AFRICAN, CARIBBEAN AND PACIFIC GROUP OF STATES
A 21ST CENTURY AFRICAN CARIBBEAN AND PACIFIC GROUP
DELIVERING FOR ITS PEOPLES

REPORT
by the EMINENT PERSONS GROUP

March 2016
ACRONYMS

ACP Africa, Caribbean and Pacific Group of States
AFT Aid for Trade
AHRD Administration & Human Resources Division
ACABQ United Nations Advisory Committee on Administrative and Budgetary Questions
ASGs Assistant Secretaries-General
AU African Union
BRICS Brazil, Russia, India, China, South Africa
CARICOM Caribbean Economic Community
CARIFORUM Caribbean Forum of ACP States
CEMAC Central African Economic and Monetary Community
CEO Chief Executive Officer
CIVETS Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa
CoA Committee of Ambassadors
COFA Conference of Ministers of Foreign Affairs
CPA Cotonou Partnership Agreement
CSME CARICOM Single Market and Economy
CSOs Civil Society Organisations
CTA Technical Centre for Agricultural and Rural Cooperation
DAC Development Assistance Countries
DCTD Development Cooperation and Technology Division
DDA Doha Development Agenda (WTO)
DEVCO EC Directorate General for Development Cooperation
DFIP Department of Development Finance and Intra-ACP Programming
DSGs Deputy Secretaries General
EBA Everything but Arms
EC European Commission
EDF European Development Fund
EEAS European External Action Service
EPG Eminent Persons Group
EEC European Economic Community
EIB European Investment Bank
EPAs Economic Partnership Agreements
EU European Union
FBD Finance & Budget Division
FAO UN Food & Agriculture Organization
FDI Foreign Direct Investment
FPI Foreign Portfolio Investment
FTAs Free Trade Agreements
G20 Group of 20
G77 Group of 77
G90 Group of 90
GA Georgetown Agreement
GATT General Agreement on Tariffs and Trade
GCI Global Competitive Index
GDP Gross Domestic Product
GNI Gross National Income
GSP Generalised System of Preferences
HDI Human Development Index
HIPC Highly Indebted Poor Countries
ICT Information and Communications Technology
IGAD Inter-Governmental Authority on Development
IMF International Monetary Fund
IOC Indian Ocean Commission
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THE EMINENT PERSONS GROUP OF THE AFRICAN, CARIBBEAN AND PACIFIC GROUP OF STATES

The Eminent Persons Group (EPG) of the African, Caribbean and Pacific Group (ACP) of States was launched on 25 March 2013 with the task of independently reviewing the 79-member ACP Group as an international organization.

Chaired by the former President of Nigeria, Chief Olusegun Obasanjo, the EPG is comprised of distinguished luminaries and statesmen from the African, Caribbean and Pacific regions. The members of the EPG include former heads of state or government, executives of international organizations, accomplished academics, and former high level government officials. The eminent persons were selected for their distinctive leadership skills, far-reaching experience in international affairs and development, and sound technical knowledge in their various fields. Each possesses the demonstrated ability to ‘think out of the box’ to find solutions to complex problems.

But more importantly, the EPG Members represent the ultimate beneficiaries of a sturdier, more dynamic ACP – the people of African, Caribbean and Pacific countries.

MEMBERS

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EXECUTIVE SUMMARY

INTRODUCTION

1. The ACP Eminent Persons Group (EPG) was established in March 2013 following the endorsement of the Group’s creation by the 7th Summit of ACP Heads of State and Government held in Malabo, Equatorial Guinea. The EPG was tasked to undertake a critical assessment of the ACP Group’s performance over the four decades of its existence. The assessment would cover the following key areas: values, principles and objectives; solidarity and cohesion among Member States; future relations with the European Union (EU) and other partners; areas to enhance intra-ACP cooperation and integration; external relations and visibility; the ACP Secretariat’s administrative structure; and the Group’s legal personality. Since the ACP Group was formed in 1975, the evolution of EU partners and within the Group itself has brought about the recognition that the status quo was not an option for future progress. Therefore, well in advance of the expiration of the Cotonou Agreement the EPG was invited to articulate a new direction for the ACP Group up to and beyond 2020. The EPG was also asked to recommend how to restructure the Group as a contemporary international organization with a new vision for an ACP fit to serve its peoples in a new global reality.

2. To that end, the EPG held consultations with key stakeholders in all six regions of the ACP Group – most notably Government officials, parliamentarians and representatives of non-state actors (i.e. civil society and the business sector), as well as with a number of international organizations and EU representatives.

3. This Executive Summary provides a synopsis of the main findings, observations and recommendations of the EPG.

BACKGROUND TO THE ACP GROUP’S UNITY

4. The creation of the ACP Group of States has its roots in the 1957 Treaty of Rome that established the European Economic Community (EEC). The ACP Group has evolved from the 18 countries that had been former colonies of France, in addition to Somalia, which had concluded the Yaounde I and II Conventions that provided development finance to the associated countries. Kenya, Uganda and Tanzania concluded a reciprocal trade arrangement under the East African Community with the EEC in 1969. The entry of the UK into the EEC in 1972 made the Caribbean countries aware of the importance of partnering with the African countries to negotiate with the EEC in order to safeguard their preferential access for sugar, bananas and rum granted under the Commonwealth Preferential Scheme in the enlarged EEC. The ACP countries therefore came together out of necessity and the need for unity and solidarity to adopt common negotiating positions with the EEC. Driven by the need to access raw materials, the EEC saw the need to integrate its various arrangements under one institutional framework. This recognition of mutual benefits by the ACP and the EEC solidified the establishment of the ACP Group under the Lomé Agreement, (the successor agreement to Yaoundé II), that brought all the disparate entities together.

5. Beyond the need for a united front for the Lomé I negotiations, leaders from African, Caribbean and Pacific countries sought to build on their experiences during the negotiations to constitute a unique group of developing countries with its own objective reason for existence outside of its relations with the EU. These efforts led to the signing of the Georgetown Agreement on 6 June 1975 in the eponymous capital city of Guyana. The Georgetown Agreement became the Constitutive Act of the ACP Group, with a threefold perspective: (a) political – to promote the unity and solidarity of the ACP Member States; (b) economic – to promote trade and development cooperation with the EU; and (c) global – to contribute towards the achievement of a new, fairer and more equitable world order.
PART A: EPG FINDINGS AND OBSERVATIONS

I THE ACP GROUP TODAY

6. The ACP Group’s membership has grown over the four decades of its existence to 79 countries. With the imminent accession of South Sudan, it will soon be 80 countries strong, representing a population of almost one billion people. Conditions in ACP countries, and more significantly within the EU and at a global level, have changed radically since 1975. The political, economic and investment climate, and other realities have evolved – and so too have ACP-EU relations. This has prompted reflection within the ACP on the future of the Group in relation to the needs of its people and how to respond to the changing global environment.

7. Some of the significant developments that are reshaping ACP Group dynamics and driving the need for change include: the rise of Africa in economic and political terms; significant changes in the Caribbean and Pacific regions; the shift in global economic and power relations; and changes in EU policy orientation.

8. The strengthening of African continental integration arrangements and their institutions has resulted in a heightened global interest in Africa (which currently has the largest number of LDCs in the Group). Its natural resource wealth, biodiversity and growth potential have made Africa the continent of choice for most investors. In addition to uninterrupted and rapid economic growth over the past two decades, (which has been second only to Asia’s), a 1.1 billion labour force is projected to emerge in 2040, matching that of China and India. Improved economic performance has altered the manner in which its policymakers and partners view the continent. Nonetheless, significant economic challenges remain.

9. In the Caribbean, most countries have performed creditably well in the past in that Haiti is the only Least Developed Country (LDC) in the region. However, the challenges of climate change; fluctuation in oil prices; the crackdown on financial market operations, drugs and crime; terrorism (and its impact on tourism globally); and logistical problems need to be confronted for this region.

10. The Pacific Island countries have achieved real progress in the economic and social areas, but still face unique development challenges shaped by their small size, remoteness and vulnerability to natural shocks. Their presence in the ACP Group continues to play a crucial role in giving them a voice at the ACP-EU level and in the global arena.

11. Shifts in global economic and power relations – including the rise of the BRICS, MINT, CIVETS1 and other configurations of emerging economies – has opened new trade and investment opportunities and markets, as well as increased competition for ACP resources. Asia, South America, Africa and Eastern Europe are experiencing growth and becoming an important component of the global economy, thereby making them potential partners for the ACP Group.

12. Certain policy changes within the EU signal the necessity for the ACP Group to modify its cooperation arrangements with this grouping. There has been an apparent gradual shift in EU policy vis-à-vis the ACP Group – in particular its separate strategies for Africa, the Caribbean and the Pacific. However, the ACP Group is determined to remain as a unitary entity. Therefore, there is a clear need to re-orient ACP relations with the EU towards more a balanced partnership driven by open and visionary political exchanges and cooperation arrangements with clear outcomes and deliverables that are development and people focused.

STRENGTHS AND SUCCESSES OF THE ACP GROUP

13. The Group’s major strength is its uniqueness in providing a tri-continental outreach and an avenue for participation in and impact on global governance in key areas of its mandate. An ACP culture that has evolved over many years of political and diplomatic consensus building processes. This augurs well for keeping the Group as a global actor and an effective interlocutor for its Member States. The ACP’s close historic and structured relationship with Europe, its rapprochemen with emerging economies and its traditional position within the Group of 77 (G77) and China places it

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1 BRICS (Brazil, Russia, India, China, South Africa); MINT (Mexico, Indonesia, Nigeria, Turkey); CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey, South Africa)
in an enviable position to respond to emerging challenges, and to play an important and bigger role in global economic and political governance. The Group has demonstrated its ability and strength in various instances to provide its Members a platform for elaboration of common positions in otherwise complicated multilateral processes, most notably at the World Trade Organization (WTO). Furthermore, the Group has succeeded in negotiating in a context marked by stark asymmetry in the parties’ economic, political and institutional strengths. Therefore, the Group provides a unique constituency for its Member countries to engage with bilateral and multilateral partners in its pursuit of sustainable development, inclusive growth and poverty elimination.

WEAKNESSES

14. Some of the limitations of the Group principally reflect its lack of capacity to respond to policy changes in both the EU and the global environment. As a consequence, the ACP has been slow to adapt to both changing paradigms and emerging opportunities. These limitations also reflect contradictions inherent in the ACP-EU Partnership Agreements that deter the Group’s ability to systematically draw on the experiences of its own members and diversify its partnership to other development actors. Therefore, the Group needs to make better use of its numerical strength to fully exploit the opportunities offered by intra-ACP cooperation, both regionally and at the global level.

15. The diversity of the Group offers opportunities but, if not well managed and harnessed, could be a potential source of weakness given that the group is composed of both large economies (e.g. Nigeria, South Africa) which still have pressing issues of domestic poverty and inclusiveness; and small island states, land-locked countries and LDCs which face similar but even deeper root challenges.

16. Another serious weakness is the failure by most Member States to make timely, regular and sustained contributions to the ACP budget, thereby affecting the implementation of agreed work plans.

PRESENT AND FUTURE OPPORTUNITIES

17. The EPG believes that there is clear potential for the Group’s sustainability. The Group’s future growth potential will be sustained by several fundamental factors. The Group’s demographic dividend is a key economic asset. During this decade, a young middle-class has emerged in most of the Group’s middle-income countries (MICs), which is growing in number, affluence and influence. The resultant increase in consumption will anchor domestic demand making it significantly important, and hence create a greater scope for increased investment activity.

18. The rise of the emerging economies should provide an inspiration for the ACP Group to take advantage of potential economic opportunities. For example, the growing demand for resources should enable ACP States to get better value for them.

19. In addition, the Group’s diversity will continue to support regional economic integration. ACP economies are at different stages of development and most of them are endowed with a variety of rich natural resources. These assets should enable businesses and financial institutions to build comprehensive vertical supply chains whose participants produce a wide range of products and services. Since development needs in the Group are vast, there is ample opportunity for further trade and investment linkages, which will garner benefits from outside regional borders.

20. Importantly, financial institutions and markets will become significantly better integrated in the medium to long term. This should facilitate the inflow of more funds into and within the Group for productive investment – thereby contributing to greater stability in the economies of the ACP countries and regions.

21. To further unlock the Group’s growth potential, reforms to generate sustainable, quality, and inclusive growth are also important. Several ACP countries are implementing wide-ranging economic policies to enable participation in global, regional and national value and supply chains, and to improve productivity and raise production. Efforts to establish or improve social safety nets, pensions, health care, education and financial inclusion are being intensified. These efforts should contribute to more balanced growth and ensure social cohesion.

22. From our consultations and findings there is strong consensus and conviction among ACP stakeholders that the Group should remain as a collective entity despite the fact that it has had a mixed record of successes in certain aspects, failures
and missed opportunities in others. Indeed its 40 years of cooperation with the EU has made it one of the most significant multilateral groupings with a rich cultural and linguistic diversity, a wide geographic reach across three continents, and a population of one billion people. Its unity and solidarity has also been tested and has prevailed over the many years of interactions with the EU and multilateral trade institutions. These factors impart the Group with formidable authority and voice to continue to advocate for the interests of its people as well as for universal interests. All the above factors call for revitalization and refocusing of the Group along its threefold perspective: POLITICAL, ECONOMIC and GLOBAL.

RECOMMENDATIONS

R1 The ACP Group should continue as an entity with focus on the revised core values of the Georgetown Agreement with greater emphasis placed on the principles of unity, solidarity, complementarity and subsidiarity. The experience and lessons learnt over the 40 years of the Group’s existence should provide guidance and a clearer vision for the attainment of social, political and economic development in an inclusive and sustainable manner.

R2 The Group’s solidarity should continue to be guided by the commonality of interests among its Members as well as the individual circumstances or challenges of each country.

R3 The ACP Group should:

a. Build on its status as a tri-continental organization, to take advantage of the emerging opportunities and advance its interests;

b. Utilize Regional Economic Communities (RECs) as building blocks for intra-ACP trade and integration, investment and cooperation; and

c. Capitalize on its growing, working and literate population as well as its natural resource endowment to turn its economic potential into sustainable growth and shared prosperity for its people.

PART II: AN ACP FIT TO SERVE ITS PEOPLES – BECOMING A PEOPLE-FOCUSED ORGANIZATION THAT RESPONDS TO THE NEEDS OF CLIENTS AND BENEFICIARIES

23. The Group’s pursuit of its core mandate and its enhanced capability to deliver on that mandate will constitute an important asset to leverage in a crowded development marketplace of complementary, and sometimes competing organizations, going after scarce resources. In addition, implementation based on delivering results for the people will provide the requisite political legitimacy. The ACP’s geopolitical identity – the unique cultural, linguistic and geographic diversity of its membership offers a platform for advancing its development agenda. The mode of delivery will build on the Group’s long history of managing sizable development finance envelopes and cooperation among its Member States and development partners. This will also serve as a foundation for renewed North-South cooperation as well as enhancing South-South Cooperation and developing new forms of partnership.

24. Within this framework of a new limited core mandate, it is necessary to be mindful of the need to create and maintain an environment of acceptability and legitimacy. The key stakeholders should include ACP Member States and involve: ACP governments as national policy makers, the private sector, Non-State Actors (NSAs), RECs, academia, ACP diaspora, the EU and other cooperating partners.

25. Beyond multilateral and bilateral cooperation, the full involvement of the private sector, civil society as well as the ACP diaspora and network of experts should be integrated into the work of the Group. Implementation modalities should take into account the need for accountability to stakeholders for resource use. In this regard, past experience with the EDF is a demonstrable asset. A restructured Secretariat will provide the basis for better functionality and efficiency. This will also necessitate a reorientation of the status of the ACP Group to a fully-fledged international organization with the appropriate legal, diplomatic and political authority at international level built on the acquis of the current institutional
set-up. In view of current trends in global economic and political governance, the Group should also focus more on connections and linkages as opposed to replicating or duplicating what is being done elsewhere.

RECOMMENDATIONS

R4 The ACP Group’s development strategy should be guided by the need to achieve sustainable and inclusive growth needed to create economic opportunities and eradicate poverty. The internationally agreed Sustainable Development Goals (SDGs) should be the benchmark. However, recognizing that the Group does not have the capacity to deal with all aspects of the SDGs, and guided by the principles of subsidiarity, complementarity and proportionality; focus will be on those areas that relate to its core mandate. To that end, the ACP Group should:

a. Play a greater role in the setting, implementing and monitoring of the global development agenda including the SDGs;

b. Seek to improve performance in global trade and science, increase investments and access to technology;

c. Facilitate greater participation of the private sector and NSAs in future ACP work in order to make development processes more sustainable and inclusive. Specific attention should be given to integrate the needs and interests of youth and women in this process;

d. Support RIos’ efforts to align (and synchronize) their programmes, activities and policy approaches. It should also play a catalytic role in addressing their needs, as well as in the formulation of appropriate policies and programmes geared towards accessing and utilizing resources from development partners. In this regard, a mechanism such as the Inter-Regional Organization Coordination Committee (IROCC), that had previously proved useful, should be re-launched and a network for regional organizations established;

e. Increase intra-ACP cooperation, investments and trade in line with the objectives of the Georgetown Agreement through improved participation in the global, regional and national value and supply chains;

f. Support Members States to enhance the diversification of markets, and increase production for exports and domestic consumption so as to contribute to faster economic growth and export expansion in order to sustain trade expansion and enable economies to become more resilient;

g. Strengthen macroeconomic fundamentals and economic linkages between ACP countries and regions in order to facilitate increased inflows of foreign direct investment (FDI), private investments and remittances;

h. Re-orient and transform the institutional framework to provide the technical content to support effective delivery of the pillars of the core mandate; and

i. Redirect resources for programmes and activities proposed or offered by development partners in areas that are not in its core mandate to other organizations within its Group that are better suited to carry out such projects.

R5 The ACP Group should leverage its strength in numbers and outreach to participate and contribute more effectively in global governance institutions and fora, particularly in key areas of its mandate. In this regard, the ACP Group should be proactive in responding to the changing global environment in order to adapt, remain relevant and be responsive to the needs of its Members States and stakeholders. To this end, the ACP Group should consider establishing a presence or representation for coordination purposes in key centres of global governance such as New York and Addis Ababa in addition to its existing presence in Geneva.

R6 The ACP Group should:

a. Focus its programmes and activities for the ultimate benefit of ACP peoples. In this regard, the Group’s development strategy should aim at enabling the private sector at all levels, (including the informal sector), to play a more appropriate role in the economy so as to create economic opportunities for jobs, growth and development; and

b. Establish a forum for the celebration and sharing of diaspora knowledge, expertise, skills and information that can contribute to the realization of the objectives of the Group and its Member States.

PART III: A NEW VISION FOR THE ACP GROUP – CORE MANDATE: THE BUSINESS WE WANT TO BE IN:
26. During the regional consultations and other contacts, special attention was given to the current spectrum of the ACP Group’s mandate and its relevance with regards to the new economic world paradigm on the one hand and the spectrum of other international organizations’ activities on the other hand. In light of these exchanges, it is the view of the EPG that the ACP Group’s mandate should be streamlined and limited to a few core domains in which it can make a positive difference. Given the development trajectory of our Member States and the link between economic growth and poverty alleviation, we believe these core mandates should support and underpin the delivery of sustainable development including untapped areas such as the green and blue (ocean) economies; and inclusive growth, particularly involving women and youth.

27. While the core values of the Georgetown Agreement should continue to inform the Group’s ambitions going forward, the objectives of the Agreement as they relate to the all-ACP, ACP-EU and global levels call for re-examination. At the ACP level, the core mandates have been found to be too broad vis-à-vis the resource base of the Group. Coupled with other internal structural challenges this has made it difficult to demonstrate the impact of programmes and activities across all ACP regions. This thin spread of resources on issues that are not a core business of the organization has also had an impact on the Group’s ability to effectively monitor and evaluate its performance. The lack of an effective monitoring and evaluation mechanism of its work has seriously eroded the organization’s credibility and dented its effectiveness. To this end, a revision of the Group’s core mandate is warranted.

28. With regard to ACP-EU relations, there is a need to reassess the existing development cooperation in terms of the effectiveness of the European Development Fund (EDF) as well as the gains in the area of political dialogue in order to serve the Group better. In terms of trade, the departure from non-reciprocal trade preferences (which have been in existence since Lomé I), to reciprocal trade under the Economic Partnership Agreements (EPAs) will reverse some of their positive outcomes. Nonetheless, ACP-EU development cooperation provides a good basis that should be consolidated and replicated by the ACP Group when negotiating cooperation arrangements with other partners. At the global level, there is potential to extend the presence of the ACP to centres of global governance and dialogue.

29. The feedback from regional consultations highlighted the need for the ACP Group to remain as a collective but more focused on how to improve the socio-economic wellbeing of its people by improving the economic performance of Member States. The need for better results in trade, investment, and increasing value addition to numerous ACP raw materials and natural resources through technological advancement was repeatedly mentioned. The figure below portrays a general picture of the current value chain process for most ACP resources. It was observed that the ACP Group can contribute to improving this situation, leading to a direct and positive impact on ACP peoples.

Figure 1 - Composition of value of ACP resources – the case of chocolate

30. Therefore, it is the considered view of the EPG that the streamlined core mandate of the Group should focus, if not exclusively, at least in priority on the three areas of: trade and investment; development cooperation, including
technology; and political dialogue and advocacy, with the ultimate aim of having an organization that is geared towards delivering results for the ACP peoples.

RECOMMENDATIONS

R7 There is common interest on issues such as global peace, security and stability as a precondition for socio-economic development growth and progress. However, the Group does not have the immediate capacity to address all these issues. In the face of duplication and competition from other organizations, the core mandate of the Group should respect the principles of subsidiarity, complementarity and proportionality in line with the available resources. To this end, the organization’s core functions should be streamlined to enable the Group to be more effective in serving its Member States and other stakeholders. Therefore the following three pillars should be strengthened and retained:

a. Trade and investment;
b. Development cooperation, including technology (to build capacity in trade and investment, and science and technology); and
c. Political dialogue and advocacy.

R8 As far as the trade and investment pillar is concerned, the ACP States should collectively and individually commit themselves to:

a. Create an enabling environment to facilitate value addition to ACP products, trade competitiveness and investment expansion;
b. Undertake policies aimed at facilitating the movement of goods and services as well as persons and capital between the ACP regions to pave the way for greater investment, trade expansion and regional integration and inter-regional cooperation;
c. Promote measures and policies geared towards prioritizing trade facilitation and supporting infrastructure which are key to development of trade;
d. Actively develop South-South trade and Intra-ACP trade to take advantage of the ACP’s huge population and market potential;
e. Strengthen the institutional arrangements necessary for building capacity of the private sector and governments to take advantage of the new trade arrangements under EPAs;
f. Promote policy measures that will encourage ACP financial institutions including development banks to expand access to finance and improve payment systems for trade and investment; and
g. Address issues that impact on trade and investment including climate change, tax governance, illicit financial flows and migration.

R9 As far as the political dialogue and advocacy pillar is concerned:

a. The ACP Group should play a greater political role in critical global issues to promote the interests of its Member States in order to achieve inclusive growth and sustainable development;
b. Ministers of Foreign Affairs should take center stage in the Group’s policy dialogue in international fora so as to ensure political support by ACP leaders;
c. The role of Ministers of Trade, the Ministerial Trade Committee, the Ministers of Finance, and the Ministerial Development Finance Committee should be enhanced in line with the expanded development cooperation framework;
d. The ACP Parliamentary Assembly and the Committee of Ambassadors (CoA) should play a greater role in promoting the Group’s political dialogue and advocacy;
e. The ACP Group should capitalize on its convening power of 79 developing countries and longstanding cooperation with the EU to shape its global presence and effectiveness in international trade and global governance;
f. The Group should play a greater role in the development of LDCs, Small Island Developing States (SIDS) and landlocked economies; and
g. The Secretary-General should be endowed with adequate resources and empowered to play the role of key spokesperson for the Group. He should also be able to engage with cooperating partners and interact with stakeholders on behalf of the Group.
With regard to the development cooperation and technology pillar, the ACP Group should:

a. Contribute to effectively support the Member States’ implementation of the SDGs;
b. Foster greater intra-ACP and South-South cooperation;
c. Seek a balanced partnership with the EU post 2020, building on the Cotonou acquis while taking account of the new realities and emerging opportunities that include *inter alia*, efforts to attain the SDGs, ACP-EU trade regimes (including the EPAs), regional integration, access to technology and financing for development;
d. Building on the experience of the ACP-EU cooperation, develop other partnerships based on mutual interest and shared values that would be beneficial to the Group;
e. Promote the exchange of good practices among Member States in areas where they have excelled;
f. Enhance the capacity of the ACP Secretariat to raise, manage and monitor external resources; as well as capacity for planning, reporting, monitoring and evaluation of projects; and
g. Encourage science and technology developments, and partnerships as a component of ACP development programmes including at regional and national levels.

**POST-COTONOU NEGOTIATIONS FOR A NEW PARTNERSHIP AGREEMENT**

31. The ACP Group is expected to negotiate a new post-Cotonou partnership accord with the EU starting in 2018 and concluding before 2020, on the basis of the mandate that it shall receive from the governing organs. In negotiating the new post-Cotonou partnership agreement, the ACP Group should, *inter alia*, take into account the following:

a. The outcomes of the major and relevant summits and conferences, particularly the 2030 Agenda for Sustainable Development;
b. The EU’s recent policy pronouncements and their implications including ‘Trade for All’ and the reorientation of EU development policy towards differentiation;
c. The paramount need to recognize and respect cultural diversity amongst the ACP States, the EU and other development partners. The imperative is to ensure reciprocity in this approach and reject any attempts to impose foreign values that are not consistent with ACP values singularly or as a collective, thereby ensuring protection of the rich cultures of the ACP States;
d. The need to develop its negotiating mandate at an early stage and embark on adequate preparations including: holding ACP-wide consultations for effective negotiations; the need to establish new partnerships for, *inter alia*, generating trade, investment, technology and financial opportunities; and
e. The need to strengthen intra-ACP cooperation.

**RECOMMENDATIONS**

R11 The ACP should continue its future relations with the EU in a legally binding convention or treaty, as this is necessary to give the partnership credibility, predictability and responsibility. The future agreement could, *inter alia*, cover cooperation in implementation of the 2030 Agenda for Sustainable Development (SDGs) and the Addis Ababa Agenda for Action; regional integration; bilateral ACP-EU and multilateral trade including EPAs; development finance cooperation including technology; migration and demography and political dialogue focused on global opportunities and challenges.

R12 The Secretariat should urgently carry out a critical evaluation of ACP-EU relations to inform and facilitate the post-Cotonou negotiations.

**PART B - THE GOVERNANCE SYSTEM**

32. The EPG’s findings show that a number of persistent institutional challenges necessitate radical reform in the Group’s governance system. A critical area of concern is the structure and functioning of its policy and oversight organs and that
of the Secretariat. Important pronouncements emanating from its policy organs have not been matched with appropriate ACP structures, working methods and funding. Lack of visibility is also an oft-repeated concern. The ACP Group needs to put in place a new long-term vision and strategy that reflects the Group’s ambitions and aspirations.

33. It is the EPG’s view that in order to enhance the effectiveness and visibility of the Group, the Secretary-General, as Chief Executive Officer (CEO) of the organization, will need to be vested with full executive authority. The structure, management system, staff recruitment processes and operations of the Secretariat should be reformed to transform the Secretariat into a ‘centre of excellence’ befitting the enhanced status of the Group and its new core mandate.

34. The role of the ACP Parliamentary Assembly should be enhanced in light of the Group’s new mandate with regard to political dialogue and advocacy. An effective accountability framework should be put in place to ensure closer linkages to national agendas.

35. It is also proposed to reform the conduct of the meetings of the Group’s Policy Organs—the Summit and the Council—to make them more interactive with effective political dialogue and clear outputs and deliverables. A similar approach and attention will guide the conduct, servicing and follow-up of the outcomes of sectoral ministerial meetings and other dialogue platforms involving the private sector, NSAs and those held in collaboration with other partners. The operations of the CoA should also be reformed including reducing the frequency of its meetings in order to release the Secretariat’s energies and efforts, and orient them towards more technical work. The purpose is to create a revitalized ACP Group that has its people at the centre of all its activities and engagements.

GOVERNING ORGANS

R13 The Summit of ACP Heads of State and Government should remain the highest policy organ. It will set the agenda for the Group and principles governing implementation of that agenda. The Summit meetings should be restructured to allow for effective dialogue on current issues and matters of strategic importance to the Group’s unity and visibility. A retreat with exclusive participation of leaders should be incorporated into the Programme of the Summit. In addition, greater use should be made of the Presidency-in-Office to represent and speak for the Group. The Summit will also appoint the Secretary-General.

R14 The next tier of policy organs is the Conference of Ministers of Foreign Affairs (COFA), which will replace the Council of Ministers. The COFA shall have the responsibility to:

a. Oversee the implementation of Summit decisions;
b. Provide policy direction to the Governing Board and the Secretary-General;
c. Collate, process and make recommendation to the Summit on the nominee to be appointed as Secretary-General;
d. Consider recommendations on specific thematic issues emanating from sectoral meetings of ACP Ministers; and
e. Establish permanent or ad hoc advisory groups drawn from the NSAs (private sector, civil society, diaspora and academia) to advise on pertinent issues requiring decision or policy direction.

R15 It is necessary to introduce a system of checks and balances in the next level of the governance structure of the Group in order to establish clear demarcations of roles and responsibilities of the various organs. To this end a Governing Board akin to the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) but modified to suit ACP Group’s circumstances, should be established. This should be composed of senior officials with technical expertise, independent of other political processes in the Group. The Board should oversee the introduction and application of management practices based on corporate frameworks, such as strategic planning, clear performance indicators, monitoring and evaluation, and financial management and sustainability. In the spirit of Article 19.2 of the Georgetown Agreement the CoA will continue to play its important monitoring role. The ultimate objective is to enhance accountability and transparency in the functioning of the Group, thereby increasing its credibility to the Member States and other partners. To this end:

a. A Governing Board should be established composed of 12 senior officials with two from each region drawn from the Ministries responsible for Trade, Finance, Planning, Science and Technology and Foreign Affairs. The selection of the Governing Board should be based on a regional rotation system to be agreed on by the Member States; a
three-year mandate with one-third of members rotating annually to maintain continuity and institutional memory; and seniority and technical competence;
b. Members of the Governing Board must have demonstrable technical expertise in the management of strategic and corporate plans (including implementation and reporting, budgeting and financing plans);
c. The Governing Board will meet at least twice a year to exercise its oversight function over the operations of the ACP Secretariat. In particular this will include overseeing the drawing up, implementation and reporting on the Group’s budget and financing plans as well as the institution’s strategic and corporate plans; the review of the Secretariat’s audited financial statements; the appointment of an external auditor; and all matters related and incidental to the above; and
d. The Governing Board will report to the Conference of Ministers of Foreign Affairs.

R16 The CoA will support the functions of the Conference of Ministers of Foreign Affairs and the Summit with regard to the core thematic areas of the ACP mandate, and in accordance with the relevant provisions of the Georgetown Agreement.

CONSULTATIVE BODIES

R17 The role and functions of the ACP Parliamentary Assembly should be retained and strengthened beyond 2020. The outcome of its work should be linked to, and feed into, the work of the Conference of Ministers of Foreign Affairs. The ACP Parliamentary Assembly shall work closely with ACP Members of the regional parliamentary bodies and of the EPA Parliamentary Committees in order to ensure coordination, coherence and complementarity, as well as an effective and reciprocal flow of information.

MANAGEMENT

R18 The ACP Secretariat should be restructured in line with the three pillars of the Group’s streamlined mandate. It should be staffed with professional and competent personnel with the requisite technical and professional capacity needed to effectively deliver on its core mandate:

a. As the CEO of the Group, the Secretary-General should be endowed with adequate resources and bestowed with full executive authority and accountability. This should include, inter alia, direct responsibility for human resources, administrative matters, and preparation and implementation of the budget. The tenure of the Secretary-General will be a one six-year non-renewable term. The Secretary-General’s mandate and performance shall be based on the implementation of a six-year rolling strategic plan, six-year corporate work plans, annual implementation plans/work programmes and results-based reporting;
b. The posts of four Assistant Secretaries-General (ASGs) should be replaced by two Deputy Secretaries-General (DSGs) with one responsible for corporate services, and the other for policies and programmes under the three key pillars. The Secretary-General and DSGs shall be appointed through an open and competitive process based on competency, experience and skills, gender, geographical balance and rotation. The tenure of the DSGs will be a three-year term, renewable once, based on performance. To ensure continuity, their appointments should allow for overlaps between their tenures and that of the Secretary-General.

COMMUNICATION STRATEGY

36. During the regional consultations, it was unanimously observed that there was a total lack of visibility with regard to the work of the ACP Group and its accomplishments. Therefore, an effective communications programme would enhance the Group’s visibility, effectiveness, transparency and accountability. A new communications strategy is also necessary for more effective outreach, discourse, dissemination of results of activities, programmes and policies, and above all for the ACP Group’s legitimacy with regard to the needs and aspirations of its people. The communication strategy must explain the Group’s policies and operations better to enable the Group to be an effective interlocutor for its Member States in the global development ‘market place’.

37. Consultations with the staff body indicated dissatisfaction with the internal information management and dissemination system. It was also apparent that staff morale is low, compounded by perceptions that the recruitment processes for senior management is not meritocratic while all other positions are filled through open and intensely competitive processes. Therefore, an internal communication strategy will need to be developed to better share the new vision for
the organization and the role that staff will be expected to play. It is also necessary to introduce an accountability framework linked to the organization’s strategic plan, budget and work plan which will be a major shift in the way performance is measured. This will require active engagement with staff to build a change process which is inclusive but which can deliver results.

RECOMMENDATIONS

R19 The ACP Group should:
   a. Use communications as a strategic tool to help strengthen the Group’s visibility and effectiveness as an international organization;
   b. Establish a communications unit within the Secretariat and provide adequate resources to develop and implement a robust, dynamic communications strategy to promote the Group to a wide variety of targeted audiences; and
   c. Utilize effective internal communications in order to facilitate active engagement with staff and build a change process, which is both inclusive and results-driven.

FINANCING MODEL

38. Our interactions with the CoA, the Secretariat and several developments partners, revealed that one of the major weaknesses of the ACP Group is its current mode of financing as well as in the management of its financial resources. The lack of regular and sustained contributions by Member States to the budget; combined with the uncertainty on the EU’s contribution at the end of the Cotonou Agreement, indicate clear imperatives for change. New financing options will therefore need to be carefully considered. A strengthened Secretariat will require that its core operational costs be fully funded from Member States’ contributions as the minimum requirement for financial sustainability and independence. This will also serve as proof of the political will of the Member States. A review of the current methodology and scale of Member States’ contributions is therefore called for. Financing of non-core staff would be on the basis of partner contributions for the implementation of (joint) programmes.

39. In order to achieve a sustainable income flow, the income streams considered included Member States’ contributions, partnership contributions, programme income streams and investment income mainly from an endowment fund.

RECOMMENDATIONS

R20 The ACP Secretariat should fast track the development of a fully-fledged and proper financial management system (under the four-pillar assessment) and reporting. In parallel, an internal framework of value for money assessments should be developed.

R21 The ACP Group should aim to attain financial sustainability in the medium-to-long term and will need to:
   a. Increase Member State’s contributions to fully cover the core operational budget in the medium-to-long term and create a reserve account;
   b. Mobilize partner resources (building on the EDF experience) through, inter alia, trust funds to finance the expanding core programme budget; and
   c. Create an endowment fund.

R22 The ACP Group should adjust Member States’ contributions in an appropriate and timely manner to cover the core operational budget post-2020.

R23 The Secretariat should be reformed to become one of the key executing agencies for the EDF and non-EDF funded Intra-ACP programmes and projects. It should consider charging fees for management of these Intra-ACP resources (EDF and other partner resources) for its core operational budget.

R24 The Group should aim to attain financial sustainability for its core programmes in the medium-to-long term post-2020 through the following projected income streams:
a. Partnership arrangements including from the post-Cotonou ACP-EU arrangement;
b. Donor programme financing through trust funds and multi-donor trust funds (MDTFs); and
c. An endowment fund should be created well before 2020 through a joint agreement between the ACP and EU to use part of the 11th EDF intra-ACP resources and/or the reserve for such purpose.

40. The EPG recognized that there may be a need for specialized consultancy services to be commissioned to give further advice and fine tune the proposals on the governance system, communications strategy and financing models.

PART C: IMPLEMENTATION STRATEGY FOR THE NEW ACP GROUP

41. An implementation timeline for the new Group is proposed to start with the formal approval by the Summit of Heads of State and Government of the EPG’s recommendations, with key milestones expected to be attained by 2020. The main thrust of the recommendations include:

a. Streamlining the pillars of the Group’s mandate and activities to three main pillars of trade and investment, development cooperation including technology, and political dialogue and advocacy;
b. Restructuring the Secretariat in line with the pillars of the core mandate;
c. Reforming governance and oversight structures with the introduction of a non-resident Governing Board; and
d. Expanding South-South and embarking on a process for developing new partnerships.

REVISION OF THE GEORGETOWN AGREEMENT

42. The Georgetown Agreement will need to be reviewed in order to align it to the proposed three core mandates of the Group; as well as the proposed changes for reform of the structure and functioning of the organs of the Group, the Secretariat and accession of new members.

RECOMMENDATIONS

R25 In the short-term (prior to 2020), the Group’s strategy for implementation should:

a. Transform the Secretariat’s structure in line with the three pillars of the core mandate of the ‘new’ ACP Group;
b. Establish a more robust accountability framework;
c. Implement the new open and competitive recruitment process;
d. Reorganize the staff complement in the three technical units—trade and investment, political dialogue and advocacy, and development cooperation including technology; and the three corporate service departments;
e. Establish the cost implications and agree on the modalities for the reorganization of the Secretariat;
f. Develop a strategy for transforming the delivery mechanisms and guarantee delivery of value for money; and
g. Commission a study to develop the appropriate structure and capacity to effectively carry on the new functions.

R26 In the long-term (post-2020), the Group’s strategy for implementation should:

a. Focus on the effective implementation of the ‘new’ ACP Group’s mandate including updating the key pillars of its mandate; and
b. Expand cooperation arrangements for resource mobilization (including EU, North-South and South-South) global political and economic governance, Intra-ACP programmes and projects, and Partnerships within the ACP Group.

R27 In order to build financial sustainability post-2020, the Group should take appropriate actions to control the operational costs of the institution to the lowest possible level in relation to the size of the programmes. It should also create an income stream that ensures constant and sustainable flow of resources in line with the financing model.
R28 The Georgetown Agreement should be revised as appropriate. In particular, provisions relating to objectives, the status of the ACP Group, the governance and organs of the Group, and accession to the Group (new membership) should be addressed.

R29 During the transitional phase, the Secretariat should undertake a value proposition study specifying the benefits to Member States as a result of the effective implementation of the new ACP Group’s core mandate.

R30 Member States should support the Secretary-General and staff in order for the proposed transformational efforts to be realized and, in that regard, would need their collective political will.

FOLLOW-UP COMMITTEE

R31 A Follow-up Committee should be set up composed of the incoming and outgoing Presidents of the Summit with the assistance of the Chairman of the EPG to oversee the effective implementation of these recommendations. The Committee’s work shall be supported by a team composed of the Secretary-General, the Chair of the CoA, a Member of the EPG Drafting Committee, President-in-Office of the ACP Parliamentary Assembly and incumbent Chair of IROCC.

R32 The proposed reforms and transformational objectives require the continuous demonstration of commitment and political will at the highest level by Member States.

Figure 2: Pillars of the new mandate and modalities for their delivery

<table>
<thead>
<tr>
<th>ACP GROUP VALUES</th>
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<tbody>
<tr>
<td>• Solidarity</td>
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<tr>
<td>• Unity in Diversity</td>
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<tr>
<td>• Good Governance and the Rule of Law</td>
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<td>• Social Justice</td>
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<tr>
<th>“NEW” ACP CORE MANDATE</th>
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<tr>
<td>The pillars:</td>
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<tr>
<td>• Trade and Investment</td>
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<td>• Political Dialogue and Advocacy</td>
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<td>• Development Cooperation including technology</td>
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<tr>
<th>DELIVERY MECHANISMS</th>
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<tbody>
<tr>
<td>• Governing Board (Strategic and corporate plans, implementation and reporting, budget and finance)</td>
</tr>
<tr>
<td>• ACP Secretariat (problematique research, study and analysis)</td>
</tr>
<tr>
<td>• Committee of Ambassadors (Brussels, Geneva, New York) (validation and dissemination of results and outcomes)</td>
</tr>
<tr>
<td>• ACP Conference of Ministers of Foreign Affairs (forum for dialogue and policy response, adoption and implementation)</td>
</tr>
<tr>
<td>• ACP-EU/Cooperating Partner Joint Institutions (capacity building)</td>
</tr>
<tr>
<td>• Strategic partnership with private sector and civil society organisations</td>
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<tr>
<th>COMMUNICATIONS</th>
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<tbody>
<tr>
<td>Raising the profile of the ACP Group</td>
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<tr>
<td>• New Communications Strategy</td>
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<td>• Increasing Participation of Stakeholders</td>
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FULL REPORT
INTRODUCTION

1. In December 2012, the “Sipopo Declaration” of the 7th Summit of ACP Heads of State and Government held in Malabo, Equatorial Guinea welcomed Decision No. 2/XCVI/12 of the 96th Session of the ACP Council of Ministers to endorse the Secretary-General’s initiative to form an EPG. As a result, the EPG was launched in March 2013 and was mandated to assess the performance of the ACP Group over the four decades of its existence in terms of its major achievements, shortcomings and cooperation with a view to:

   a. Widening and deepening reflections on the future of the ACP Group in its regions and the South;
   b. Envisioning the future of the ACP Group in a changing and challenging global environment;
   c. Examining options for reform to shape the ACP Group as a contemporary organization that is responsive to the aspirations and expectations of the citizens of its Member States; and
   d. Honing its decision-making bodies and Secretariat into a stronger, more effective framework of cooperation and partnership.

2. The EPG was specifically called upon to propose improvements for a new vision of the ACP Group up to and beyond 2020 by examining and reviewing the following: values, principles and objectives, solidarity, and cohesion among Member States; future relations with the EU and other partners, and areas to enhance intra-ACP cooperation and integration; South-South cooperation; external relations and visibility; the ACP Secretariat’s administrative structure; and the Group’s legal personality with the ultimate objective of re-orienting and restructuring the Group as a contemporary international organization. In this regard, the EPG saw the need for a new vision for an ACP fit to serve its peoples, supported by an implementation strategy for key recommendations.

3. In pursuit of its mandate, the EPG adopted a methodology that involved holding consultations in all of the six (6) regions of the ACP Group. Participants included key stakeholders, most notably Government officials and parliamentarians, as well as representatives of civil society and the private sector. The EPG also held discussions with the Africa Union, United Nations Economic Commission for Africa (UNECA) and the ACP regional organizations, as well as the EU, represented by the European External Action Service (EEAS) and the Directorate General for Development (DEVCO). ACP Ambassadors in Brussels and Geneva were also consulted. The Chairs of the ACP CoA and Working Group on Future Perspectives attended all the regional consultations and main meetings. The EPG received inputs and ideas from various stakeholders including through a dedicated website set up for this purpose.

4. In addition to the insight obtained from consultations, the EPG benefitted from extensive literature review and two studies on ‘ACP’s Successes and Failures’ and ‘ACP Trade Prospects for Stronger Performance and Cooperation’ that the EPG commissioned.

5. The EPG received the final report of the Ambassadorial Working Group on Future Perspectives as adopted by the ACP Council of Ministers at its 100th Session held in Brussels in December 2014. The EPG has taken into consideration the content of this report. The EPG is of the view that these two Reports are complementary in the sense that the future perspectives developed by the CoA provide an internal view of the Group while the EPG report presents an external view of the future.

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2 See http://www.epg.acp.int/ for reference literature.
PART I: THE ACP GROUP TODAY

BACKGROUND TO ACP UNITY

6. The creation of the ACP Group of States has its roots in the 1957 Treaty of Rome that established the EEC. The ACP Group has evolved from the 18 countries that had been former colonies of France, in addition to Somalia, which had concluded the Yaoundé I and II Conventions that provided development finance to the associated countries. Kenya, Uganda and Tanzania, concluded a reciprocal trade arrangement with the EEC in 1969 under the East African Community. The entry of the UK into the EEC in 1972 made the Caribbean countries aware of the importance of partnering with the African countries to negotiate with the EEC in order to safeguard their preferential access for sugar, bananas and rum granted under the Commonwealth Preferential Scheme in the enlarged EEC. The ACP countries therefore came together out of the need for unity and solidarity to adopt common negotiating positions with the EEC. Driven by the need of accessing raw materials, the EEC saw the need to integrate its various arrangements under one institutional framework. This recognition of mutual benefits by the ACP and the EEC solidified the establishment of the ACP Group under the Lomé Agreement (the successor agreement to Yaoundé II) that brought all the disparate entities together.

7. Beyond the need for a united front for the Lomé I negotiations, leaders from African, Caribbean and Pacific countries sought to build on their experiences during the negotiations to constitute a unique group of developing countries with its own objective reason for existence outside of its relations with the EU. These efforts led to the signing of the Georgetown Agreement on 6 June 1975 in the eponymous capital city of Guyana. The Georgetown Agreement became the Constitutive Act of the ACP Group with a threefold perspective: (a) political – to promote the unity and solidarity of the ACP Member States; (b) economic – to promote trade and development cooperation with the EU; and (c) global – to contribute towards the achievement of a new, fairer and more equitable world order.

FULFILLING THE OBJECTIVES OF THE GEORGETOWN AGREEMENT

8. The core business (mandate) of the ACP Group as stipulated in the Georgetown Agreement centers on development and poverty eradication aimed at improving the lives of all its peoples. In order to assess the future direction of the ACP Group, it is necessary to briefly take stock of the organization’s performance against the mandate spelt out in the Georgetown Agreement of 1975, and its subsequent revisions in 1992 and 2003.

Table 1: Evolution of the pillars of the core mandate as per Georgetown Agreement revisions

<table>
<thead>
<tr>
<th>1975 pillars</th>
<th>1992 pillars</th>
<th>2003 pillars</th>
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<tr>
<td>Trade / economic</td>
<td>Trade / economic</td>
<td>Trade / economic</td>
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<td>Political dialogue</td>
<td>Political dialogue</td>
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<td>Development cooperation</td>
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<td>Peace and security</td>
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<td>Science and technology</td>
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<td>Industry</td>
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<td>Education</td>
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The Georgetown Agreement has been revised twice in 1992 and 2003. The latter revision broadened the scope of the ACP’s core mandate (see table 1) from the original 3 pillars to 11. However, the limitations of the ACP Group’s resource base resulted in the organization’s inability to effectively deliver across all the pillars of the Group’s core mandate. The core values were also increased from the original two (solidarity, unity and diversity) to also include peace and security, good governance and the rule of law, and social justice.

Table 2: Key milestones in the history of the ACP Group

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1963</td>
<td>1st Yaoundé Convention by 18 African States and six European countries</td>
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<td>1969</td>
<td>2nd Yaoundé Convention – Kenya, Uganda and Tanzania sign agreement with EEC.</td>
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<td>1973</td>
<td>The accession of the United Kingdom to the EEC opens the way for the extension of Europe-Africa cooperation to Commonwealth countries in Africa, the Caribbean and the Pacific.</td>
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<td>1975</td>
<td>Conclusion of the negotiations of the Lomé Convention granting non-reciprocal trade preferences to ACP.</td>
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<td>1980</td>
<td>2nd Lomé Convention by 58 ACP countries and nine EEC countries.</td>
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<td>1985</td>
<td>3rd Lomé Convention by 65 ACP countries and 10 European States.</td>
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<tr>
<td>1990</td>
<td>4th Lomé Convention introduces a political dimension to cooperation.</td>
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<tr>
<td>1992</td>
<td>1st revision of the Georgetown Agreement to accommodate the ACP-EU Joint Institutions especially the Joint Parliamentary Assembly</td>
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<tr>
<td>1995</td>
<td>4th Lomé “bis” Convention by 70 ACP countries and 15 European countries.</td>
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<td>1997 Nov</td>
<td>1st ACP Summit in Libreville, Gabon, to consider how to strengthen the Group.</td>
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<tr>
<td>1999 Nov.</td>
<td>2nd ACP Summit in Santo Domingo, Dominican Republic themed: ‘On the road to the Third millennium’.</td>
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<td>2000, 23 June</td>
<td>The Cotonou Agreement by 77 ACP countries.</td>
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<td>2002 July</td>
<td>3rd ACP Summit in Nadi, Fiji, with the theme: ‘ACP Solidarity in a Globalized World.’ The Summit defined guidelines for the Group in view of the negotiations for the EPA.</td>
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<tr>
<td>2003</td>
<td>Second review of the Georgetown Agreement to align with areas of cooperation with EU.</td>
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<tr>
<td>2003 October</td>
<td>Start of EPA negotiations with the regions of West and Central Africa.</td>
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<tr>
<td>2004 February</td>
<td>Start of EPA negotiations with the regions of East and Southern Africa.</td>
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<tr>
<td>2005</td>
<td>1st revised Cotonou Agreement.</td>
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<tr>
<td>2010</td>
<td>2nd revised Cotonou Agreement.</td>
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<td>May/June 2016</td>
<td>The EPG Report</td>
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</table>
10. One of the major achievements of the Georgetown Agreement has been the safeguarding of unity and solidarity of the ACP Group over the years. An expression of this on the trade pillar has been the Group’s common pursuit of the preservation of trade preferences over time. However, the EU’s demand for reciprocity in trade arrangements with the ACP States under the regionalized EPAs is threatening the gains under this pillar.

11. Positive results have also been recorded in other pillars—science and technology, industry, transport and communications, education, training and research, information and communication, the environment, demography and human resources. However, these successes are not easily demonstrable mainly due to the thin and wide spread nature of activities carried out with limited financial resources. Human resource constraints in the ACP Secretariat have compounded the issue resulting in failure to properly monitor and evaluate the implementation of programmes.

12. Another major challenge facing the ACP Group has been a general lack of political will, particular in relation to allocating adequate financial resources to enhance capacity and to give substance to intra-ACP cooperation. As an example, trade has been successfully promoted at regional and continental levels where political will is exhibited, but nothing substantive has been achieved at the all-ACP level.

13. In fact, the strengthening of African continental integration arrangements and their institutions has resulted in higher global interest in Africa (which unfortunately at present has the largest number of LDCs in the Group). While significant economic challenges remain, improved economic performance has created confidence in Africa’s leadership and policymakers, and has altered the manner in which its partners view the continent creating greater scope for improved and expanded partnerships.

14. At the international level, the Georgetown Agreement sets the objective of effective participation and representation at global governance fora in the pursuit of a new economic order. To this end, the ACP Group has invested considerable effort into crafting positions on many pertinent development issues, 

15. The Group’s success is more visible at multilateral trade arena. The setting up of the ACP Group Office in Geneva and subsequent structuring to act in unison enhanced and continues to strengthen the spirit of independence and solidarity within the Group. The ACP Group’s representation at the WTO in Geneva points the way for other cohesive and practical activities that could be pursued in other areas beyond trade. Perhaps due to financial and human resource constraint, the ACP Group does not appear to have replicated this successful experience, into other areas of work in Geneva. The ACP Group has been more visible in instances where it has spoken with one voice, such as the Presidents-in-Office’s address to the Monterey (Mexico) Summit on Finance for Development (2002), and the World Summit on Sustainable Development in Johannesburg (2002).

AN EVOLVING ACP POSITIONING

16. Some of the significant developments that are reshaping ACP Group dynamics and driving the need for change include the rise of Africa in economic and political terms; dynamic changes in the Caribbean and Pacific regions; the shift in global economic and power relations; and changes in EU policy orientation.
AFRICA RISING

17. Africa has sustained an average economic growth rate of 5 per cent over the past decade and has more than tripled since 2000. This high and sustained rate of growth has occurred even despite the impact of the on-going global economic uncertainties. The outlook also appears positive with IMF data indicating that:

a. Six of the 10 fastest-growing economies in the world over the period 2001–2010 were in Africa;
b. 11 of the 20 fastest-growing economies in the world through to 2017 will be in Africa;
c. 27 (50 per cent) of African countries have already attained ‘middle income’ status as defined by the World Bank;
d. At current growth rates, 40 countries (75 per cent of all African countries) on the continent could reach that status by 2025;3

e. The trend of economic, political and social factors for several countries point to the conclusion that structural transformation could be achieved over the coming decades. This will not only sustain, but also accelerate, growth and development.

3 High growth LICs: Ethiopia, Tanzania, Uganda, Mozambique, Malawi, Rwanda, Niger and Mali
Figure 4: Sub-Sahara Africa – Contribution to GDP (%)

Source: World Development Indicators, World Bank, 2014

18. Africa’s strong economic performance is the result of many political, social and economic changes over the past two decades. Although, rising prices for commodity exports has been a factor, many of the fast-growing economies are not natural resource exporters. Political stability has clearly improved as the continent has moved beyond the ideological strife of the Cold War and the regional conflicts that flared in the 1980s and 1990s. In addition, more and more countries are becoming practicing democracies.

CARIBBEAN AND PACIFIC SUSTAINING FRONTIER ECONOMIES

19. Caribbean countries are particularly specialized in services with several countries exporting significantly more services than goods. The region’s share of services in total exports is more than double that of the rest of ACP Group and other developing countries, but also significantly higher than in developed countries. Tourism is the most significant service sector, while great potential to develop capacity in financial services in line with the British Virgin and Cayman Islands exists. The 2015-2019 Strategic Plan to Reposition the CARICOM highlights the information and communications technology (ICT) sector as part of its planned acceleration of the implementation and use of the CARICOM Single Market and Economy (CSME). The Strategic Plan foresees unleashing key economic growth drivers with an emphasis on tourism, financial services, ICT, professional services, construction, education, health and wellness, and cultural, entertainment and sporting services. This should strongly support the region’s economic frontier status going forward.
20. Almost half of the Pacific states have graduated to upper middle income status (i.e. Cook Islands, Fiji, Marshall Islands, Nauru, Palau, Tonga and Tuvalu\(^4\)). The remaining countries are classified in the lower middle income category; with the exception of Kiribati, Solomon Islands, Timor Leste, Tuvalu and Vanuatu which are LDCs, (with the latter expected to graduate in 2018).

21. With huge ocean resources—amounting to 19 million square kilometres (see Fig. 4), almost double that of Sub-Saharan Africa (SSA) and 20 times larger than that of the Caribbean; the Pacific region has a great potential to exploit these and other mineral resources to sustain these and other economic activities. The ocean and its coastlines will continue to provide the region’s inhabitants with a vast array of ecosystem services that should sustainably underpin the region’s initiatives for sustainable expansion and the intensification of inshore and oceanic fish production, recreation, tourism and transport sectors. The ocean also harbours maritime resources and opportunities in the form of deep-sea and raw materials for pharmaceuticals, and alternative renewable energy sources which to this day remain largely untapped.

22. On the global level, growth in trade interconnectivity is commendable. UNCTAD statistics reveal that the African ACP region served 14.4 equivalent markets in 2012, reaching almost the level of market diversification of developed countries (16.3 equivalent markets) and surpassing that of developing countries in general (13.4 equivalent markets). However, the Caribbean countries with their strong concentration on the United States as an export market, and the Pacific region ACP states are much less diversified than the African region.

23. Nonetheless, efforts to foster trade expansion will be critical for the ACP Group in its efforts to diversify its economies and increase its overall competitiveness in the global market place. More effort will be required to align policies across the broad range of regional trade and economic zones. Public and private investment in institutions and infrastructure will be needed to drive down the costs of connecting people and markets. Increased cross-border trade can lead to a virtuous cycle of more competition in domestic markets – lowering the costs of goods and services while increasing their variety, thereby generating more economic activity.

24. The ACP Group is emerging as an attractive investment destination and a key market for goods and services. With a working population of about one billion set to double by 2040, (overtaking both China and India), and an improving business environment, the ACP Group is poised to become one of the world’s next emerging economy. To turn its economic gains into sustainable growth and shared prosperity, the ACP Group’s public and private sectors must work together to connect the Group’s markets, deepen regional integration, and adopt reforms that enhance their competitiveness in the global and regional markets.

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\(^4\) ADB Strategy 2020
CHALLENGES

25. Although it is acknowledged that the diversity in the Group represents a broad range of interests, if not well managed and harnessed, this could be a potential source of weakness. The larger and middle income economies (such as South Africa, Nigeria, Trinidad and Tobago, Papua New Guinea and Barbados) still have pressing issues of domestic poverty and inclusiveness. If the principle of differentiation is not carefully applied, this could lead to exclusion from external development support and a reversal of progress made in these countries. Small-island states, land-locked countries and the LDCs face similar but even deeper rooted challenges and conscious efforts to address these must be taken. The diversity of the Group was exploited leading to the formation of regional economic partnership agreements with the European Union. The EPA process has created suspicion and rifts in some regions and, if not tactfully handled, could undermine the integration agenda of ACP States and subsequently reverse some of the positive results already achieved.

26. Another challenge for the Group is that it is wrongly perceived to be bound together only by its historic relations with the EU – specifically with regard to access to the EDF.

27. There is also fear of the proliferation of international organizations and multiplication of actors that may put into question the competitive advantage of the ACP Group. Therefore, the new mandate of the Group should take on board the principles of complementarity, competitive advantage, proportionality, and subsidiarity.

28. In terms of working methods, the EPG observed that the choreographed conduct of debates and dialogue with its key partner, the EU, does not allow for adequate debate on issues of substance at Ministerial meetings. The predetermined outcomes and absence of ‘real’ decisions on the agenda, is seen as the cause of declining interest by Ministers in ACP meetings. There is demand and clearly a need for more political, open and visionary exchanges, with clear outcomes and deliverables that are development oriented and people focused.

OPPORTUNITIES

29. Despite what could be perceived as a negative outlook, there is clear potential for the Group’s sustainability. The Group’s future growth potential will be sustained by several fundamental factors. In particular, the Group’s demographic dividend is a key economic asset. During this decade, a young middle-class population has emerged in most of the Group’s MICs – and it is growing in number and in affluence. The increase in consumption demand and greater investment activity will further anchor the growing importance of domestic demand.

AMPLE RESOURCE BASE

30. In addition, the Group’s diversity will continue to support regional economic integration. As indicated earlier, the Group comprises economies at different stages of development that are endowed with a range of rich natural resources. This diversity should enable businesses and financial institutions to build vertical supply chains with participants who produce a wide range of products and services. Since development needs in the Group are vast, there is ample opportunity for further production, trade and investment linkages; as well as science, technological and innovation advancements which will garner benefits from outside regional borders.

31. On the multilateral trade front, the Group has strong and effective negotiating capacity. Since the launch of the DDA, the Group’s role has become far more expansive with active contribution to all facets of the negotiations. Furthermore, ACP Member States have amassed adequate experience in the design and implementation of development policy through programming and implementing programmes under the EDF. Therefore the Group is well placed to engage in negotiations that go beyond conventional trade. An example could be the design of templates for contracts for mineral exploration and natural resource extraction, an area that most ACP States need support in view of past incidences of exploitation.

FINANCIAL INTEGRATION

32. As ACP economies grow, financial institutions and markets will become significantly better integrated in the medium-to-long term. This will facilitate more efficient intermediation of funds within the Group through more effective
recycling of surplus savings for productive investment. Efforts toward greater financial integration will also enable further diversification of risk and contribute to greater stability in regional financial systems. More developed regional financial systems present additional options for global investors and borrowers and allow for more efficient allocation of financial resources.

SOUND POLICIES

33. Reforms to generate sustainable and inclusive growth are also important to further unlock the Group’s growth potential. Several ACP countries are implementing wide-ranging economic policies to increase their participation in the global value and supply chains, raise productivity and deliver more inclusive economic growth. Efforts to improve social safety nets, pensions, health care, education and financial inclusion are being intensified. These efforts will contribute to more balanced growth and maintenance of social cohesion.

34. There is a need to leverage on the available opportunities that the ACP Heads of State and Government recognised at their Sipopo Declaration of their 7th Summit. Re-affirming their deep commitment to the objectives and principles enshrined in the Georgetown Agreement, the ACP Leaders stated that “...at this historic juncture in the existence of our unique intergovernmental and tri-continental organization, the demands for fundamental renewal are no longer mere options but unavoidable imperative for strategic change.” The ACP Leaders resolutely reaffirmed their determination to stay united as a Group grounded in the values of peace and solidarity, unified action, and the identity that characterises the Group.

PART II: AN ACP FIT TO SERVE ITS PEOPLES - BECOMING A PEOPLE-FOCUSED ORGANIZATION THAT RESPONDS TO THE NEEDS OF CLIENTS AND BENEFICIARIES

35. In the past, the ACP Group has focused on government-to-government interactions with minimal involvement of NSAs. This has resulted in a lack of appreciation of the Group’s activities by ACP citizens. While institutional relations are important, interventions that have direct impact on the lives of ACP peoples require a participatory approach to development that integrates and facilitates the involvement of its people across all sectors of society and the economy. In this regard, the representative actors of ACP peoples in the development process become the secondary clients through and with whom the ACP Group should work with, to the ultimate benefit of the principle clients – ACP peoples. The ACP Group must focus on their key need (improved living standards), to be attained through poverty alleviation measures and sustainable development.

36. This will involve the transformation of fragile and vulnerable economies to become more robust and resilient thereby creating opportunities for the poor – leading to peaceful, stable and vibrant societies. The MICs should also be assisted so that they can sustain their development trajectory and be able to address the remaining challenges that could cause them to slide back to low income status. In addition, ACP States will need to become more innovative and explore new avenues and opportunities for growing their economies. In this regard, attention must also be paid to new growth areas including the sustainable use of the ‘green’ and ‘blue’ (ocean) economies for their benefit.

37. Pursuant to this people-focused approach, the EPG identified the secondary clients to include ACP governments, NSAs—the private sector, academia and the civil society (NGOs), RECs, ACP diaspora and cooperating partners.

ACP GOVERNMENTS

38. The focus of the work of the ACP Group on national policy makers would be to provide support for them to effectively fulfil their role of defining, sustaining and promoting an enabling environment for trade and investment as well as
science, technology and innovation. This calls for, *inter alia*, establishing appropriate regulatory frameworks for property rights, dispute resolution and predictability of economic transactions. For example, the ACP Group’s intervention in these areas would be to assist its Member States address the issues raised in the World Bank’s ‘Doing Business’ reports and ensure that most ACP States improve on their ratings.

39. Currently available statistics reveal that greater effort is needed by policy makers in the ACP Group to reduce the cost and complexity of doing business and to improve the quality of institutions.

40. In the areas of science, technology and innovation; the ACP Group has previously recognized the importance of research and development. The EPG gathered that in 2002 ACP Science Ministers met in Cape Town and adopted a declaration whereby they formally pledged to increase their research and development budget to at least one per cent (compared with developed countries which spend 2.5 per cent) of GDP within a decade. The Ministerial undertaking was informed by the belief that reducing the technology gap between north and south is a major factor in resolving the problem of the ever widening socio-economic divide between rich and poor nations.

PRIVATE SECTOR

41. The private sector has an important role to play as a source of employment and revenue generation. A dynamic private sector can contribute to strengthening the competitiveness of ACP countries, thereby facilitating their progressive and beneficial integration into the global economy. The private sector could also be utilized in building new partnerships in the post-2020 cooperation arrangement with the EU and other potential partners.

CIVIL SOCIETY, WOMEN AND YOUTH

42. Civil society and other economic and social actors such as trade unions and non-governmental organizations including academia can play a useful role in political and social cohesion as well as in the development processes of ACP States.

43. The critical role played by women in the development of ACP States is widely recognized, particularly in the informal sector. Their contribution could be enhanced if their welfare was uplifted. Gender equality and women’s empowerment will be decisive in the attainment of the SDGs.

44. In addition, youth constitute a major proportion of the ACP population and therefore their needs have to be integrated into the development process in order for the ACP Group to reap the benefits of this demographic dividend. Therefore the needs and interests of women and youth should be mainstreamed into future ACP programmes.

REGIONAL ECONOMIC COMMUNITIES (RECS)

45. Regional integration and cooperation can also help to overcome some of the numerous challenges facing ACP States, such as the small size of their domestic markets and geographic isolation. Cooperation at regional levels can help Members to reap the benefits of economies of scale, foster competition, and create space for additional domestic and foreign investment. Cross-border infrastructural developments and communication networks facilitate movement of persons and create new commercial opportunities. These enable the establishment and extension of national and regional value chains that support improved productivity and diversification of production and exports.

46. Furthermore, the small size, distance from markets and human resource constraints of many ACP SIDS, militate against their effective participation in international trade negotiations and global governance structures. Membership in regional integration organizations becomes an attractive option as it allows them to benefit from collective bargaining power and visibility. For all these reasons, the ACP Group and RECs should deepen their cooperation, synergize and complement each other’s work. The ACP Group can play a facilitative role to build on recent efforts to address overlaps and harmonize the programmes that arise from multiple memberships in RECs.

ACP DIASPORA

47. The ACP Diaspora is endowed with resources in the form of technical know-how that could be tapped for capacity building in various spheres. Their financial means, usually in the form of remittances, could be channelled to needy
investment areas. To that end, ACP States should provide appropriate policies, vehicles and instruments for encouraging remittances and having them transformed into productive investments for national development.

**DEVELOPMENT PARTNERS**

48. Through multilateral arrangements developed nations (both individually and collectively), have made several commitments to contribute to financing for development. Commitments were made earlier under the Millennium Development Goals (MDGs) and now as ‘means of implementation’ for the 17 global SDGs, and under aid effectiveness and consensus on financing for development. These are in addition to other specific commitments for targeted interventions such as climate change and natural disaster mitigation, renewable energy and global health.

49. The most significant commitment has been to allocate 0.7 per cent of their country gross national income (GNI) every year and 0.15 per cent to LDCs. United Nations reports estimated that for 2013 this would have amounted to US$315 billion, but only an estimated US$135 billion was delivered leaving a US$180 billion gap. The ACP Group is in a position to provide the institutional platform and play a catalytic role in the identification of needs, formulation of appropriate policies and programmes to channel resources emanating from these commitments to where they are most needed. The ACP should work to enhance its partnership with the EU (which has been the main development partner), to achieve better results.

**MULTILATERAL, INTERNATIONAL AGENCIES AND PRIVATE FOUNDATIONS**

50. The ACP Group should explore opportunities for diversified partnerships, which in addition to multilateral and international agencies could include private philanthropic foundations that work on development issues of core interest to the ACP Group.

**PART III: A NEW VISION FOR THE ACP – THE BUSINESS WE WANT TO BE IN**

**Figure 6: A New Vision for the ACP Group**

**OUR VISION**

Improved living standards and inclusive, sustainable economic and social advancement for ACP peoples with communality of interests and enhanced political will

To do this we will need to reposition the ACP as the world’s leading partnership of African, Caribbean and Pacific nations advocating for better living conditions for our people, and building capacities in key global issues such as the agenda for sustainable development, trade and investment and inclusive growth.

We will also promote the exchange of good practices of Member States and regions that have excelled in certain areas related to political dialogue, trade and investment and development cooperation as well as cooperation with new development partners.
PROJECTIONS FOR THE FUTURE

51. The main objective of the ACP Group should be the attainment of sustainable development and inclusive growth. The 17 SDGs will set the benchmark for the Group’s activities subsumed under the three pillars of the core mandates of the ‘new’ ACP Group and should, henceforth, be strategically placed to achieve these objectives.

52. Current long-term growth forecasts (post-2020) predict that many ACP States will advance economically and most LDCs will graduate to be MICs. However, for this to happen, these fragile and vulnerable economies must be transformed into more robust and developed markets. The demographic dividends are foreseen to play an instrumental role in the overall economic development of most ACP States.

Figure 7: ACP economic champions – projection for income per capita among 100 global economies 2050

Source: HSBC – The World in 2050; 2012

53. Furthermore, ACP States will continue to need large-scale development financing for years to come. These financial resources should be generated at domestic and international levels with a multitude of development cooperation partners. In addition, there would be need to strengthen partnerships with multilateral and bilateral institutions, the private sector, ACP diaspora and civil society organizations to leverage additional resources, and share knowledge and expertise.

Figure 8: Global trends in working age population (1950-2100)

Source: IMF Staff estimates based on UN World Population Database

Notes: LAC includes the Caribbean ACP States
Oceania includes the Pacific ACP States
TRANSFORMING THE GROUP’S CORE MANDATE

54. In the past, the ACP Group was constrained by lack of sufficient human and financial resources to deliver on the additional pillars included in the 2003 revisions to the Georgetown Agreement (see Table 1). This thin spread of resources has also had a negative impact on the organization’s ability to effectively monitor and evaluate the impact of its work. Additionally, the lack of effective leadership resulted in a weakening of the political will of Member States.

55. Therefore, the Group’s core mandate should be revised to be in line with its resource base. In order to ensure effectiveness of the ACP Group’s work and make it a results-oriented organization, the core mandate should be refocused by reducing the number of pillars from eleven to three (Table 3).

Table 3: Pillars of the core mandate of the ‘new’ ACP Group

<table>
<thead>
<tr>
<th>Core mandate</th>
<th>Pillars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core mandate of the ‘new’ ACP</td>
<td>Trade and investment</td>
</tr>
<tr>
<td></td>
<td>Development cooperation and technology</td>
</tr>
<tr>
<td></td>
<td>Political dialogue and advocacy</td>
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</tbody>
</table>

56. The EPG has identified three pillars which in its consideration should anchor the Group’s efforts towards the ultimate objectives of sustainable development and poverty eradication. The three pillars would be complementary to international efforts to address other specific needs of ACP states, in particular the 17 SDGs adopted on 25 September 2015 by world leaders. In this regard, the ACP Group should seek to cooperate and collaborate with relevant development partners and agencies towards the attainment of the SDGs. It should also remain engaged and play a catalytic and advocacy role in global fora in pursuit of this objective.

57. This approach would be guided by the following principles:

a. Subsidiarity – by focussing on the three pillars and leaving certain matters to respective regional organizations to which ACP Member States belong;
b. Complementarity – by avoiding duplication and concentrating on complementing the efforts of other like-minded organizations (such as the G77) on issues in which they have a mandate;
c. Proportionality – by being mindful of the budgetary constraints of the Group and using the available funds proportionally on core functions; and
d. Comparative/competitive advantage.

TRADE AND INVESTMENT PILLAR

58. The objective is to achieve inclusive growth and sustainable development for Member States. In addition to traditional areas of trade and investment, greater attention should be paid to trade facilitation and infrastructure development to support it, as well as re-energized focus on green and blue economies, and women and youth to ensure inclusive growth.

TRADE

59. The trade component should continue to build on the expansion of ACP exports for both goods and services. According to a study carried out by the International Trade Centre (ITC) at the request of the EPG, between 2002 and 2012 the exports of goods have increased at an average annual rate of 12 per cent rising to 15 per cent if oil, coal and gas are included. The export performance of the ACP Group overall, and of the African and Pacific sub-groups, matches that of developing countries.

60. The export of services from ACP countries increased significantly over the same period, but was slightly less dynamic than goods exports, and less dynamic than services exports in other developing countries. The growth of services exports was very similar for all three regions at around 9 per cent annually. The share of services in total exports is
slightly larger in ACP countries than in developing countries as a whole, but smaller than in developed countries (see Fig. 9).

61. Even though mineral products are the major source of export revenue in all three ACP regions, trade structures are very distinct. In Africa, minerals are by far most important accounting for nearly 60 per cent of all exports, followed by pearls and precious stones and base metals. These sectors are responsible for more than three quarters of total exports of the African ACP region, and yet they largely consist of untransformed commodities that are often subject to price shocks and thereby prevent local firms from generating sustainable incomes.

62. The situation looks somewhat different in the Pacific where mineral products and pearls and precious stones together account for ‘only’ 54 per cent of exports. Wood, wood articles and live animals are other important export sectors in the Pacific. In the Caribbean region, chemical products and processed foodstuffs follow minerals in second and third place. Chemicals are predominantly comprised of anhydrous ammonia and methanol, which are two of Trinidad and Tobago’s major export products after petroleum are oils and gases; while aluminium oxide is Jamaica and Suriname’s biggest export. Textiles also play a significant role in some Caribbean Member States, namely Haiti and the Dominican Republic.

Figure 9: Index of value of services exports

Source: ITC Study ACP Trade Prospects

63. The evolution of services exports in the three ACP regions has been similar during the last decade, (see Fig. 9). However, the contribution of services to total export value varies significantly across these regions. While services export value amounts to only 10 per cent of total exports (including oil) for the African region, it represents 17 per cent of this total for the Pacific region and 40 per cent for the Caribbean region (as compared to 19 per cent at world level).

64. Broadening the export base of ACP countries, (in terms of products, diversification and including value chains and markets), would necessitate enhancing competitiveness and economic diversification in order to sustain the current rate of trade expansion.

INVESTMENT

65. Figure 10 below shows the global investment landscape during the last two decades. For the past decade, developing countries have maintained their lead in global FDI inflows, reaching a new high at US$778 billion in 2013, accounting for 54 per cent of global inflows, although the growth rate slowed to seven per cent, compared with an average growth rate over the past 10 years of 17 per cent. Developing Asia continues to be the region with the highest FDI inflows, significantly above the EU, traditionally the region with the highest share of global FDI. FDI inflows were up also in the other major developing regions, Africa (up four per cent) and Latin America and the Caribbean (up six per cent, excluding offshore financial centers).
A significant number of ACP countries have stabilized their macroeconomic management, kept inflation in single digits, pushed forward long-overdue investment climate reforms, and worked hard at improving infrastructure as well as building institutions.

Investments are an important catalyst for boosting employment, enhancing inclusive growth and reducing poverty. The favourable economic conditions and improving political environment offer opportunities to foreign investors seeking better returns on their investments in ACP States. The growth in FDI inflows for all regions over the past two decades has been positive. Future work on trade and investment should focus on, *inter alia*:
a. Creating an enabling environment to facilitate increased investments and value addition to ACP products for trade expansion;
b. Facilitating movement of persons and capital between the ACP States and regions in order to pave the way for increased investment and trade as well as greater integration;
c. Sustainably managing the ample natural and cultural resources including paying greater attention to the blue and green economies, trade facilitation and communications infrastructure; and
d. Embracing the opportunities for South-South Cooperation and expanding intra-ACP trade.

POLITICAL DIALOGUE AND ADVOCACY PILLAR

68. In the Sipopo Declaration, the ACP Heads recognised that sustainable development can only be achieved in an environment of peace, stability, security, good governance and respect for human rights, democratic principles and the rule of law. The objective under this pillar is to fully harness the ACP Group’s opportunities by leveraging on its numerical strength and competencies to promote the collective cause of its membership at the global level with a view to achieving sustainable development. To this end, the focus should be on, inter alia:

a. Promoting and deepening the political dialogue among ACP States and in international fora to address issues of mutual concern;
b. Raising the profile of the ACP Group’s engagement at the international level by involving the Ministers of Foreign Affairs and ACP’s leaders in appropriate fora;
c. Enhancing the role of the CoA and the ACP Parliamentary Assembly as interlocutors with counterpart EU institutions and other cooperation partners;
d. Using the ACP identity to build a recognizable brand in international fora; and
e. Building the capacity to back up the brand identity.

DEVELOPMENT COOPERATION INCLUDING TECHNOLOGY PILLAR

69. This pillar should focus on identifying and establishing partnerships, mechanisms and instruments to attract investment and technology, financial and technical assistance as well as other implementation modalities to attain sustainable development and inclusive growth that would lead to improvement of living standards for ACP peoples. In effect, development cooperation, based on South-South, North-South, and other partnerships, provides the financial and technical means to supplement ACP efforts, for the realization of the objectives of the Group.

PART IV: ENHANCING THE FUTURE ACP-EU RELATIONS

70. When the Lomé Agreement was signed in 1975, it was widely greeted as a symbol of hope, a model of North-South cooperation built on dialogue. Its successor, (the Cotonou Agreement), anchored in the three complementary pillars of development finance cooperation, trade and economic cooperation and political dialogue, received similar acknowledgement.

71. The Georgetown Agreement assigns great importance to the ACP-EU partnership and its development cooperation model. It has been praised as innovative, built on solid predictable set of cooperation agreements between an industrialized group of countries and developing countries, anchored in a legal agreement and based on mutually contractual obligations. The agreements, which have been consistent and endured time, take the character of a treaty to which both groups and their members are party, therefore, providing a real sense of joint ownership. This is further enhanced by the governance structure of the agreements, which provides for formal engagements of joint institutions at different levels. It also provides for overall oversight through the ACP-EU Joint Parliamentary Assembly.

72. Cooperation mechanisms established through these agreements are comprehensive providing for engagement at the level of Heads of State and Government for political discourse, Ministerial for negotiations, and Parliamentary for democratic legitimacy and oversight of implementation, including development cooperation scrutiny. Development cooperation is also implemented through an established network of authorizing officers responsible for budget
execution in their respective countries and regions as well as at the all ACP level. However, despite interest and requests from the ACP side, most notably by the Malabo ACP Summit which requested for dialogue through a panel composed of selected ACP-EU leaders to resolve the question of EPAs, it is regrettable that to-date the Heads of State and Government have not met at a joint ACP-EU level.

73. Cooperation between the ACP Group and the EU has been supported by the EDF — a financing mechanism that has also been recognized by other donors outside the ACP-EU partnership as a single framework with a potential to reach a large group of vulnerable countries. The quantum of EDF resources has grown since 1957. However, in real terms it has declined if one takes into account the enlargement of the EU and the demographic changes in ACP States.

Table 4: EDF1 to EDF 11 in Million Euros (Current Prices)

<table>
<thead>
<tr>
<th>EDF1</th>
<th>EDF2</th>
<th>EDF3</th>
<th>EDF4</th>
<th>EDF5</th>
<th>EDF6</th>
<th>EDF7</th>
<th>EDF8</th>
<th>EDF9</th>
<th>EDF10</th>
<th>EDF11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>569</td>
<td>730</td>
<td>887</td>
<td>3,053</td>
<td>4,207</td>
<td>7,882</td>
<td>11,583</td>
<td>13,151</td>
<td>14,300</td>
<td>22,000</td>
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<tr>
<td>ACP states</td>
<td>18</td>
<td>18</td>
<td>46</td>
<td>58</td>
<td>65</td>
<td>68</td>
<td>70</td>
<td>77</td>
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<td>79</td>
</tr>
<tr>
<td>EU countries</td>
<td>6</td>
<td>6</td>
<td>9</td>
<td>10</td>
<td>12</td>
<td>15</td>
<td>25</td>
<td>27</td>
<td>27</td>
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</tbody>
</table>

74. The Cotonou Agreement necessitated a revision of the Georgetown Agreement in 2003, which broadened the scope of the Group’s engagement with the EU to include conflict prevention and good governance under the political dialogue. However, the unidirectional application of the essential and fundamental elements of cooperation, (which are the key aspects of political dialogue), has created sensitivities and concerns within the ACP Group. This is due to the unilateral imposition of sanctions by the EU and when the EU questions ACP values with regard to governance and even cultural issues.

75. In addition, the level of participation on the European side has been a source of concern to the ACP Group. ACP Ministers have anticipated holding dialogue with their counterparts of political standing but have interlocution with a Development or Trade Commissioner depending on the issue at hand. It raises questions about the EU’s perception of the ACP Group as political interlocutor and calls into question the degree of commitment to political dialogue on the part of the EU.

76. The gains on the economic pillar, particularly on ‘reducing and eventually eradicating poverty’—consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the global economy—remain largely dependent on the effectiveness of the EU’s development cooperation instruments. However, the volume of these resources and the delivery mechanisms fall short of the expectations and needs of ACP States.

CHANGES IN EU POLICY ORIENTATIONS

77. Certain policy changes in the EU signal the need for the ACP Group to acknowledge the necessity of modifying its cooperation arrangements with the EU. According to many respondents the separate EU strategies for Africa, Caribbean and the Pacific, coupled with economic partnership agreements, have the potential to undermine ACP solidarity, despite being endorsed thereafter by Africa and the Caribbean. Additionally, EU enlargement, institutional changes brought about by the Lisbon Treaty, the impacts of the global recession and the financial and Euro-zone crisis are leading to more inward looking EU policies. Recent major policy pronouncements ostensibly aimed at improving the impact of its development assistance, such as the Agenda for Change and ‘Trade for All’ could also have direct implications for a number of ACP States, particularly those in the middle and upper income categories.

78. Pursuant to its Global Europe Strategy, the EU has aggressively pursued new Free Trade Agreements (FTAs) with several partners, in addition to the Economic Partnership Agreements negotiated with the ACP States. Since 2008, the EC has concluded FTAs with nine non-ACP countries and is currently immersed in FTA and other trade negotiations with another 20 states and two regional blocs. On-going trade negotiations are being held with leading trading partners such as Canada, Japan, MERCOSUR and the United States. The mega-regional trade arrangements under negotiation with both the United States and Canada envisage delivering a broader range of trade disciplines with deeper commitments than
seen before. These new mega RTAs are likely to set precedence for the ACP Group’s future engagement with these potential partners.

79. EU’s pursuit of greater influence at the global level and its ambitious plan to conclude bilateral arrangements with other parties has diluted the ACP-EU relations. Nonetheless, it is clear that the ACP Group with its vast resources, growing and increasingly literate labour force, and vast investment opportunities with high returns, all provide a basis for the two parties to craft a mutually beneficial partnership, post 2020. The challenge for the two sides is how to make use of these opportunities and those emerging from the evolving global realignments while taking account of other parties that have expressed interest to engage with both the ACP and the EU.

80. The EPG was heartened to note that some EU Members are alive to these concerns and are proposing pragmatic changes to ACP-EU relations going forward. It was noted for example that a report by the Advisory Council on International Affairs (AIV) to the Netherlands Government recommends that in future negotiations, “…account should be taken of the likelihood that several contentious issues will be raised that could have a strongly negative influence on the climate of the talks and ACP-EU relations.” The report proceeds to identify the International Criminal Court, the LGBTI and migration (especially re-admission requirements) as some issues that would need careful treatment so as not to become deal breakers.

PART V: DIFFERENTIATION AND INTERACTING IN A CROWDED DEVELOPMENT MARKETPLACE

DIVERSIFYING PARTNERSHIPS

81. The founding fathers of the ACP envisioned the Group to have an objective reason for its existence beyond ACP-EU relations and to become the premier South-South development cooperation organization. In fact, the ACP-EU dimension was meant to play a complementary and reinforcing role in meeting this objective. The rise of emerging economies and the gradual shift in global economic and power relations necessitate the development of relations and partnerships that take account of these new players.

82. An approach to expand its partnerships for development cooperation could be for the ACP Group to use two of its key Members, South Africa and Nigeria, as conduits to access potential partner groupings that these two countries belong to (namely the G20 and the BRICS). South Africa, Nigeria and other countries that are in strategic positions could be requested to open up access to these potential partners.

Box B: Examples of potential development partners/groups

South-South Cooperation:

- The BRICS (Brazil, Russia, India, China and South Africa)
- Selected countries in North Africa, the Middle East, the Gulf States, Asia and Latin America;
- Specific groupings such as CAFTA, MERCOSUR, the Arab League; and
- Emerging configurations such as:
  - The CIVETS Group (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa);
  - The IBSA Dialogue Forum (India, Brazil, South Africa);
  - The MIST Forum (Mexico, Indonesia, South Korea and Turkey), and
  - MINT Forum (Mexico, Indonesia, Nigeria and Turkey).

Other Cooperation:

- The G20, (with South Africa a Member and Nigeria as an observer at the G20);
- The Association of South East Asian Nations (ASEAN); and
Possible alliances between traditional donor communities of advanced economies and emerging donors of the South.

Beyond multilateral and bilateral cooperation, the full involvement of the private sector, ACP Diaspora, network of experts and academia, should be integrated into the work of the Group. A database of experts that can provide services across the ACP region should be compiled. In addition, a compendium of ‘good practice’ and ‘positive experience’ should be developed that could be replicated within the Group.

INSTITUTIONAL SET UP

The ACP Group has a well-defined institutional structure spelt out in the Georgetown Agreement, which streamlines the decision-making and functioning of the Group. Political guidance is by Heads of State and Government and a Council of Ministers, with continuous oversight of implementation of its core mandate done by the Brussels-based CoA. The ACP Secretariat provides technical and administrative support to the operations of the Group.

Over the years, an established framework for the delivery of EU development assistance enabled the ACP Group to benefit from a contractual relationship supported by joint institutions that oversee the programming, management and monitoring of EDF resources. The structures in place have, to a great extent, assisted to consolidate the Group’s unity, visibility and effectiveness in line with its core values and principles.

IMPLEMENTATION MODALITIES

Implementation modalities will take into account the need for accountability to stakeholders for resource use. ACP Group’s past practice with managing the EDF resources could be an asset. The Secretariat should be restructured and strengthened to improve its functioning and efficiency. Furthermore, it would be necessary to upgrade the status of the ACP Group to a fully-fledged international organization with the appropriate legal, diplomatic and political authority at international level building on the acquis of the current institutional set-up. In view of the global political and economic landscape, the Group should also focus more on complementarities and linkages as opposed to replicating or duplicating what is being done elsewhere.

The enhanced capability to deliver on its mandate will constitute an important asset for leveraging in a crowded development marketplace. In this regard, the Group should apply the principles of subsidiarity, complementarity and proportionality in engagements with strategic partners. Consideration should also be given to operationalizing the current cooperation arrangements with the UN agencies, the ACP RECs and individual countries including members of the BRICS.

Another key asset will be Group’s capacity to formulate policies, take action and implement activities based on a people-centered approach. This will provide the requisite political legitimacy. In addition, the ACP Group’s geopolitical identity, the unique cultural, linguistic and geographic diversity of its membership, offers a platform for advancing its development agenda.

The mode of delivery should build on the Group’s long history of managing sizeable development finance envelopes and cooperation among its Member States and development partners. In particular, the cumulative experience of managing EDF development aid will serve as the foundation for South-South, North-South and other forms of cooperation.
PART VI: THE GOVERNANCE SYSTEM

GOVERNANCE STRUCTURE

90. In light of the current institutional challenges, the ‘new’ ACP Group requires a functional and performance-based governance structure to ensure the effective delivery of its core mandate. The EPG is of the view that the effectiveness and visibility of the Group can be enhanced if the Secretary-General, as CEO of the organization, were to be invested with full executive powers. For increased stability in the leadership of the Group, the Secretary-General should be appointed by the Summit on a six-year term and be subjected to a performance contract with full accountability with respect to mainly:

a. The organization’s budget;
b. Strategic and corporate plans;
c. Implementation reports; and
d. Administration and human resources.

91. In the event of a vacancy for whatever reason prior to the end of contract of a Secretary-General, one of the DSGs shall act until a substantive Secretary-General is appointed. In between Summits, the President-in-Office of the Summit shall exercise the authority to appoint the Secretary-General on behalf of the Summit. The structure, management system, staff recruitment processes and operations should be remodelled to transform the ACP Secretariat into a ‘knowledge centre’ in accordance with the new core mandate and status of the Group. An open and competitive selection system should also be institutionalised for the appointment of the Secretary-General and DSGs. For the latter, the process should include a professional assessment of the candidates.

GOVERNING ORGANS

92. The EPG is proposing a four-tier structure for the Group’s governing organs as follows:

a. The Summit of Heads of State and Government;
b. The Conference of Ministers of Foreign Affairs;
c. The COAs; and
d. A Governing Board – reporting to the Conference of Ministers of Foreign Affairs.

THE SUMMIT

93. The Summit would retain its role as the supreme policy making body. Summits should be occasions for ACP leaders to provide policy guidance and direction and for pronouncements on topical issues affecting the Group. The convening of Summits should be to deal with substantive and substantial issues, (including holding closed exclusive sessions for direct interactions on the issues), and to take major decisions that matter and are of critical importance for the Group. This would ensure participation in large numbers. The Summit President-in-Office would be called upon when necessary to represent the Group in relevant Summits and other appropriate forums.

CONFERENCE OF MINISTERS OF FOREIGN AFFAIRS (COFA)

94. The COFA would have oversight responsibilities with regard to budgetary and operational matters. It will also provide policy guidance to the Governing Board, the CoA and the Secretary-General. The Conference would also have responsibility for preparation of Summits and ensure implementation of Summit decisions.
COMMITTEE OF AMBASSADORS (COA)

95. The COA would be responsible for supporting the COFA in monitoring the implementation of thematic areas of the core mandate.

GOVERNING BOARD

96. A Governing Board would be responsible for considering and approving the strategic and corporate plans, as well as considering and approving the programme and administrative budgets. The Board shall be composed of two representatives from each of the six regions of the ACP Group. It shall be appointed by and report to the COFA.

THE ACP PARLIAMENTARY ASSEMBLY

97. The ACP Parliamentary Assembly should be retained as a consultative body, with enhanced responsibilities to imbue the ACP Group’s governance system with political legitimacy. As representatives of ACP peoples, the Assembly would be called upon to scrutinize the Group’s policies, programmes and activities are in line with the prime objective of being ‘people-focussed’.

COOPERATION WITH ACP RECS

98. Links with the ACP RECs would need to be strengthened to aid the expansion of regional connectivity and extending value chains to increase trade and commercial opportunities. The ACP Group should prioritize measures to promote the drivers of deeper regional cooperation and integration. This would include issues such as those related to trade facilitation and harmonization of standards, improvement of the investment climate, access to finance, and skills development and other areas of complementarities. It should be able to support regional public goods, including effective regional responses to climate change and other global challenges within the core mandate.

ADMINISTRATIVE STRUCTURE

99. The administrative arm of the governance system would continue to be the Secretariat reformed to deliver on the Group’s core mandate and key pillars. The new structure should be adequately resourced to manage the Group’s finances, expanded cooperation arrangements and attendant operational requirements. In view of the need for ensuring continuity and retention of institutional memory, a new layer of skilled professionals would be required at senior management level. Critical examination of the cost effectiveness of the organization’s operations while addressing the top-heaviness of the current management structure would have to be undertaken.

100. To that end, the Secretariat’s administrative structure should be amended to include three key changes:

a. The Executive Management would consist of the Secretary-General, assisted by two DSGs (instead of the current four ASGs) and the Chef de Cabinet. One DSG would oversee the ‘policies and programmes’ (the three pillars), and the other would be responsible for ‘corporate services’ (finance, legal services, conference and administration services);

b. The position of the Chef de Cabinet would be immediately below that of the DSGs with the responsibility to assist the Secretary-General coordinate all the activities of the Secretariat as well as support the Secretary-General to implement decisions of the policy organs; and

c. A senior-level management would be established comprising staff reporting to DSG’s for thematic areas under the three pillars of the new mandate as well as corporate services.
PART VII: COMMUNICATION STRATEGY – EXTERNAL RELATIONS AND VISIBILITY

101. The EPG found that there was a total lack of visibility in regard to the work of the ACP Group and its accomplishments. Therefore, an effective communication programme should be a strategic and integral tool for the Group’s better visibility, effectiveness, transparency and accountability. A new comprehensive communications strategy is necessary for wider and more effective outreach, discourse, dissemination of results of the Group’s activities, programmes and policies. The Group should establish a framework to guide its communications to enable the institution to respond flexibly to the changing global context. The framework should be based on, inter alia, the following guiding principles:

a. Raising the public profile of the ACP Group as an international organization, and deepening understanding and support for its role and policies in line with the core mandate of the ‘new’ ACP Group;
b. Integrating good communications practices into the Group’s daily operations;
c. Diversifying communications tools and activities;
d. Exploiting new media and ICT technologies to maximize information out-reach and engagement with targeted audiences of the 21st century;
e. Building and enhancing collaborative partnerships with stakeholders, including media bodies, especially those in ACP States;
f. Strengthening internal communications to help ensure institutional coherence in the Group’s outreach activities; and
g. A series of initiatives such as a virtual university and other online learning platforms as well as other visibility enhancing mechanisms such as ACP friends and clubs.

102. To that end, a number of issues deserve particular attention. Firstly, taking steps to ensure clarity of the key messages and image the Group wishes to communicate to the wider public and focusing strategies to enhance this message. Secondly, ensuring consistency in execution of activities and monitoring progress to better inform efforts going forward. Thirdly, engaging strategically and prudently with new media—including social media.

103. The institution’s communication strategy would also be designed to support the visibility of the Secretary-General as the official spokesperson for the Group, as well as of other key ACP officials and personalities in their advocacy and speaking engagements. Such a comprehensive communications programme would also address, inter-alia, partnerships with press/media bodies, organizing flagship events and publications, and multimedia and online communications.

104. Implementing a communications strategy effectively requires prioritization and cost-effectiveness. Communications should be increasingly integrated with the Group’s operations and, hence, Secretariat’s departments and governing bodies would need to be engaged in outreach, with the Communications Office playing a stronger coordinating role. The challenge of a resource-constrained environment in the Communications Office would be met by taking advantage of innovation in technologies, opportunities for proactive partnerships, and by shifting costs from lower-to higher-priority and higher-impact activities.

INTERNAL COMMUNICATIONS

105. Consultations with the staff body indicated that currently there is little sharing of information and there is low morale compounded by an atmosphere that is not meritocratic. An internal communication strategy should be developed to better share the new vision for the organization and the role that staff would be expected to play.
PART VIII: THE FINANCING MODEL

106. Currently the ACP Member States and the EU (EDF) finance the core operational budget of the Secretariat to the tune of about €15 million annually (2014); while intra-ACP programmes and projects are funded entirely by EDF resources to the tune of €300 million annually (under the 10th EDF). The core operational budget is slightly less than five per cent of the total annual financing envelope. ACP Member States’ contribute annually about €9 million (including €1 million internal tax on staff salaries), representing about 60 per cent of the total financing envelope. EDF contribution is around €6 million (40 per cent) provided as institutional support (2014 budget). While disbursements of the EDF resources to the Secretariat have been stable and predictable, late payments and de-facto defaults of ACP Member States in their contributions have undermined the Secretariat’s operational capacity over the years.

107. The present arrangement has made a substantial contribution within the current relationship of the Group with its principal partner, the EU. However, there are indications that the EU’s post-Cotonou contributions may change in line with possible budgetization of the EDF and the differentiation principle as is evident in the 11th EDF aid envelopes to ACP Member States. This is a challenge that the Group should address. Furthermore, new financing needs will emerge from the new structure and operations of the Group impacting on the operational costs for the Secretariat and resources required for the implementation of the core functions.

108. Addressing future needs of the Group, and the imperative to take ownership and responsibility for its destiny while at the same time diversifying and broadening partnerships requires that the ACP Group goes beyond the current financing model. The new financing model should be one that ensures sustainability of the Group’s activities, and also provide the basis for managing the resources from its key partner, (the EU) and from other partners in the long run. The financing needs will be determined by the new structure of the ACP Secretariat and the scope of programmes that will constitute the ‘new’ ACP Group’s core mandate.

109. As a first priority, the ACP Group should ensure that the core operational (administrative) budget for the strengthened Secretariat is fully-funded from the contribution of Member States. This is the minimum requirement for financial sustainability. A review of the current methodology and scale of Member States’ contributions is, therefore, necessary and alternative financing options should be explored.

110. The second priority would be to put credible and robust internal financial accountability frameworks in place to ensure value for money, and engender trust and confidence on the part of Member States and international partners. In this regard, compliance with systems such as the IV-Pillar Assessment is an imperative for the ACP Secretariat.

111. The third priority is to develop financing mechanisms and instruments for funding its programme budgets in collaboration with other partners, and through this process, ensure that programme management fees accrue to the ACP Secretariat and contribute to its programme budget.

112. This would necessitate the alignment of Secretariat structures to take into account long-term forecasts, strategic plans, audit, monitoring and evaluation, and reporting that are associated with international partnerships and corporate approaches to management. Proposals made in this report for the establishment of an endowment fund and trust funds, which would be essential to the long-term sustainability of the Group, can only be achieved if the systems and accountability frameworks in place are credible and robust.

113. The new financing model that the EPG is putting forward would be two pronged:

a. The core operational resources—these are the funds needed to maintain the smooth running of the ACP Secretariat (in its new core-mandate-related structure and format), the cost of the governance structure, and the cost of the Group’s in-house political dialogue;

b. The core programme resources—these are related to the costs of the delivery of the three pillars of the Group’s core mandate: political dialogue, trade and investment and development cooperation.
114. Financing of non-core staff would be drawn from own and partner contributions for the implementation of intra-ACP programmes. Transformation of the Secretariat into a ‘Centre of Excellence’ should see it take on executing functions for EDF-supported programmes and those from other partners. This will entail taking over the current work of external programme management units (PMUs) within the Secretariat’s operational functions and, therefore charge the service fees currently paid to the PMUs.

115. At the core of the financing model is the ACP Secretariat’s plan to enhance its operational and governance environment with a view to getting a positive outcome from the IV-Pillar Assessment as required under the current ACP-EU partnership. The purpose of this assessment is to enable the ACP Secretariat to use its own financial procedures in managing the EDF resources and executing all Intra-ACP projects and programmes where in it has a niche and/or recognized status as a ‘Centre of Excellence’. The IV-Pillar Assessment includes a review of the institutional procedures to assess whether the ACP Secretariat applies with the following governance standards, which offer guarantees equivalent to internationally accepted standards:

a. Transparent procurement and grant procedures, which are non-discriminatory and exclude any conflict of interests and which are in accordance with the provisions of the financial regulations and rules of the EDF;

b. An effective and efficient internal control system for management of operations, which includes effective segregation of the duties of authorizing officer and accounting officer or the equivalent functions;

c. An accounting system that enables the correct use of EU funds/EDF resources to be verified and the use of funds to be reflected in the EU/EDF accounts; and

d. An independent external audit.

116. In addition to attaining the above internationally accepted standards, the ACP Secretariat would need to quickly develop and establish a track record of implementing a value for money and accountability framework in line with the three pillars of the core mandate. This will help generate the needed buy-in for Member States to continue and increase their contributions. Following a credible track record of resource management, the Group could engage with other partners on managing their finances for agreed programmes.

SUSTAINABILITY OF CORE OPERATIONAL RESOURCES / BUDGET

117. To strengthen the ACP Secretariat, it is foreseen that in future there would be a need to ensure that the core of the staff complement are fully financed by resources from Member States—the baseline to financial sustainability. Financing non-core staff would be from resources of partner organizations to finance intra-ACP projects and programmes.

118. Projections based on the current 60-40 contribution ratio between Member States and the EDF resources at constant 2014 figures, show that the estimated contributions to the ACP Secretariat budget for 2015-2020 should be as follows:

a. €81.00 million (60 per cent) of the total budget would need to be contributed by ACP Member States (including internal taxes on staff salaries amounting to €8.66 million and a reserve of €7.40million); and

b. €54.00 million representing 40 per cent of the total budget has been allocated as the EDF contribution.

119. In order to attain financial sustainability for the core operational resources in the medium to long term, it would be necessary for:

a. ACP Member States – to increase their contributions in line with the financing needs to be identified from the refocussing of the core mandate which will necessitate high impact and qualitatively improved activities. The GDP-based parameters for Member States’ contributions would have to be adjusted and, possibly additional parameters introduced;

b. EDF resources – €54 million of which has been earmarked for the duration of the 11th EDF be disbursed. This amount is significantly higher (almost double) the allocation under the 10th EDF and is meant to cater for the implementation of additional activities likely to increase during the period. This additional amount should not lead to a reduction in ACP Member States contributions but should instead show commitment by correspondingly increase their contributions;

c. A reserve— an appropriate reserve to the budget from the management fees on the activities implemented by the Secretariat under the 11th EDF Intra-ACP envelope and from Member States’ contributions should be created.
Current estimates, also based on 2014 figures of Member States’ contribution with a three per cent annual increase across the board, and the increased EDF allocation under the 11th EDF, would create a cumulative reserve of €7.4 million by 2020.

SUSTAINABILITY OF CORE PROGRAMME RESOURCES / BUDGET

120. Successful transformation of the Secretariat would enable it to become one of the executing agencies of Intra-ACP programmes funded by EDF resources and thereby assuming the current role of the PMUs. Adding this responsibility to the regular services of the Secretariat would justify the Secretariat charging at least one per cent management fees for its management of Intra-ACP resources and for the overall management of the CPA. The same logic would be applied to management of cooperation arrangements with other cooperating partners.

121. In order to attain financial sustainability for implementing the core programmes in the medium-to-long term it is foreseen that:

a. **EDF resources** (or the replacement instrument if EDF is budgetized) – for financing programmes post 2020 would depend on the size of the Intra-ACP envelope that is managed by the ACP Secretariat. The size of the programme financing from this source will depend on the outcome of the post-Cotonou ACP-EU partnership negotiations. It would also depend on the quantum of national envelopes managed by the ACP Secretariat;

b. **Donor programme financing** – the new mandate which, *inter alia*, provides for partnerships beyond the EU, requires the ACP Group to set up trust funds to be managed by the Secretariat. Possible sources of funds could include: traditional donors (governments of developed countries), non-traditional donors in the developing countries (including the BRICS and other developing countries), and selected ACP states (the four segments of large and potentially large contributors) such as:

   i. Current group of large contributors among the ACP States;
   ii. ACP countries that are mineral and oil rich;
   iii. ACP countries that are expected by 2020 to have joined the resource / hydrocarbons rich countries; and
   iv. ACP countries that are forecast to outperform others in terms of long-term growth (up to 2050)

a. **From partners other than the EU**—the Secretariat should explore the feasibility of charging management fees / agency costs for programme management and such like services, as is common practice elsewhere. In this way, the Secretariat will be in a better position to self-reliantly generate additional resources and thus ensure financial sustainability for its (core) operations.

b. **An Endowment fund**—is an avenue that could contribute to the financial sustainability for the operations of the Group. In its discussions with the EC, the EPG was informed that the EC is amenable to contributing to such a fund, if by so doing this would contribute to financial sustainability. So it is foreseen that contributions would be from the 11th EDF – possibly from the reserve of €593 under the intra-ACP allocation, all ACP Member states with additional amounts from ACP States that volunteer to support the course of the Group; and other partners including non-traditional donors, such as members of the BRICS and the Group of 20 (G20).

122. The EPG is of the view that attraction to benefactors and contribution to the fund would depend on how the fund is promoted; the type of activities to be funded; benefits to be accrued by the targeted beneficiaries; an impeccable record of accountability and transparency; and the utilization of the income to be derived from the Fund.

123. Operationalization of this Fund would require a decision at an appropriately high level following which the Secretariat would need to create a special unit with appropriate expertise to manage that fund. Conceptualization and management of the Fund requires specialized expertise. Therefore, it would require the ACP Secretariat to ensure that it can attract top experts on conditions that are competitive with the objective of creating a strong knowledge-center for managing such resources. It is imperative that the Fund is managed with impeccable accountability and transparency.

6 Ethiopia, Ghana, Kenya, Tanzania, Uganda, Angola, Cameroon, Dominican Republic, Nigeria, Cuba and South Africa.
124. Broadening partnerships beyond the EU could bring in more finances, and consequently, new management modalities, such as endowment or trust funds (bilateral as well as multi-donor funds), that would also complement and support the Secretariat’s operational work, deliver on its objectives and meet the needs of its client countries and partners. This would require imbuing the Secretariat with the requisite treasury and financial management capacity.

**OPERATIONALIZING THE NEW FINANCING MODEL**

125. It is foreseen that the new financing model being proposed would operate as follows:

a. **Core operational budget**—currently at € 15 million per year, should be maintained at this level in the medium-term (4-5 years) in the advent of streamlined general services to cater for costs of additional professional staff;

b. **Core programmes budget**—currently at € 300 million per year based on the pillars of the current mandate. The new mandate and the underlying vision to enhance effectiveness and visibility of the ACP Group coupled with expansion of partnerships implies that this budget would increase significantly. New expertise would be recruited on fixed term contracts as part of technical assistance teams to deliver respective interventions under specific programmes;

c. **Management of the Endowment Fund**—presently there is no budget line for this. The Fund would be a new resource envelope and would require new expertise in the Secretariat to transparently manage and account for the operations of the Fund; and

d. **Operational budget for the Governing Board**—this would be a new component of the budget. It is possible that the ACP Group may decide that Members States in the Board meet the costs of their services. It is also likely that the operational costs of the Board may be charged to the core operational budget of the Secretariat, necessitating the creation of a new budget line.

126. In the long-term, (post-2020), two financing scenarios could be envisaged, namely:

a. The current financing model is sustained with contributions from Member States (60 per cent) and EDF (40 per cent) for the financing of the core operational budget; with additional revenue from management fees and interest income from the endowment fund alleviating pressure on Member States contributions;

b. An alternative scenario in which the core operational budget is fully-funded by ACP states without contributions from EDF. This would require substantial increases in Member States contributions. As in the first scenario, income streams from management fees and interest payments would cushion substantial increases in Member States contributions.

127. In order to achieve financial sustainability, income streams from Member States contributions, partnership contributions, programme income streams and investment income mainly from the endowment fund, would have to be assured.

**Table 5: Price tag (activity stream) of the ‘new’ ACP—Medium-Term (6 years)**

<table>
<thead>
<tr>
<th>Core budget</th>
<th>Activity stream</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Core operational budget</strong>—same as current annual budget for the Secretariat</td>
<td>• General operations</td>
</tr>
<tr>
<td></td>
<td>• Management of delivery of core programmes—coordination function</td>
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<tr>
<td></td>
<td>• Visibility actions</td>
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<tr>
<td></td>
<td>• Servicing institutional policy and oversight meetings</td>
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<tr>
<td></td>
<td>• Mobilization, management and accountability of all financial and other resources</td>
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<tr>
<td></td>
<td>• Monitoring the implementation of partnership arrangements</td>
</tr>
<tr>
<td><strong>Core programme budget</strong>—increase significantly to meet the objectives and vision of the new core mandate</td>
<td>Delivery, accountability of outcomes and follow-up of:</td>
</tr>
<tr>
<td></td>
<td>• Trade Programmes</td>
</tr>
<tr>
<td></td>
<td>• Investment programmes</td>
</tr>
<tr>
<td></td>
<td>• Political dialogue and advocacy programmes</td>
</tr>
<tr>
<td></td>
<td>• Development cooperation and technology programmes</td>
</tr>
</tbody>
</table>
Management of the ‘Endowment Fund’—new and additional budget line
- New expertise for the management and transparent accountability of the use of the proceeds of the endowment fund
- Mobilization of contributions to the Fund.

Operational budget for the Governing Board—new and additional budget line
- Travel and living expenses of members of the Board
- Operational costs of the Board’s meetings.

Representation budget—new and additional budget line
- Travel and living expenses of ACP representation at key fora
- Coordination and operational expenses.

PART IX: IMPLEMENTATION STRATEGY FOR NEW ACP GROUP

128. As recommended earlier, the implementation of recommendations contained in this report once adopted by the Summit will be overseen by a special Summit Committee composed of the President-in-Office, the Outgoing President and the Chairman of the EPG with the view of reporting progress in the build-up of the ‘new’ ACP Group to the subsequent Summits.

129. In this regard, it is foreseen that in the medium-term, (up to 2020), the implementation strategy would be to:

   a. Revise the Georgetown Agreement;
   b. Update the structure and functioning of the Governing organs and the Secretariat;
   c. Establish the new financing model as well as strategies and modalities for resource mobilization;
   d. Establish an accountability framework including compliance with the IV-Pillar Assessment;
   e. Define the negotiating mandate for post 2020 ACP-EU negotiations;
   f. Develop performance contract for senior management;
   g. Prepare and implement long-term corporate and strategic plans, and annual plans;
   h. Establish reporting modalities as well as monitoring and evaluation systems; and
   i. Developing a framework for effective political dialogue and advocacy.

130. In the long-term, (post-2020), the implementation strategy would be to:

   a. Effectively implement the core mandate of the ‘new’ ACP Group; and
   b. Expand and consolidate development cooperation arrangements.

PROJECTING THE MEDIUM TERM FINANCIAL IMPLICATION

131. The main activity during the transition phase will be to develop a framework for the implementation of the three pillars in the respective new units/ Divisions. This will require recruitment and reassignment of the staff and determination of the staff gaps. It will also necessitate preparation of departmental strategic plans.

EXPANSION OF COOPERATION ARRANGEMENTS

132. Expansion and consolidation of the cooperation arrangements with all partners should constitute another major focus of the ACP Group’s engagements in the medium-to-long-term. Special attention should be on building partnerships for resource mobilization (including EU, North-South and South-South), for cooperation in matters of global governance, joint implementation of intra-ACP programmes and projects, and partnerships within the ACP Group.
133. Based on the above, indicators of what the price tag and activity stream under the four structural changes could be envisaged as follows (with figures provided in Table 1 of Annex II):

a. **Core operational budget** to cover: general operations; managing the delivery of core functions – coordination function, visibility, servicing institutional, policy and oversight meetings, mobilization, management and accountability of all financial and other resources; and monitoring the implementation of partnerships, including extensions and renewals. The budget should be maintained at this level in the medium-term (five years) also taking advantage of streamlined general service and scheduled retirement of staff to cater for costs of additional new professional staff. The departure and arrival of management teams account for the sizable increases in the ‘other staff costs’ component for the years 2015 and 2020. The latter is on the assumption that the new management team will depart after five or (the proposed new term of) six years of service;

b. **Core programme budget** covering delivery, accountability of outcomes and follow-up, of Trade and Investment; Development Cooperation and Political Dialogue and Advocacy programmes;

c. **Management of the ‘Endowment Fund’**—new and additional budget line to cover: new expertise for the management and transparent accountability of the use of the proceeds of the Endowment Fund, and mobilization of contributions to the Fund;

d. **Operational budget for the Governing Board**—new and additional budget line to cover: travel and living expenses of members of the Board, and operational costs of the Board’s meetings. Serious consideration should be given to Member States financing the participation expenses of their representatives to the Governing Board; and

e. **Representation budget**—new and additional budget line to cover: travel and living expenses of ACP representation at key fora, and coordination and operational expenses.

**ADDRESSING SKILLS GAPS**

134. As part of a talent building and management programme in line with the three pillars and also with the view to increase organizational responsiveness and flexibility, the ACP Secretariat would need to adopt a structured workforce planning methodology to identify gaps in the organization’s resources and skills, and assess future resourcing and skill requirements. Based on this exercise, a program of strategic and targeted recruitment would be undertaken rapidly to address critical staff shortages. The Secretariat would ensure transparency in staff recruitment at all levels. It would continue to promote diversity and inclusion in its workforce.

**BUILDING A RESOURCE BASE FROM PARTNERS**

135. In line with the ambition to expand the Group’s partnerships beyond the EU, the ACP Group should be able to build a resource base from these new partners in addition to the resources from the EU. This should center around resource transfers for programmes (and related management costs), covered by partnership arrangements, trust funds and an Endowment Fund (to be established).

136. The ambition to fully finance the core operational costs of the Secretariat by 2020 would require the ACP Group to streamline the size of the core staff by reassigning a portion of the staff to the programme budget starting 2016. The aim would be and to reach one-third of the staff by 2020 and maintain the current funding of the core operational budget at the ratio of Member States contributions (60 per cent) and financing from EDF resources (40 per cent).

137. Table 3 in Annex II gives an indicative budget for the Secretariat that takes into account the reassignment of about one-third of the core staff to the programmes’ budget by 2020. The core operational budget in 2020, net of the transitional budget —scenario 1 would be the same as the 2014 budget. On the financing part, the operational budget would be fully covered by Member States contributions in 2020 under scenario 2 (see Table 3 of Annex II).

**REVISION OF THE GEORGETOWN AGREEMENT**

138. In line with the proposed core mandate of the ‘new’ ACP Group the Georgetown Agreement should be revised as appropriate. Some of the key elements of that revision are summarized in Table 6 below.
Table 6: Recommended revisions to the Georgetown Agreement

<table>
<thead>
<tr>
<th>Areas</th>
<th>Target</th>
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<tbody>
<tr>
<td>Objectives</td>
<td>• To streamline the objectives in line with the core mandate.</td>
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<tr>
<td></td>
<td>• To strengthen the objectives related to political dialogue and advocacy in line with the ambition to enhance representation and visibility of the Group.</td>
</tr>
<tr>
<td></td>
<td>• To strengthen the objectives of enlarging partnerships.</td>
</tr>
<tr>
<td></td>
<td>• To strengthen the objective of independence and financial sustainability.</td>
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<tr>
<td>Organs</td>
<td>• To strengthen the role of the Summit and the Council, the latter as COFA.</td>
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<td></td>
<td>• To stipulate provisions for the Governing Board as a new oversight body.</td>
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<td></td>
<td>• To stipulate the additional role of the CoA and ACP representatives, including representations at major centres of global political governance (in particular New York).</td>
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<td></td>
<td>• To spell out the executive function of the Secretariat and the terms of office of its top management.</td>
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<tr>
<td>New members</td>
<td>• To give clarity to provisions governing new membership.</td>
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<tr>
<td>New vision</td>
<td>• To adapt the Constitution of the Group’s key organs in line with the new vision.</td>
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**POST COTONOU NEGOTIATIONS**

139. The ACP Group expects to negotiate a new post-Cotonou partnership accord with the EU starting in 2018 and concluding the agreement by 2020, on the basis of the mandate to be adopted by the governing organs. Given the new orientation of EU development policy and cooperation frameworks, (including towards differentiation and the setting up of FTAs), the ACP Group would need to develop its negotiating mandate at an early stage and adequately prepare for effective negotiations. In this regard, the ACP Secretariat should urgently undertake a study to critically review the ACP-EU partnership and identify an acquis of good practices that should be retained in the successor Agreement.⁷

140. In parallel, the Group would have to make overtures to engage in building new partnerships for generating opportunities for development and leveraging resources including blending with those that may accrue from the post-Cotonou ACP-EU partnership accord.

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⁷ At its meeting in July 2015, the EPG Drafting Committee was informed that the Secretariat had commissioned a study to develop a negotiating mandate.
PART XI – CONCLUSION

141. The EPG was asked to envision the future of the ACP Group in light of the changing global environment and to identify options for reform to shape the Group as a contemporary organization. We were also asked to examine the working of decision-making bodies as well as the Secretariat, and recommend how to make them more effective framework for cooperation and partnership.

142. We set about to collect views and opinions from a variety of stakeholders and other respondents based in our countries, regions, organizations – at ACP-EU levels and globally. This report is informed by the feedback we obtained and the critical questions we addressed during our discussions which look at what the Group is currently engaged in, what it would like, what its future engagement would be, and its principle clients and their needs. We also considered how to differentiate ACP's work vis-à-vis other complementary organizations, and better interact within the global development marketplace.

143. We have made 32 comprehensive recommendations in our report (see Annex III: Summary of EPG Recommendations), premised on the need to:

a. Safeguard and uphold the values, interests and principles of the ACP Group;
b. Define a more strategic role and focus for the Group, and in particular, provide determined advocacy in the international community to advance the interests and address the challenges that face ACP States;
c. Refocus and improve the work of the ACP Group in advancing the socio-economic development aspirations and needs of its Member States, including expanding cooperation frameworks and resource bases; and
d. Reform the governance structure as well as the ACP Secretariat to align them with the new strategic role and focus of the Group.

144. The recommendations we have made provide a set of actions and reforms that the ACP Group should take if it is to re-establish itself as a formidable coalition for the progress, prosperity and voice of its peoples, and to positively contribute to give them better lives.

145. The evolving global and economic landscape provides broadened opportunities and additional potential for the ACP Group. In this regard, we believe the ACP Group can play a useful role in promoting development through, *inter alia*, creating significant trade and investment opportunities, and managing the opportunities arising from its vast natural resources and youth dividend. For that potential to be achieved in order to give economic, social and political benefits to its one billion people, urgent reform is imperative. That is the urgent reform this report is advocating for, and we strongly believe that this is possible with the collective political will of all the Member States.
UPDATING THE SECRETARIAT’S STRUCTURE

1. A 24-month preparatory and transition phase starting in January 2018, is being proposed to facilitate the updating of the Secretariat’s structure and functions. This includes setting up recruitment modalities for the Secretariat’s senior management, (the Secretary-General and the two DSGs), in line with the recommended new governance structure. The Secretary-General would be nominated by the Council of Ministers by June 2019 for appointment by Summit later that year. The appointment of the two DSGs would be made during the second half of 2019 to enable the entire senior management to take office by 1 March 2020.

2. It is proposed to create a senior level management category (P5), with a responsibility to head divisions falling under each of the DDGs. This cadre will support the executive management (Secretary-General and DSGs) in the effective running of the organization. The savings accrued from eliminating two positions of the ASGs would go some way in defraying the costs of establishing this category of staff.

3. The Secretariat’s structure should be in line with the three pillars of the core mandate and the ambition to mobilize resources including the creation of the Endowment Fund.

4. As part of the implementation strategy, it is recommended that a professional human resource firm be recruited to define the most appropriate structure and job descriptions that would best serve the new ACP Group and deliver on the new mandate.

5. The general outline of the Secretariat’s organigram, (which we are proposing as an option, subject to further examination), is as follows:

OFFICE OF THE SECRETARY-GENERAL

6. The Secretary-General is the CEO of the ACP Secretariat. His/her office would be constituted with the following functions and positions – Director of Cabinet (Chef de Cabinet), the General Counsel and Conference Secretary: Monitoring and Evaluation, Internal Audit, and Resource Mobilization and Partnerships.

7. General Counsel and Conference Secretary - The Legal Services Division will also be under the Secretary-General’s Office and continue to provide support services encompassing day-to-day legal, accountability and advisory operations of the ACP Secretariat. The Office will serve as Secretary to the COFA and its subsidiary bodies. The scope of the Division’s activities and strategic direction will cover core legal services related to the interpretation and implementation of the Georgetown Agreement, cooperation arrangements, contractual and accountability arrangements, and related advisory services pertaining to the operations of the Secretariat.

POLICIES AND PROGRAMMES DEPARTMENT

TRADE AND INVESTMENT DIVISION (TID)

8. The thematic areas to be covered will include activities related to intra-ACP trade, trade facilitation, customs cooperation and market access, ACP-EU trade issues, commodities and mineral resources also in relation to the evolving ACP partnerships; and multi-lateral trade and governance issues under the ACP Geneva Office.

9. In the area of investment this will include the promotion of investment and private sector development; investment financing architecture, and infrastructure development – necessary for improving wealth creation, market interconnectivity, facilitating social development and increasing the living standards of ACP citizens. Environment and
climate change issues including blue (ocean) and green economies, and natural resource management will also be covered.

10. The Programme and project management aspects will entail appraisal, promotion and technical supervision and management of intra-ACP projects in the above mentioned areas and follow-up of partnerships with the ACP RECs and international organizations (including UN, UNEP, UNIDO, UNDP, UNCTAD, WTO, WCO, IMF, WBG, FAO, CTA, WIPO).

POLITICAL DIALOGUE AND ADVOCACY DIVISION (PDA)

11. Thematic areas to be covered will include aspects to be agreed in the post 2020 ACP-EU Partnership Agreement relating to political dialogue including the activities of the Joint Parliamentary Assembly; dialogue and advocacy on global challenges and opportunities, those to be addressed in new partnerships, and issues related cultural heritage.

DEVELOPMENT COOPERATION AND TECHNOLOGY DIVISION (DCT)

12. The work of the Division will cover implementation of the ACP-EU Partnership Agreement related to development cooperation with a greater focus on technological transfer as well as aid and capacity building issues. It will also deal with multilateral economic and finance issues as they impact on ACP States. The Division will forge consultation with Member States, ACP RECs and the European Commission (EC) and other partners on the programming and use of the development resources and access to technology.

13. The Division will play a leading role in negotiating development finance and technology cooperation arrangements between the ACP Group and the EU and other partners, including partners under South-South and triangular cooperation and among ACP states. The Division will facilitate programming and effective use of intra-ACP resources including repositioning of the ACP Secretariat as an implementing agency of EDF and other donor Programmes.

14. With regard to managing the implementation of programmes, the Division will ensure that intra-ACP projects (funded by all categories of partners) are implemented in full conformity and compliance with the provisions of the Financing Agreements in order to guarantee the attainment of objectives and planned results. In this regard, there will be a need to build in-house capacity to manage intra-ACP projects and implementation of a results based management system.

CORPORATE SERVICES DEPARTMENT

ADMINISTRATION, FINANCE AND HUMAN RESOURCES DIVISION (AFHR)

15. The AFHR Division will continue to provide support services encompassing day-to-day operations of the ACP Secretariat. The scope of the Division’s activities and strategic direction covers human resources, ICT, procurement, facilities management and general administration.

FINANCE AND BUDGET DIVISION (FBD)

16. The Division will continue to manage the operations of the Secretariat in budgetary and financial matters by adhering to internationally acceptable norms and standards in the areas of accounting, internal auditing and control. The Division will also prepare relevant financial reports to Member States and partners as appropriate.

CONFERENCE SERVICES

17. The Division will continue to provide support services in the areas of translation, interpretation and logistics of the ACP Secretariat and institutional meetings and events.

ORGANIGRAM

18. Based on the above description of functions of departments and divisions, it is envisioned (without prejudice to the findings and recommendations of the professional firm) the proposed organigram along the lines of the schema below.
Figure 12: Proposed ACP Secretariat organigram
ANNEX II

FULL CORE STAFF COMPLEMENT UNDER THE OPERATIONAL BUDGET

Table 1: ACP Secretariat budget estimates – 2014-2020 (€million) 

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<td>17.86</td>
<td>18.58</td>
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<tr>
<td>Net of transitional budget</td>
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<td>15.58</td>
<td>16.52</td>
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<td>17.86</td>
<td>18.58</td>
<td>19.93</td>
<td>104.58</td>
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</table>

Source: ACP Secretariat 2014/2015 budget and Indicative 11th EDF allocations

Note: /2: Includes repatriation and settlement costs for the management teams.

Table 2: Scenario 1 - ACP Secretariat - financing of the budget (€ million)

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<td>1.58</td>
<td>1.64</td>
<td>8.95</td>
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8 Post-2014 budget indexed at 4 per cent level of annual cost of living increases.

9 Post-2014 budget indexed at 4 per cent level of annual cost of living increases.
4. Arrears recovery (interest) 0.67 0.76 -- -- -- -- -- 0.76
5. Reserve / transitional budget -- (3.61) (2.28) (2.03) (1.75) (1.45) (0.54) (11.66)
6. Total financing 15.34 19.19 18.80 19.20 19.61 20.03 20.47 117.30

Note: /2: Contribution of ACP States maintained at 2014 level plus annual indexation; hence the creation of a reserve fund starting year 2016.
/3: Includes a reserve on EDF allocation amounting to €3.78mn.

Table 3: Scenario 2 - ACP Secretariat-financing of the budget (€ millions)\(^\text{10}\)

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<td>4. Arrears recovery</td>
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<td>5. Reserve / transitional budget</td>
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<td>(6.36)</td>
<td>(5.77)</td>
<td>(5.14)</td>
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<td>137.83</td>
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Note: /2: Contribution of ACP States maintained at 2014 proportionate level with the EDF (58/42); hence the creation of a reserve fund starting year 2016.
/3: Includes a reserve on EDF allocation amounting to €3.78mn.

Table 4: ACP Secretariat budget estimates: 2014-2020 (€ million)\(^\text{11}\)

**ONE THIRD OF CORE STAFF TRANSFERRED TO PROGRAMME BUDGET BY 2020/3**

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<td>3a. New staff: transitional budget for 3 pillar recruitment + training (scenario1)</td>
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\(^{10}\) Post-2014 budget indexed at 4 per cent level of annual cost of living increases.
\(^{11}\) Post-2014 budget indexed at 4 per cent level of annual cost of living increases.
## Report

By the Eminent Persons Group

March 2016

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Source: ACP Secretariat 2014/2015 budget and Indicative 11th EDF allocations

Note:  
/2: Includes repatriation and settlement costs for the management teams.  
/3: An amount of 6.6% of the operational budget to be covered under the programme budget from 2016 with the view of transferring one third of core staff to the programme budget by 2020, and another one third by 2025.
SUMMARY OF EPG RECOMMENDATIONS

R1 The ACP Group should continue as an entity with focus on the revised core values of the Georgetown Agreement with greater emphasis placed on the principles of unity, solidarity, complementarity and subsidiarity. The experience and lessons learnt over the 40 years of the Group’s existence should provide guidance and a clearer vision for the attainment of social, political and economic development in an inclusive and sustainable manner.

R2 The Group’s solidarity should continue to be guided by the commonality of interests among its Members as well as the individual circumstances or challenges of each country.

R3 The ACP Group should:
   a. Build on its status as a tri-continental organization, to take advantage of the emerging opportunities and advance its interests;
   b. Utilize Regional Economic Communities (RECs) as building blocks for intra-ACP trade and integration, investment and cooperation; and
   c. Capitalize on its growing, working and literate population as well as its natural resource endowment to turn its economic potential into sustainable growth and shared prosperity for its people.

R4 The ACP Group’s development strategy should be guided by the need to achieve sustainable and inclusive growth needed to create economic opportunities and eradicate poverty. The internationally agreed Sustainable Development Goals (SDGs) should be the benchmark. However, recognizing that the Group does not have the capacity to deal with all aspects of the SDGs, and guided by the principles of subsidiarity, complementarity and proportionality; focus will be on those areas that relate to its core mandate. To that end, the ACP Group should:
   a. Play a greater role in the setting, implementing and monitoring of the global development agenda including the SDGs;
   b. Seek to improve performance in global trade and science, increase investments and access to technology;
   c. Facilitate greater participation of the private sector and NSAs in future ACP work in order to make development processes more sustainable and inclusive. Specific attention should be made to integrate the needs and interests of youth and women in this process;
   d. Support RIOs’ efforts to align (and synchronize) their programmes, activities and policy approaches. It should also play a catalytic role in addressing their needs, as well as in the formulation of appropriate policies and programmes geared towards accessing and utilizing resources from development partners. In this regard, a mechanism such as the Inter-Regional Organization Coordination Committee (IROCC), that had previously proved useful, should be re-launched and a network for regional organizations established;
   e. Increase intra-ACP cooperation, investments and trade in line with the objectives of the Georgetown Agreement through improved participation in the global, regional and national value and supply chains;
   f. Support Members States to enhance the diversification of markets, and increase production for exports and domestic consumption so as to contribute to faster economic growth and export expansion in order to sustain trade expansion and enable economies to become more resilient;
   g. Strengthen macroeconomic fundamentals and economic linkages between ACP countries and regions in order to facilitate increased inflows of foreign direct investment (FDI), private investments and remittances;
   h. Re-orient and transform the institutional framework to provide the technical content to support effective delivery of the pillars; and
   i. Redirect resources for programmes and activities proposed or offered by development partners in areas that are not in its core mandate to other organizations within its Group that are better suited to carry out such projects.

R5 The ACP Group should leverage its strength in numbers and outreach to participate and contribute more effectively in global governance institutions and fora, particularly in key areas of its mandate. In this regard the ACP Group should be proactive in responding to the changing global environment in order to adapt, remain relevant and be responsive to the needs of its Members States and stakeholders. To this end, the ACP Group should consider establishing a presence or representation for coordination purposes in key centres of global governance such as New York and Addis Ababa in addition to its existing presence in Geneva.
R6 The ACP Group should:
   a. Focus its programmes and activities for the ultimate benefit of ACP peoples. In this regard, the Group’s development strategy should aim at enabling the private sector at all levels, (including the informal sector), to play a more appropriate role in the economy so as to create economic opportunities for jobs, growth and development; and
   b. Establish a forum for the celebration and sharing of diaspora knowledge, expertise, skills and information that can contribute to the realization of the objectives of the Group and its Member States.

R7 There is common interest on issues such as global peace, security and stability as a precondition for socio-economic development growth and progress. However, the Group does not have the immediate capacity to address all these issues. In the face of duplication and competition from other organizations, the core mandate of the Group should respect the principles of subsidiarity, complementarity and proportionality in line with the available resources. To this end, the organization’s core functions should be streamlined to enable the Group to be more effective in serving its Member States and other stakeholders. Therefore the following three pillars should be strengthened and retained:
   a. Trade and investment;
   b. Development cooperation, including technology (to build capacity in trade and investment, and science and technology); and
   c. Political dialogue and advocacy.

R8 As far as the trade and investment pillar is concerned, the ACP States should collectively and individually commit themselves to:
   a. Create an enabling environment to facilitate value addition to ACP products, trade competitiveness and investment expansion;
   b. Undertake policies aimed at facilitating the movement of goods and services as well as persons and capital between the ACP regions to pave the way for greater investment, trade expansion and regional integration and inter-regional cooperation;
   c. Promote measures and policies geared towards prioritizing trade facilitation and supporting infrastructure which are key to development of trade;
   d. Actively develop South-South trade and Intra-ACP trade to take advantage of the ACP’s huge population and market potential;
   e. Strengthen the institutional arrangements necessary for building capacity of the private sector and governments to take advantage of the new trade arrangements under EPAs;
   f. Promote policy measures that will encourage ACP financial institutions including development banks to expand access to finance and improve payment systems for trade and investment; and
   g. Address issues that impact on trade and investment including climate change, tax governance, illicit financial flows and migration.

R9 As far as the political dialogue and advocacy pillar is concerned:
   a. The ACP Group should play a greater political role in critical global issues to promote the interests of its Member States in order to achieve inclusive growth and sustainable development;
   b. Ministers of Foreign Affairs should take center stage in the Group’s policy dialogue in international fora so as to ensure political support by ACP leaders;
   c. The role of Ministers of Trade, the Ministerial Trade Committee, the Ministers of Finance, and the Ministerial Development Finance Committee should be enhanced in line with the expanded development cooperation framework;
   d. The ACP Parliamentary Assembly and the Committee of Ambassadors (CoA) should play a greater role in promoting the Group’s political dialogue and advocacy;
   e. The ACP Group should capitalize on its convening power of 79 developing countries and longstanding cooperation with the EU to shape its global presence and effectiveness in international trade and global governance;
   f. The Group should play a greater role in the development of LDC, Small Island Developing States (SIDS) and landlocked economies; and
The Secretary-General should be endowed with adequate resources and empowered to play the role of key spokesperson for the Group. He should also be able to engage with cooperating partners and interact with stakeholders on behalf of the Group.

With regard to the development cooperation and technology pillar the ACP Group should:

a. Contribute to effectively support the Member States’ implementation of the SDGs;

b. Foster greater intra-ACP and South-South cooperation

c. Seek a balanced partnership with the EU post 2020 building on the Cotonou acquis while taking account of the new realities and emerging opportunities that include *inter alia*, efforts to attain the SDGs, ACP-EU trade regimes (including the EPAs), regional integration, access to technology and financing for development;

d. Building on the experience of the ACP-EU cooperation develop other partnerships based on mutual interest and shared values that would be beneficial to the Group;

e. Promote the exchange of good practices among Member States in areas where they have excelled;

f. Enhance the capacity of the ACP Secretariat to raise, manage and monitor external resources; as well as capacity for planning, reporting, monitoring and evaluation of projects; and

g. Encourage science and technology developments, and partnerships as a component of ACP development programmes including at regional and national levels.

The ACP should continue its future relations with the EU in a legally binding convention or treaty, as this is necessary to give the partnership credibility, predictability and responsibility. The future agreement could, *inter alia*, cover cooperation in implementation of the 2030 Agenda for Sustainable Development (SDGs) and the Addis Ababa Agenda for Action; regional integration; bilateral ACP-EU and multilateral trade including EPAs; development finance cooperation including technology; migration and demography and political dialogue focused on global opportunities and challenges.

The Secretariat should urgently carry out a critical evaluation of ACP-EU relations to inform and facilitate the post-Cotonou negotiations.

**GOVERNING ORGANS**

The Summit of ACP Heads of State and Government should remain the highest policy organ. It will set the agenda for the Group and principles governing implementation of that agenda. The Summit meetings should be restructured to allow for effective dialogue on current issues and matters of strategic importance to the Group’s unity and visibility. A retreat with exclusive participation of leaders should be incorporated into the Programme of the Summit. In addition, greater use should be made of the Presidency-in-Office to represent and speak for the Group. The Summit will also appoint the Secretary-General.

The next tier of policy organs is the Conference of Ministers of Foreign Affairs (COFA), which will replace the Council of Ministers. The COFA shall have the responsibility to:

a. Oversee the implementation of Summit decisions;

b. Provide policy direction to the Governing Board and the Secretary-General;

c. Collate, process and make recommendation to the Summit on the nominee to be appointed as Secretary-General;

d. Consider recommendations on specific thematic issues emanating from sectoral meetings of ACP Ministers; and

e. Establish permanent or ad hoc advisory groups drawn from the NSAs (private sector, civil society, diaspora and academia) to advise on pertinent issues requiring decision or policy direction.

It is necessary to introduce a system of checks and balances in the next level of the governance structure of the Group in order to establish clear demarcations of roles and responsibilities of the various organs. To this end a Governing Board akin to the United Nations Advisory Committee on Administrative and Budgetary Questions (ACABQ) but modified to suit ACP Group’s circumstances, should be established. This should be composed of senior officials with technical expertise, independent of other political processes in the Group. The Board should oversee the introduction and application of management practices based on corporate frameworks, such as strategic planning, clear performance indicators, monitoring and evaluation, and financial management and sustainability. In the spirit of Article 19.2 of the Georgetown Agreement the CoA will continue to play its important monitoring role. The ultimate objective is to enhance accountability and transparency in the functioning of the Group, thereby increasing its credibility to the Member States and other partners. To this end:
a. A Governing Board should be established composed of 12 senior officials with two from each region drawn from the Ministries responsible for Trade, Finance, Planning, Science and Technology and Foreign Affairs. The selection of the Governing Board should be based on a regional rotation system to be agreed on by the Member States; a three-year mandate with one-third of members rotating annually to maintain continuity and institutional memory; and seniority and technical competence;

b. Members of the Governing Board must have demonstrable technical expertise in the management of strategic and corporate plans (including implementation and reporting, budgeting and financing plans);

c. The Governing Board will meet at least twice a year to exercise its oversight function over the operations of the ACP Secretariat. In particular this will include overseeing the drawing up, implementation and reporting on the Group’s budget and financing plans as well as the institution’s strategic and corporate plans; the review of the Secretariat’s audited financial statements; the appointment of an external auditor; and all matters related and incidental to the above; and

d. The Governing Board will report to the Conference of Ministers of Foreign Affairs.

R16 The CoA will support the functions of the Conference of Ministers of Foreign Affairs and the Summit with regard to the core thematic areas of the ACP mandate in accordance with the relevant provisions of the Georgetown Agreement.

CONSULTATIVE BODIES

R17 The role and functions of the ACP Parliamentary Assembly should be retained and strengthened beyond 2020. The outcome of its work should be linked to, and feed into, the work of the Conference of Ministers of Foreign Affairs. The ACP Parliamentary Assembly shall work closely with ACP Members of the regional parliamentary bodies and of the EPA Parliamentary Committees in order to ensure coordination, coherence and complementarity, as well as an effective and reciprocal flow of information.

MANAGEMENT

R18 The ACP Secretariat should be restructured in line with the three pillars of the Group’s streamlined mandate. It should be staffed with professional and competent personnel with the requisite technical and professional capacity needed to effectively deliver on its core mandate:

a. As the CEO of the Group, the Secretary-General should be endowed with adequate resources and bestowed with full executive authority and accountability. This should include, *inter alia*, direct responsibility for human resources, administrative matters, and preparation and implementation of the budget. The tenure of the Secretary-General will be a one six-year non-renewable term. The Secretary-General’s mandate and performance shall be based on the implementation of a six-year rolling strategic plan, six-year corporate work plans, annual implementation plans/work programmes and results-based reporting;

b. The posts of four Assistant Secretaries-Generals (ASGs) should be replaced by two Deputy Secretaries-General (DSGs) with one responsible for corporate services, and the other for policies and programmes under the three key pillars. The Secretary-General and DSGs shall be appointed through an open and competitive process based on competency, experience and skills, gender, geographical balance and rotation. The tenure of the DSGs will be a three-year term, renewable once, based on performance. To ensure continuity, their appointments should allow for overlaps between their tenures and that of the Secretary-General.

R19 The ACP Group should:

a. Use communications as a strategic tool to help strengthen the Group’s visibility and effectiveness as an international organization;

b. Establish a communications unit within the Secretariat and provide adequate resources to develop and implement a robust, dynamic communications strategy to promote the Group to a wide variety of targeted audiences; and

c. Utilize effective internal communications in order to facilitate active engagement with staff and build a change process, which is both inclusive and results-driven.

R20 The ACP Secretariat should fast track the development of a fully-fledged and proper financial management system (under the four-pillar assessment) and reporting. In parallel, an internal framework of value for money assessments should be developed.
R21  The ACP Group should aim to attain financial sustainability in the medium-to-long term and will need to:
   a. Increase Member State’s contributions to fully cover the core operational budget in the medium-to-long term and create a reserve account;
   b. Mobilize partner resources (building on the EDF experience) through, *inter alia*, trust funds to finance the expanding core programme budget; and
   c. Create an endowment fund.

R22  The ACP Group should adjust Member States’ contributions in an appropriate and timely manner to cover the core operational budget post-2020.

R23  The Secretariat should be reformed to become one of the key executing agencies for the EDF and non-EDF funded Intra-ACP programmes and projects. It should consider charging fees for management of these Intra-ACP resources (EDF and other partner resources) for its core operational budget.

R24  The Group should aim to attain financial sustainability for its core programmes in the medium-to-long term post-2020 through the following projected income streams:
   a. Partnership arrangements including from the post-Cotonou ACP-EU arrangement;
   b. Donor programme financing through trust funds and multi-donor trust funds (MDTFs); and
   c. An endowment fund should be created well before 2020 through a joint agreement between the ACP and EU to use part of the 11th EDF intra-ACP resources and/or the reserve for such purpose.
   a. Streamlining the pillars of the Group’s mandate and activities to three main pillars of trade and investment, development cooperation including technology, and political dialogue and advocacy;
   b. Restructuring the Secretariat in line with the pillars of the core mandate;
   c. Reforming governance and oversight structures with the introduction of a non-resident Governing Board; and
   d. Expanding South-South and embarking on a process for developing new partnerships.

R25  In the short-term (prior to 2020), the Group’s strategy for implementation should:
   a. Transform the Secretariat’s structure in line with the three pillars of the core mandate of the ‘new’ ACP Group;
   b. Establish a more robust accountability framework;
   c. Implement the new open and competitive recruitment process;
   d. Reorganize the staff complement in the three technical units—trade and investment, political dialogue and advocacy, and development cooperation including technology; and the three corporate service departments;
   e. Establish the cost implications and agree on the modalities for the reorganization of the Secretariat;
   f. Develop a strategy for transforming the delivery mechanisms and guarantee delivery of value for money; and
   g. Commission a study to develop the appropriate structure and capacity to effectively carry on the new functions.

R26  In the long-term (post-2020), the Group’s strategy for implementation should:
   a. Focus on the effective implementation of the ‘new’ ACP Group’s mandate including updating the key pillars of its mandate; and
   b. Expand cooperation arrangements for resource mobilization (including EU, North-South and South-South) global political and economic governance, Intra-ACP programmes and projects, and Partnerships within the ACP Group.

R27  In order to build financial sustainability post-2020, the Group should take appropriate actions to control the operational costs of the institution to the lowest possible level in relation to the size of the programmes. It should also create an income stream that ensures constant and sustainable flow of resources in line with the financing model.

R28  The Georgetown Agreement should be revised as appropriate. In particular, provisions relating to objectives, the status of the ACP Group, the governance and organs of the Group, and accession to the Group (new membership) should be addressed.

R29  During the transitional phase, the Secretariat should undertake a value proposition study specifying the benefits to Member States as a result of the effective implementation of the new ACP Group’s core mandate.

R30  Member States should support the Secretary-General and staff in order for the proposed transformational efforts to be realized and, in that regard, would need their collective political will.

FOLLOW-UP COMMITTEE
R31  A Follow-up Committee should be set up composed of the incoming and outgoing Presidents of the Summit with the assistance of the Chairman of the EPG to oversee the effective implementation of these recommendations. The Committee’s work shall be supported by a team composed of the Secretary-General, the Chair of the CoA, a Member of the EPG Drafting Committee, President-in-Office of the ACP Parliamentary Assembly and incumbent Chair of IROCC.

R32  The proposed reforms and transformational objectives require the continuous demonstration of commitment and political will at the highest level by Member States.

   a. The Summit of Heads of State and Government;
   b. The Conference of Ministers of Foreign Affairs;
   c. The COAs; and
   d. A Governing Board – reporting to the Conference of Ministers of Foreign Affairs.
THE ACP GROUP

TAking RESPONSIBILITY
FOR OUR OWN FUTURE

BUILDING VALUE THROUGH
NORTH-SOUTH, SOUTH-SOUTH
AND OTHER FORMS OF COOPERATION

SEEKING EQUITABLE OPPORTUNITY

PROMOTING GROWTH THROUGH
INCLUSIVE AND SUSTAINABLE
DEVELOPMENT

REPRESENTING THE POTENTIAL
OF OUR COLLECTIVE PEOPLE

EVOLVING THROUGH OUR SHARED
EXPERIENCES AND MUTUAL
INTERESTS

HAVING THE COMBINED STRENGTH
TO EFFECT GLOBAL CHANGE

SPEAKING WITH ONE VOICE

CHARTING OUR FUTURE