# Relations between the European Union and the ACP countries: options for a new partnership. Green Paper

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OBJECTIVE: the purpose of the Green paper is to propose new guidelines on cooperation with the ACP countries in the light of international developments and Union policies. According to the Commission, EU-ACP cooperation policy should be restructured around three main areas (which provide mutual support): - the social, economic and environmental dimension, - the institutional dimension, - trade and investment. SUBSTANCE: . The economic dimension: cooperation should be tailored to each state and should give priority to integrating the ACP countries into the world economic system. In particular there must be support for the establishment of a stable macro-economic framework which is non-inflationary and generating growth. A more systematic approach must be adopted to the causes of poor investment; support must be given to the restructuring of state companies and privatization; increased support for the opening of world markets and regional integration; promotion of EU-ACP partnerships (development of infrastructures, telecommunications, etc.); development of scientific expertise; establishment of macroeconomic and monetary activities; support in order to ease the foreign debt burden. . The social dimension: EC support should mainly seek to combat poverty and find strategies to reduce it as far as possible. The idea is to plan job-generation measures and bring about improved access to productive resources (in particular education and training). . The environmental dimension: the Union must be quite clear in its aid by establishing a link between poverty and environmental degradation. Environmental costs must be internalized and new capacities must be developed as regards a participatory approach. Major efforts are needed as regards water quality, soil degradation associated with population pressures, deforestation and the urban environment. . The institutional dimension: the EU could play a more active role in problems associated with the governance of many ACP countries: the need to restore or bolster the rule of law and to reduce inequality is becoming an absolute priority. The Union has solid experience in this area, in particular in support for institutional development. Its activities could concentrate on promoting respect for human rights, assistance for regional organizations, improving the formulation of economic and social policies, managing budgets, improving legal systems, competition rules, investor protection, education and training, environmental protection, consumer protection, the development of institutions deriving from a civil society. . The trade dimension: significant progress must be made in order to integrate the ACP countries into the world economy. Different options are possible which could be combined so as to allow the adaptation of the trade system to the level of development of each state. The Union could also support the adoption of an agreement on the protection of foreign investment: negotiations are in progress in the WTO and in the OECD. In the meantime cooperation at sub-regional level could be established. . Technical arrangements for financial cooperation: the Union should review the practical arrangements for cooperation. They should move towards: - a new logical approach to the instruments: at present the Lomé Convention has instruments for specific objectives. It should now move towards setting overall allocations of funds (distinguishing between emergency and long-term operations); - greater selectiveness on aid: the automatic nature of the allocation of resources has already been substantially reviewed and a new quality criteria has been introduced. The Union should now base the granting of aid on reciprocal undertakings, according to which aid can be granted only in relation to domestic reform activities. The criterion of need, which is based essentially on development indicators, must therefore be supplemented by the criteria of performance or good management; - project aid or direct budget aid: the question raised is whether the Community should abandon the 'project' approach and endeavour to create the conditions for giving its support in the form of direct budget aid for the countries concerned and support for sectoral policies. This approach implies a reform of the conditionality of aid; - towards a new management system: the co-management system weighs on the efficiency of the system and does not encourage the recipients to take responsibility for the development programmes. A phased

and individualized approach should be adopted making it possible to define the most appropriate method of management on a case by case basis, on the basis of criteria such as the quality of political dialogue, the progress recorded, the additional nature of EC aid and the existence of coordination mechanisms for external aid. Lastly, the Commission once again recommends the budgetization of the EDF which would give Community aid a real Community status.