The Lomé Convention

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The Lomé Convention sets out the principles and objectives of the Union (at the time Community) cooperation with ACP countries. It's main characteristics are: the partnership principle, the contractual nature of the relationship, and the combination of aid, trade and political aspects, together with its long-term perspective (5 years for Lomé I, II, and III, and ten for Lomé IV).

Lomé I
Signed in 1975, coinciding with the fourth EDF (3 BECU), the first Lomé Convention is aimed at including, after the accession of Britain to the Community, some of the Commonwealth countries in the cooperation program.
Its main characteristics are:

- the non-reciprocal preferences for most exports form ACP countries to EEC;
- equality between partners, respect for sovereignty, mutual interests and interdependence;
- the right of each state to determine its own policies;
- security of relations based on the achievements of the cooperation system.

It also introduces the STABEX system (to compensate ACP countries for the shortfall in export earning due to fluctuation in the prices or supply of commodities).

Lomé II
Signed in 1979 and corresponding to the fifth EDF (4.542 BECU), it does not introduce major changes, except for the SYSMIN system (help to the mining industry of those ACP countries strongly dependent on it).

Lomé III
Signed in 1984 and corresponding to the sixth EDF (7.440 BECU), it shifts the main attention from the promotion of industrial development to self-reliant development on the basis of self-sufficiency and food security.

Lomé IV
This is the first Convention to cover a ten-year period, even though the attached financial protocol has a duration of five years. The first financial protocol (1990 to 1995) provides 12 BECUS, 10.8 of which from the seventh EDF, the rest form EIB. The second goes from 1995 to 2000 and supplies 14.625 BECU through the eighth EDF.
A Mid-Term Review of the Convention is also scheduled for 1995.
Great emphasis is put on: the promotion of human rights, democracy and good governance; strengthening of the position of women; the protection of the environment; decentralized cooperation; diversification of ACP economies; the promotion of the private sector; and increasing regional cooperation.

Revised
Lomé IV
The Mid-term review takes place in

1994-1995, in the context of major economic and political changes in ACP countries (democratization process, structural adjustment), in Europe (enlargement, increasing attention to East European and Mediterranean partners), and in the international environment (Uruguay Round Agreement). The main amendments introduced are:

- the respect for human rights, democratic principles and the rule of law become essential elements of the Convention. This means that ACP countries that do not fulfill these criteria risk the retrieval of allocated funds;
- for the first time EDF is not increased in real terms;
- phased programming is introduced, with the aim of increasing flexibility and improving performances from ACP countries.
- more attention is given to decentralized cooperation in the form of participatory partnership including a great variety of actors from civil society.

Five generations of ACP-EC agreements
The new partnership agreement between the 15 European Union (EU) member states and the African, Caribbean and Pacific (ACP) states marks five generations of agreements between ACP-EC sovereign states. It is the world's largest financial and political framework for North-South cooperation.
This special partnership is characterised by its non-reciprocal trade benefits for ACP states including unlimited entry to the EC market for 99 per cent of industrial goods and many other products, especially for the Least Developed Countries (LDCs) which number 39 in the ACP grouping. In addition, aid packages for each ACP country and region are regularly updated.
A unique feature of the ACP-EC accord is dialogue and joint administration of its content by the Community and the ACP. ACP states are free to table requests which are mutually negotiated with the EC.
Institutions ensure a permanent dialogue; an annual ACP/EU Council of Ministers, regular meetings of the Committee of ACP Ambassadors which receives technical support from a permanent Brussels-based ACP Secretariat. ACP Parliamentarians and Members of the European Parliament meet twice annually in a Joint Assembly, where issues on the partnership are debated.
A 'National Indicative Programme' (NIP) is mutually negotiated by the European Commission and an ACP state and sets development targets e.g. in primary education or health and contains a five yearly spending pledge for each country tailored to meeting those needs. The NIP is funded out of the European Development Fund (EDF), the financial protocol to each agreement, to which EU member states contribute.
The EDF has also traditionally provided funds for regional cooperation, for the EU's remaining Overseas Countries and Territories (OCTs), humanitarian and emergency aid and for Non Governmental Organisations. Additional loans from the European Investment Bank (EIB), largely for infrastructure, have become a feature of cooperation too.
The Lome "acquis"
The much valued partnership is based on a corpus of shared objectives and principles, as well as the trade and financial benefits, which have expanded overtime to become the Lome 'acquis'. Yet, the partnership has kept apace with an ever changing international environment to best respond to ACP needs.
Yaounde to Lome
ACP-EC Cooperation dates back to the birth of the European Treaty of Rome establishing the European Economic Community 1957, which expressed solidarity with the colonies and overseas countries and territories and a commitment to contribute to their prosperity.
The first association of ACP and EC member states (1963-69) Yaounde I, was drawn up in the Cameroonian capital. Yaounde II (1969-75), also signed in the Cameroonian capital, pledged the lion's share of EDF financial support to French-speaking Africa to build infrastructure in the wake of decolonisation. But the Yaounde accords importantly sewed the seeds for the new generation

of Lome accords.

Lome I

Membership of the United Kingdom to the then EEC in 1973 led to the signing of the wider reaching Lome I agreement between 46 ACP and the then 9 EEC member states (1975-80). At that time, the UK was keen to put its special trading preferences for bananas and sugar under the EC umbrella and extend its assistance to some former colonies beyond bilateral support.

Separate trading 'protocols' on sugar, beef and veal and bananas became a feature of successive Lome Conventions. The banana protocol has ensured duty-free entry to the EU market for specific quotas of bananas and has been a lifeline for many small island Caribbean states.

Under the sugar protocol, the Community agrees to buy a fixed quantity annually of sugar from ACP producers at attractively high guaranteed prices aligned to EU's own internal sugar price and establishes annual quotas for sugar producers, a preference which has been valuable to the economic development of certain ACP states - Mauritius, Fiji, Guyana and Barbados. The beef and veal protocol permits a 90 per cent refund of tax normally paid on beef imports from several ACPs and has especially benefited Southern African exporters.

Lome I also prioritised infrastructure; road building, bridges, hospitals and schools and sustainable agriculture (4th EDF - 3.072 billion ECU). These priorities continued under Lome II 1980-85 (5th EDF - 4.725 billion ECU).

Stabex & Sysmin

In the 1970s, new EDF instruments were introduced to cope with the commodity crisis, demonstrating Lome's flexibility to adapt to new circumstances in ACP states.

The stabilisation of export receipts on agricultural products (STABEX) gave funds to offset losses on a wide number of agricultural products; cocoa, coffee, groundnuts, tea and others, as a result of crop failures and price falls.

Sysmin was also an innovation of the'70s. A country heavily dependent on a particular mineral and suffering export losses could access Sysmin loans which were designed to lessen a country's dependency on mining.

Under Lome III (1985-1990), whilst infrastructure funding was still required, people were still dying of hunger and rural development projects became a focus of funds for the 6th EDF (7.4 billion ECUs) to promote food security and combat desertification and drought.

Lome IV

The signing of the ten year Lome IV (1990-2000) marked another turning point in Lome's history. The then European Community (EC) embarked on dialogue with the World Bank and International Monetary Fund (IMF) on how best to support structural adjustments as a means to economic growth.

Several ACP and EC nations agreed on balance of payments support in their National Indicative Programmes (NIPs) and sectoral and general import programmes which raised money for health and education projects by the sale of goods in short supply on the local market were financed with Lome IV's initial five year financial protocol (7th EDF 10.8 billion ECUs). The EC now provides 10-30 percent of total adjustment aid to ACP economies, notably to education and health programmes.

Other key changes under Lome IV included the banning of toxic waste movements between ACPs and EC member states and more EDF monies for decentralised cooperation and diversification of the economy.

Human rights - an 'essential' element of cooperation

Signalling the Convention's flexibility, Lome IV became the first development agreement to incorporate a human rights clause as a 'fundamental' part of cooperation (article 5).

Further changes were made at Lome's IV revision five years later (1995-2000). An updated clause confirmed human rights as an 'essential element' of cooperation, meaning that any violation could lead to partial or total suspension of development aid by then European Union after prior consultation of other ACP nations and the abusing party. It was the first development agreement to set such a standard.

Other novelties in the revised Lome IV included a 'protocol' for the protection of ACP forests allowing the 8th EDF budget 1995-2000 (12.9 b ECU) to be tapped, for example, for the preservation of tropical forests.
In the interests of debt alleviation, all uncommitted special loans under previous Lome Conventions were transformed into grants.
Further, to speed up the efficiency and effectiveness of grants, a 70 per cent allocation only would be committed at the signing of the NIP, with a further 30 per cent earmarked only on assessment of how the initial tranche had been spent.
New millennium - new accord
The expiry of the Lome IV in the new millennium was the opportunity for deeper changes to EU-ACP cooperation whilst preserving the Lome 'acquis.' In 1997, then Commissioner for Development, Joao de Deus Pinheiro, called for root and branch reform.
The backdrop was that in spite of Lome's successes, ACP-EU cooperation could do better and needed to adapt to a different geostrategic situation after the demise of the East-West power blocs.
Statistics indicating that generous trade preferences were not enough for economic take off were detailed in a 'green paper' published by the European Commission in 1997, ahead of the 1998 talks on a new agreement:

- ACP countries' share of the EU market had declined from 6.7 per cent in 1976 to 3 per cent in 1998 with 60 per cent of total exports concentrated in only 10 products, with just a handful of nations registering economic growth as a result of the trade protocols and preferences notably; Ivory Coast, Mauritius, Zimbabwe and Jamaica.
- Per capita GDP in sub-Saharan Africa grew by an average of only 0.4 per cent per annum 1960-1992, compared with 2.3 per cent for developing countries as a whole.
- Only 6 per cent of African trade was with other countries of the continent.

Anti-poverty measures such as access to drinking water, improved health and education services were still a priority. And improved access to productive resources especially for women; to land, capital, credit and training, were all vital for growth.
The green paper also pondered that economic developments had gone hand in hand in some countries with the social disintegration, mounting conflicts and humanitarian disasters, etc undermining development policies and which had deflected donor focus to emergency aid and crisis management.
On the aid front, the assessment was that there had been insufficient account of the institutional and policy context of the partner country, undermining the viability and effectiveness of aid.
And there was a need to speed up disbursal of EDF monies and simplify the Convention's clauses, considered as too numerous and sometimes leading to unnecessary duplication of work.
Waning international donor support for developing nations, falling over ten years from 0.33 of donors' GNP in 1988 to 0.23 per cent in 1998, was of concern too. And this worry was heightened by an increasingly negative public reaction to cooperation, some European taxpayers viewing corruption as endemic in African nations and calling for better and more efficient use of funds.
In addition, within the European Community, the 1992 Maastricht Treaty on European Union had redefined Europe's development priorities; promotion of democracy, the fight against poverty, improved commercial competitiveness and aid effectiveness.
Further, a series of United Nations (UN) thematic conferences in the 1990's on; the Environment, Population, Human Rights, Social Development, Women, and the World Food Summit had set new standards to be met by donors and developing nations alike.
Globalisation of the economy and development of the market economy and growing regionalism in ACP nations also had to be addressed. A buzzing private sector in many ACP states, seen as an engine for economic development, merited extra support.
The new millennium was a timely opportunity for the restatement of the EC's political commitment to the ACPs.