



1 February 2001



Networks

## ■ Cotonou Infokit 2: The Cotonou Agreement at a Glance ■

*This publication should be cited as: ECDPM. 2002. Cotonou Infokit: The Cotonou Agreement at a Glance (2). Maastricht: ECDPM.*

**The new ACP-EU Partnership Agreement, signed in Cotonou in June 2000, is a fairly unique form of North-South cooperation. Its main elements and features are summarised here in a few pointers.**

### A Partnership for Twenty Years

The ACP-EU Partnership Agreement is a comprehensive aid and trade agreement concluded between 77 ACP (African, Caribbean and Pacific) countries and the European Union (the Community and the 15 Member States of the EU). It was signed in June 2000 in Cotonou (Benin) and is therefore commonly called 'the Cotonou Agreement'.

The Agreement lasts for twenty years and contains a clause allowing it to be revised every five years. Alongside the Agreement is a financial protocol. Covering each five-year period, this indicates the total resources that are available to the ACP through the European Development Fund (EDF). For the period now to start, the EDF (called the 9th EDF) contains euro 15.2 billion for the ACP. In addition, outstanding funds from previous EDFs can be used (approximately euro 10 billion).

The Cotonou Agreement builds on twenty-five years of ACP-EU cooperation under 4 successive Lomé Conventions. This provided a model of development cooperation based on the principles of partnership, dialogue, contractually agreed rights and obligations and predictability of (financial) support.

### Main Objectives and Principles

The *central objective* of the Partnership Agreement is to reduce and eventually eradicate poverty while contributing to sustainable development and to the gradual integration of ACP countries into the world economy.

ACP-EU cooperation is based on a set of fundamental principles:

- *Equality of partners and ownership of development strategies.* In principle, it is up to ACP states, in all sovereignty, to determine how their societies and economies should develop.
- *Participation.* Apart from central government as the main partner, partnership is open to other actors (e.g. civil society, private sector, and local government).
- *Dialogue and mutual obligations.* The Cotonou Agreement is not simply a pot of money. The parties have assumed mutual obligations (e.g. respect for human rights). These will be monitored through dialogue.
- *Differentiation and regionalisation.* Cooperation agreements will vary according to the partner's level of development, its needs, its performance and its long-term development strategy. Special treatment will be given to countries that are 'least-developed' or 'vulnerable' (landlocked or island states).

### The Central Importance of Politics

The partnership has a *strong political foundation*. Through political dialogue, the parties can discuss all possible issues of mutual concern. The partnership is underpinned by a set of core values or '*essential elements*' (respect for human rights, democratic principles and the rule of law), whose violation can lead to the suspension of aid. Good governance is considered to be a '*fundamental element*' of the Cotonou Agreement. Serious cases of corruption, including acts of bribery leading to such corruption, are grounds to suspend cooperation.

### **Two Main Pillars : Trade and Aid**

*Economic and trade cooperation* is the first pillar of ACP-EU cooperation. However, compared to previous Lomé Conventions, the trade regime will undergo a profound transformation. The current all-ACP non-reciprocal tariff preferences will be maintained until 31 December 2007. From 2008, a set of reciprocal Economic Partnership Agreements (EPAs) or alternative trade arrangements will normally replace them, following negotiations that will begin in September 2002. These agreements should be compatible with the rules of the World Trade Organisation (WTO). ACP countries are invited to sign as groups or individually, building on their own regional integration schemes. The least developed countries (LDCs) are entitled to maintain non-reciprocal preferences.

Aid (or financial and technical cooperation) is the second pillar of ACP-EU cooperation. The largest share of the EDF resources is grants to finance development programmes in individual ACP countries (through their 'National Indicative Programme') or in the 7 ACP regions (through their 'Regional Indicative Programme'). Aid allocations will be based on an assessment of each country's needs and performance.

### **Priority Areas for Support**

Three *main areas of support* are identified: Economic development (including, for instance, support for structural adjustment), social and human development (including, for instance, promotion of social dialogue) and regional integration and cooperation (an area where the EC has developed an expertise and comparative advantage).

Gender, environment and institutional development are '*thematic or crosscutting issues*', to be promoted in all development initiatives.

There is a comprehensive programme of action to support the *private sector*. A new Investment Facility aims to stimulate investment and to strengthen the capacity of local financial institutions. In addition, resources are provided in the form of European Investment Bank loans. Innovative also is the commitment expressed to support an ACP-EU Private Sector Business Forum to foster regular dialogue among ACP and EU private sector actors and with governments.

### **Two Main Instruments**

The Cotonou Agreement has rationalised the wide range of instruments that existed under the Lomé Conventions. Available resources will be channelled through *two instruments* :

- grants to support long-term development (through the national and regional indicative programmes);
- the Investment Facility.

### **Joint Management**

ACP-EU cooperation will continue to be overseen by a set of 'joint institutions', including the ACP/EU Council of Ministers, the Committee of Ambassadors and the Joint Parliamentary Assembly.

Designed for policy makers and practitioners in ACP and EU countries, the Cotonou Infokit brings together, in a readable form, information on the implementation of the new Cotonou Partnership Agreement. For further information on the infokit, please

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