

Executive Summary
Study on the Future Perspectives of the ACP Group

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Executive summary

1. This study concludes that a fast changing context is crucial in the range of options that can be considered for the future perspectives of the ACP group.
2. Extensive interviews with over 60 representatives, government ministers, ambassadors and other resource people from ACP countries and beyond provide the empirical material for this study.
3. The study finds that interviewees of the ACP have a clear appreciation of the changing global context, including of the EU's challenges in terms of financial and economic terms and its growing internal concerns with poverty relating to the financial crisis, the inclusion of new members and the growing global competition.
4. It is also recognized by the majority of respondents that the relationship between the ACP and the EU has provided historic opportunities and that a stable extensive network of reliable structures, relations, working procedures and valuable networks have been created.
5. The study also emphasizes that it will take time to establish the relevance of the EU Lisbon Treaty for the EU's positioning in the world and that it is too early to draw definite conclusions; it is also argued that the ACP – EU relationship is multidimensional and has strong historic roots, and the continuation of the relationship is a more likely scenario than one of a complete break-up, given the ACP and EU shared interests in a strategic relationship.
6. The ACP group itself has changed, with a new generation of leaders and representatives which are more than ever conscious of the potential of their countries to contribute to development and the need of their countries to have their voices heard in the international structures that govern modern globalization.
7. There also is a keen interest to avoid unnecessary overlap or duplication and to make sure that any future perspective of the ACP Group will make a distinct and precise contribution to the international representation of the members of the group, defined in terms of additionality to other international groupings.
8. Almost all interviewees recognize the number of the countries in the ACP group as a strength, as well as its historic long term structures and ability to negotiate with a strong industrialized regional group such as the EU.
9. The diversity in the group is considered both a weakness and a strength, a weakness in that the group represents a broad range of interests and a strength in that the group represents a multidimensional and inclusive perspective of poverty, representing larger economies such as South Africa and Nigeria, with still pressing problems of domestic poverty, alongside small island states, land-locked countries and the Least Developed

Countries (LDCs). The group is also bound together by their historic relations with the EU, which determine a range of structural economic realities.

10. The interviewees recognize the importance of globalization, and by extension of global governance, and the role of the emerging economies, such as the BRICS and Gulf countries, both in terms of their impact in domestic economic and finance investments as well as in terms of their role in global governance, such as in the UN, WTO and the G-20. This provides on the one hand possibilities for diversification of relations and opportunities to attract alternative investment, while on the other hand it increases the challenge of the Group to create voice and representation in global governance. This is seen as an opportunity for the future perspective of the ACP Group.
11. The study notes that three groups of countries can now be identified in global governance fora: industrialized countries, BRICS and poor countries. While the first two groups are organized in the G7 and G20 and the industrialized countries are supported by the OECD, the group of poor countries is not organized for negotiations as a group at the international level. The ACP with its composition, history, structure and secretariat could play a role to represent the group of poor countries in key areas of economy, trade, finance and sustainable development.
12. Economy, finance and sustainable development, including climate change and food, are increasingly interlinked and the G77 proposal for Sustainable Development Goals to follow up on the Millennium Development Goals, are a constructive set of proposals to ensure equitable access to resources as a central issue for the future global agenda. The ACP could add voice and strength to the G77 in its effort to negotiate an alternative economic model based on the idea of justice and inclusion of all.
13. The threat to the ACP Group is identified in the international context: volatile food and fuel prices, climate change and the financial crisis create an increasingly insecure environment in which the management of uncertainty and crisis-characterized developments take over the earlier paradigm of ever-advancing development. Given that these crises particularly impact on the ACP Group, its role in the management of these crises is a potential perspective it could further explore.
14. The expertise of the ACP Group in a broad multidimensional approach to poverty eradication, with specific expertise in trade and finance is well recognized by the respondents, as well as is potential role in the issue of the management of poverty-related aspects of climate change and sustainable development.
15. South – South cooperation seems of particular importance to strengthen the economic and finance base of the group, which in turn will help build greater political strength and the creation of added value to the natural resource exporting economies is of primary importance to allow an ACP market to develop. A long-term perspective on an ACP Free Trade Area should therefore remain part of the wider agenda of the group.

16. Global governance is not organized on the basis of purely logical criteria and no regional group, including the EU itself, can escape from historical anomalies; the ACP group is open to expansion of the members, but a priority is seen in consolidating the current group and concretizing the short term steps of a new future perspective, in the medium and longer term expansion and association of other member countries in the three continents should be considered.
17. The majority finds the three continental nature of the group, and its association to the EU an important asset, the group is seen to be able to cover and spread into the continents of Africa, the Americas, Asia and Europe and in this way it can tap into political support to expand on its voice of 79 (soon 80) members.
18. The track record build in the management of the extensive cooperation programs of the ACP group is another asset, which adds value in addition to any other bilateral or regional programs development partners may feel they want to pursue. The group has proven ability to handle and account for programs that in financial size are larger than many other funds.
19. It has been emphasized that the future perspective should centre around a clear vision and mission, linked to the multidimensional aspect of poverty that characterizes the group's member countries, its commitment to approaches of development based on respect for human rights, good governance and democracy, a technical competence in dealing with large development partners and an aspiration to have the interests of the group of poorest countries better represented in global governance fora.
20. The respondents interviewed from the ACP group also espouse a clear awareness of the need for internal changes and the relatively short time-window for this change to be realized, in order to build respect for the group's ability in the new current context. As part of the recommendations for change are mentioned: (i) the need for political guidance from ACP Heads of State; (ii) the need for a more political orientation of the ACP group, its meetings, the preparation of these and the outcomes of these meetings; (iii) greater visibility and presence in internationally relevant fora; (iv) expansion of political cooperation with the EU on the basis of the collaboration between the 2 regional groups; (v) expansion of cooperation with other development partners and BRICS countries.
21. The structures of the ACP group will need to be streamlined with these priorities, including the effective use of the secretariat and the Geneva office; expansion of expertise in key areas, including in climate change, creating greater long term continuity of the leadership of the ACP group and secretariat; creating clear mandates for political representation of the Group's interests by its leadership and executives; and potential expansion with an antenna in New York and setting up of a committee of ACP ambassadors in NY.

22. The Secretariat should be strengthened and made into a 'development organization' with a renewed mandate to serve as an executing agency as well as knowledge institution on trade and regional development matters. Doing this will also require an enhanced status for the Secretary General, to enable him or her speak on ACP wide matters and to represent the group on the world stage.
23. The outcomes related to the Terms of Reference are the following:
 - *examine the continued relevance and achievements of the ACP as a group and the functioning of its organs in the new and evolving global environment;*
24. A significant majority of representatives (cabinet Ministers and Ambassadors) expressed the view that the ACP Group's perspective on the future was relevant and that its relevance was heightened by the current global context. The future perspective of the ACP Group was seen as relevant independent from the EU's position; while many felt that a continued relation with the EU was commonsensical and consistent with the historic ties developed. Openness to new relations and cooperation with new development actors was seen as imperative of the future perspective as a reflection of the changed global order.
25. It was further suggested by the majority of respondents that the ACP secretariat's mandate should evolve more clearly around the servicing of the interests of the ACP members and hence its core functions should be financed by the members, while other functions, such as the servicing of cooperation agreements could be shared jointly with developing partners.
26. It was also felt that the mandate of the Committee of Ambassadors had evolved and should evolve further to a more political role and that the Georgetown Agreement should be adapted accordingly.
 - *review the ACP's privileged relationship and cooperation with the European Union taking into account the Second Revised Cotonou Partnership Agreement, Economic Partnership Agreements and the Lisbon Treaty, as well as its relationships with other development partners;*
27. The establishment of the ACP group in 1972 was the product of a clear vision on international cooperation emanating from the need to strengthen the former colonies and help establish these countries as independent economic and political actors. Nevertheless there was some frustration expressed in interviews that the economic relations have not fundamentally changed and that therefore the political significance of the ACP Group is still marginal. The negotiations of EPAs have in some individual circumstances aggravated the feeling of being dictated to, but have also sharpened the ACP group's negotiation awareness, its capacity to conduct negotiations as a group and in terms of cooperation between subregions. It is also felt that this process has contributed to the Group's expertise in and ability of negotiating trade and finance matters, which is seen as an asset for the future.

28. The majority of the ACP Groups is aware of the possibility of establishing a more equal relation between the ACP and the EU, which the Cotonou Agreement aspires to and especially feels that the Cotonou Agreement has given space to the development of the economic and political cooperation dimensions between the regions. The holistic nature of the agreements between the two regions remains a point of celebration, in which the values of human rights, good governance and democracy that form the basis of the agreement have been internalized as essential for future cooperation.
29. The ACP Group appears very aware of the challenges the EU faces after the Lisbon Treaty in terms of dealing with a certain amount of fragmentation between institutions and in terms of defining the terms of its strategic policy objectives. More important developments pointed to are the enlargement and the diversity of histories and policy priorities of different EU member states as well as the economic crisis and the pressure of the latter on the European economies resulting in stringent austerity measures affecting development relations. The ACP Group should realism and acceptance of these realities but did not see these as necessary block to further cooperation between the regions.
30. The ACP Group demonstrated a strong desire for the future relations with the EU and other development partners to be based on mutual respect and equality.
31. The respondents of the ACP group show strong interest in further exploring the relations with emerging economies and enhancing partnerships in this regard, without losing sight of the Groups primary objective, to combat poverty in its countries and pursue its interests in this regard.
- *identify the comparative advantages that the ACP Group possesses and the relevance of these advantages for the future, as well as the Group's strengths, weaknesses, opportunities and threats (SWOT analysis);*
32. The comparative advantage of the ACP group was identified in its presence on three continents and its ability to reach out to the Americas and Asia, as well as its historic ties with Europe. The Groups was therefore seen as strategically placed to defend the interests of the group of poorest and vulnerable countries, because of its composition (LDCs, small island states, land-locked countries) and diversity (small and larger poor economies, geography).
33. Further strength was identified in its sophisticated level of organization, its ability to bring together representatives of countries in regular meetings and its support system of experts. With reference to the Geneva office the view was that its mandate should be expanded, the committee of ambassadors in Geneva could be structured to support it and similarly a potential antenna in NY, supported by a committee of ambassadors should be considered.

34. In terms of weaknesses the respondents cited lack of dynamism as a major issue, the lack of political orientation of the meetings and the lack of political space for decision-making processes at the political level – issues that most hastened to say, should be dealt with quickly. Also the exclusive orientation on the EU and on EU aid, at the expense of an orientation on other development partners and on political and economic cooperation rather than aid, was cited as a weakness by some respondents. Furthermore the lack of continuity in political leadership in the secretariat were mentioned as a potential weakness, with strong confidence expressed in the current leadership and a wish for a process that would allow greater certainty and confidence in terms of continued competent leadership.
35. As a threat was identified the position that the ACP Group could be over-reliant on the EU and that the issue of potential losing interest of the EU and its interest to deal with ACP members simply on the basis of bilateral or subregional relations, and it potentially dictating the future composition and direction of the ACP Group. It was also pointed out that a negative interpretation of the consequences of the Lisbon Treaty could drive the ACP away from the EU, without a proper joint reflection on the potential benefits of continued cooperation between the two groups. This was particularly a threat in the aftermath of the EPA negotiations that according to many were not understood in terms of their joint benefit and created inflexibility which was not a good basis for political or economic cooperation.
36. As an opportunity it was argued that the group of poorest countries is not adequately represented in global governance, while industrialized countries and BRICS are. The G77 has created a new orientation in the need for a paradigm shift to a development-orientation that would allow inclusive growth in ACP countries. The poorer countries in the G77, organized in the ACP, could more actively contribute to realize positions in this regard and give voice to the interests of the group of poor countries within the G77 and within for a such as the G20. This could help bring about a sustainable economic perspective. The natural resources available in the ACP countries are an asset in this regard, which, if properly used, can increase the economic weight and political relevance of the group. In this paradigm shift a greater emphasis on the management of crisis and the technical experience of the ACP Group to deal with mechanism of risk insurance systems could be exploited in terms of charting out its future relevance along concrete implementable measures.
37. The discussions in preparation of Rio + 20 further show that the agendas of economic development sustainability and climate change and poverty eradication are becoming one agenda; that of a paradigm that provides opportunity to all rather than a model that simply protects the achieved status of the group of industrialized countries organized in the OECD. In that regard it is the group of poorest countries that has the opportunity, if organized, to realize a shift of paradigm in economic model that serves the world population as a whole. The ACP's close historic relation with Europe, its relation with

emerging economies and its traditional position within the G77 places it in a strong position to help facilitate this process in close collaboration with other countries and groups of countries. The ACP has already worked with the EU to agree common positions on world development agendas, prime examples being the joint positions on Busan and Rio+20, which demonstrate that this is possible and much more could be achieved.

38. It was also felt that the opportunity of educated youth and students in ACP countries would provide a potential for future engagement and would help in terms of defining the mission of the ACP and create visibility domestically in member countries.

<p>Strengths:</p> <ul style="list-style-type: none"> • number of member countries • diversity • geographic spread • historic connection • historic mandate based on independence • built on ethics of solidarity and justice • based on universal values of human rights, accountability and democracy • long-term operational experience and track record • shared ideas on multidimensional face of poverty • cohesive group of countries in terms of poverty, including LDCs, Small island States and Land-locked countries • cooperation based on exchange between different regions and realities – creating understanding • structured way of ACP cooperation, regular meetings between ambassadors, parliamentarians and ministers as well as heads of state • strong secretariat and supporting offices, such as Geneva office • demonstrated capacity in negating with industrialized regions on economy, trade, finance • Expertise and common interest in climate change and its intrinsic connection to economy and crisis management • Track record on management of cooperation with developing partners • Availability of raw materials and natural resources • Historic link with EU and mutual commitment to the Cotonou Agreement • Experience in South- South cooperation • Demographics and youth populations • Cooperation with emerging economies • Links with three continents (Africa, Asia, LA) and Europe • Fostering political cooperation • Fostering economic cooperation, helping strengthening of the regions and cooperation between the regions 	<p>Opportunities:</p> <ul style="list-style-type: none"> • Increased importance of global governance • Split between industrialized countries, BRICS and poorest countries – but the latter not separately represented in global governance • G77 composed of emerging and poor countries, but while BRICS are organized, the poor countries are not • Consensus emerging in the G77 around an alternative paradigm of sustainable, economic and finance development • Cotonou Agreement still relevant but objectives need to be achieved and some aspects of the agreement must be enhanced (political cooperation in particular) • Expansion of cooperation with EU possible in a number of areas due to the historic connection between the ACP and the EU and shared visions • EU will need (young) people for employment due to ageing • Paradigm shift to a greater emphasis on the management of crisis and the technical experience of the ACP Group is valuable in developing mechanisms to deal with risk such as risk insurance systems • Strengthening of regional cooperation and fostering greater cohesion and cross learning in regional trade and finance • Interest of the BRICS and other development partners in ACP countries • Interest of educated youth and students to help create new perspectives on development in ACP countries • Increasing importance of political cooperation and stability for economic development • Increasing competition over natural resources and raw materials in ACP countries • Increasing evidence that the management of natural resources and raw materials is key to sustainability and climate change and their economic relevance • Cooperation on people's movements, employment, migration and visa.
<p>Weaknesses:</p> <ul style="list-style-type: none"> • Number of member states and diversity can make it difficult to reach joint positions • Solidarity between countries could/should be stronger • The work of the ACP is not sufficiently visible • People in ACP member countries no longer know about the ACP • The working structures should be more dynamic and political • The core of the ACP secretariat should be centered around defending the interests of the members and should be financed independently by the members 	<p>Threats:</p> <ul style="list-style-type: none"> • Over-reliance and dependence on the EU • Too early conclusions drawn on the consequences of the Lisbon Treaty for EU – ACP cooperation • Lack of visibility of achievement of ACP – EU cooperation in the ACP and EU countries

<ul style="list-style-type: none"> • The political cooperation with the EU (set out in Cotonou) could be strengthened • Orientation of ACP too much focused on the EU • Too little focus on cooperation with other developing partners and BRICS • Not enough focus on important global political areas, such as economy, finance and climate change • Lack of continuity in political leadership • The group could be stronger if it had a strong political mandate by Heads of State and Ministers • Political leadership should represent the group and receive a strong mandate for executing the external functions of the group. 	<ul style="list-style-type: none"> • Lack of financial commitment to realize a future perspective • Hang-over of EPA negotiations on ACP – EU cooperation • Further polarization between industrialized countries and BRICS and trampling of interests of poorest countries • Lack of global interest in an alternative development agenda, based on sustainability, justice and opportunity for all • Lack of interest from youth in the ACP development agenda • Lack of access to the ACP group by other groups, such as G77, BRICS, industrialized countries • Competition with regional bodies in the same areas: for instance AU to coordinate trade
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- *examine the ACP Group's relationship with ACP regional organizations and others including the Organization Internationale de la Francophonie (OIF), Commonwealth Secretariat and others;*

39. While the OIF and the Commonwealth Secretariat are groups of industrialized and developing countries jointly, the ACP group is homogeneous in terms of it representing the poorest developing countries. In this sense it has a clear common interest around poverty and sustainable development. It also allows the ACP group to develop a very real dimension of South – South cooperation.

40. Its relation with the EU is also seen as an important asset, in that it allows the EU to have a partnership with a group of countries that relates to it as region, rather than the composite parts of relations and exclusive relations of EU Member States.

41. In this regard the ACP Group, organized in relation to the Cotonou Agreement, has the advantage of relating to real policy, policy areas such as trade, investment, agriculture and energy that are now exclusive powers of the EU and not of its member states. This gives the ACP a priority channel that is not available through the exclusive relations with EU member states.

- *examine prospects for the integration of the ACP Group through an effective Intra-ACP Cooperation Programme on the basis of the ACP Summit Declaration 1982 and 1985 Intra-ACP Plan of Action;*

42. Intra ACP cooperation was highly valued, both in political terms as in terms of economic cooperation and technical cooperation, but many respondents made the point that much more was needed and that the ACP should really invest in this area.

43. The proposal for an ACP investment bank received a lot of support, provided that it would not have any political links and would be entirely financial investment focused (and not overlap with development banks). It should be financed with ACP capital and focusing on supporting SMEs and intra-regional investments. It could extract other finance once established.

- *assess the feasibility of opening the ACP Group to include other developing countries, least developed countries (LDCs) and islands or countries with similar characteristics;*

44. There was a strong view that the composition of the ACP Group should be entirely a matter of the ACP group itself.

45. There was a focus on changing the direction and scope of the Group before changing the composition. However, there was much openness to admitting new members, especially LDC's and association of partners in Asia and Latin America on the basis of political or economic cooperation in certain areas.

46. There was no respondent who favored the idea that the ACP Group should be reduced to LDCs and small island states only. It was felt that the bigger countries were important to give the group economic and political diversity, necessary for a meaningful existence.

- *examine various options and scenarios for post-2020 when the Cotonou Agreement expires, while taking into account the privileged relations between the ACP and European Union.*

47. The following range of scenarios was proposed:

Status Quo

48. Respondents feel that this scenario will lead to the marginalization and eventual abolition of the ACP Group. They fear that the EU will lose its interest in the group, and that the ACP Group itself will implode, with no relevance or perspective within the changed global relationships. None of the respondents felt that an exclusive focus of the ACP on the EU would be a practical way forward in the changed global relations and the range of options with newly emerging actors and therefore all respondents felt that change was inevitable.

Closing down

49. This scenario can be entertained, but the research clearly shows commitment from the respondents to engage with scenarios of change.

Regionalization

50. While a regional approach could be considered none of the respondents really seriously developed a case for this scenario. What a number of respondents did suggest is that regional cooperation in a number of areas could be useful, none of the respondents believed that a scenario based purely on regions would serve a purpose or have a future. It is especially felt that regionalization does not contradict the future of the ACP group as a whole.

Decrease the membership to LDCs

51. The main idea of this scenario is that the ACP Group will be an EU aid partner focused on LDCs. There is hardly if any support for this scenario at present.

Independent ACP with multiple sets of relations

52. This scenario follows logically from the quantitative results of the interviews, with a significant majority of ambassadors and Ministers favoring an independent ACP. There is also a significant majority in favor of a secretariat core that is financed by the ACP countries themselves and reflects the political commitment to the ACP Group. It is also believed that this will give it independence in political position that reflects the shared interests of the ACP. While a small number argues that the relationship with the EU should remain the priority of the group, the vast majority is in favor of expanding the relations to newly emerging actors, and these two positions are not seen as mutually exclusive. Within this scenario there are a range of subsets of options which are set out below. This scenario, which carries the support of the majority, has been elaborated in the report in the following dimensions:

1. Mandate: political; economic; technical
2. Core business
3. Substantive mandate: trade, finance, aid, climate change
4. Global Governance focus: WTO, UN, G-20
5. Organization: institutional considerations
6. Composition: expansion, graduation or status quo
7. Cooperation: Intra-Regional cooperation, South– South cooperation
8. Visibility
9. Pace of change: short term versus long term