by the Trade-Union Experts in the field in 24 ACP States (September 2006).

List of the negotiation regions for Economic Partnership Agreements (EPAs)

List of the negotiation regions for Economic Partnership Agreements (EPAs)		
WEST AFRICA ECOWAS + MAURITANIA	CENTRAL AFRICA CEMAC + STP	EAST SOUTH AFRICA ESA
Benin	Cameroon	Burundi
Burkina Faso	Centrafrican Rep.	Comoros
Cape Verde	Chad	Congo (Dem. Rep.)
Gambia	Congo	Djibouti
Ghana	Equat. Guinea	Eritrea
Guinea	Gabon	Ethiopia
Guinea Biss.	S. Tome, Princ.	Kenya
Ivory Coast		Malawi
Liberia		Mauritius
Mali		Madagascar
Mauritania		Rwanda
Niger		Seychelles
Nigeria		Sudan
Senegal		Uganda
Sierra Leone		Zambia
Togo		Zimbabwe

	SOUTHERN AFRICA 'SADC GROUP'	CARIBBEAN	PACIFIC
	Angola	Antigua, Barb	Cook Is.
	Botswana	Bahamas	Fed. Micron.
	Lesotho	Barbados	Fiji
	Mozambique	Belize	Kiribati
	Namibia	Dominica	Marshall Is.
	Swaziland	Dominican Rep.	Nauru
	Tanzania	Grenada	Niue
		Guyana	Palau
		Haiti	Papua N. G.
		Jamaica	Samoa
		St. Lucia	Solomon Is.
		St. Vincent	Tonga
		St. Kitts & Nevis	Tuvalu
		Surinam	Vanuatu
		Trinidad & Tobago	

Organisations promoting and acting as partners in the project

Promoting organisation:

CSTT
Confédération syndicale des travailleurs du Togo

Partner organisations:

NTUC
National Trade Unions Confederation (Mauritius)

CASC
Confederación Autonoma Sindical Clasista (Dominican Republic)

CSTC
Confédération Syndicale des Travailleurs du Cameroun (Cameroon)

USTG
Union Syndicale des Travailleurs de Guinée (Guinea)

SFTU
Swaziland Federation of Trade Unions (Swaziland)

FTUC
Fiji Trades Union Congress (Fiji Islands)

BWU
Barbados Workers' Union (Barbados)

TUC
Trade Union Congress (Ghana)

International and European partners:

ICFTU

International Confederation of Free Trade Unions *

WCL

World Confederation of Labour *

ETUC

European Trade Union Confederation

ILO/ACTRAV

Bureau for Workers' Activities of the International Labour
Organization

* The ICFTU and the WCL have now been wound up and on 1 November 2006 joined forces to create the new International Trade Union Confederation (ITUC).

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NB: From 1st November 2006, the ITUC replaced the WCL and the ICFTU; Isabelle Hoferlin and Ramon Vivanco were appointed to represent the ITUC.



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