



Compendium on development cooperation strategies



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European Commissioner
for Development and
Humanitarian Aid

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2005 marked the high point of a period of action and reflection that made development the keystone of the different structural responses to the challenges of globalisation. Today, development is fundamentally political, with obvious ties to the issues of immigration, security, protection of the planet's natural resources and, very simply, to international stability.

The important initiatives for European development policy that I have taken since the start of my term as Commissioner, presented in this compendium, exist in that framework. They were inspired by the will to do more, and to do it faster and better.

The framework of commitments was defined in 2005, with the European Union's adoption of the **European Consensus**. That was the real starting point. This common vision, shared by the Community and Member States, lays down the essential foundations on which we can build coordination and coherence.

Indeed, it was time for the Union to **legitimise** its key role in development through a new approach, a shared vision of development policy, transforming a statistical reality (the EU as the world's number-one donor) into a political project. It was time for the Union's influence on development policies to match its important role.

By developing a strategy that enables us to act more as a **single entity**, a European Union, we as Europeans can influence the world's destiny. It is with that in mind that the European Union has adopted this **new concept of development assistance**.

This new concept is stripped of the paternalistic aspects of the past. It enshrines relations of partnership and of co-dependence, not dependence. **The European Consensus on Development** aims to do just that.

The European Union plays a key role in development assistance, in quantity and quality alike. More than ever before, the year 2005 demonstrated the strength of determination in the Union for more Europe, more harmonisation and more complementarity.

- **56%** of total volume of aid is provided by the European Union.
- The European Union is the **principal trading partner** of the poorest countries: nearly 40% of our imports come from developing countries.
- The Union is also the **market most open to poor nations**: some 80% of developing countries' exports were admitted to the EU duty-free or at reduced tax levels.
- The Union is the **leading importer of agricultural goods** from developing countries, importing more than the United States, Japan and Canada combined.

Its status as a leading partner also means the EU has special and significant responsibility in the global partnership. We take that responsibility very seriously.

On financing, not only does the EU respect its pledges, but it is also committed to increasing development spending. **In June 2005**, the European Union took an historic decision: it agreed to set a new intermediate collective target for official development assistance. That target is **0.56% of GNP in 2010**. This increase represents additional funds in the amount of 20 billion euro a year from 2010.

That is not enough, however. We can and must do more. Accordingly, in June, the EU also reiterated its commitment to reach the objective of 0.7% of GNP by 2015.

Concretely, that means the Union's annual official development assistance will rise from 44 billion euro a year in 2006 to 66 billion in 2010. It will surpass 90 billion in 2015. The EU will thus double its assistance between 2003 and 2010 and will triple it between 2003 and 2015.

The Union is also committed to enhancing the **quality and effectiveness of aid** by strengthening the coherence of its policies. Quantity alone will certainly not be enough to achieve the Millennium Development Goals. An increase in the volume of aid must be matched with better management of resources, a management role that gives greatly increased responsibility to our partners in the developing world.

The quality of aid must be improved. Our resources must be brought more in line and our policies more closely coordinated.

Increasing the **effectiveness of aid** will result in better availability of resources and a greater impact in our partner countries.

The European Union has made concrete and precise commitments on the division of labour, joint programming and co-financing.

It has also decided to focus its attention on **Africa**, because that continent's needs are significant. All the reports reviewing progress on achieving the Millennium Development Goals concur: sub-Saharan Africa is lagging behind.

That trend must be reversed. Africa cannot be abandoned.

On that basis, in 2005 the European Union adopted a Strategy for Africa, giving a more solid, more coherent and more ambitious platform to our partnership. It is structured on the three essential mainstays of peace and security, economic development, and human and social development.

It also adopted a Strategy for South Africa as a means of deepening its bilateral relations with that Continent in the wider context of the European Union/Africa partnership.

These strategies have the common aim of specifying the terms of a strengthened political dialogue, as also laid down in the revised Cotonou Agreement.

Over and above all these decisions, the effectiveness of aid implies that countries have to be governed effectively and transparently, with equality for all guaranteed. That is what is known as good governance. It is essentially a combination of transparent and responsible institutions, having solid qualifications and competence, and a fundamental will to be fair. That is what enables a state to fulfil effectively its obligation to serve its citizens.

When the state system does not work, development assistance cannot produce the expected results. In contrast, when the system does work satisfactorily, a country can experience an unprecedented economic and social development over the longer term.

Accordingly, governance has become a priority in development policies and in the European Commission's cooperation programmes.

That is why the Commission adopted in August 2006 a Communication on Governance in the context of the European Consensus on Development.

We assert in that text our conviction that good governance, over and above the fight against corruption, also includes strengthening the state to fulfil its main functions. This means access to justice, health, education, water, energy and administration for all.

As you see, over the last 18 months, the European Union has brought about a real revolution in its development policy. The complete texts, on which this new approach is based, are presented in this compendium.

The eradication of poverty remains the principal challenge of the coming years. It is our duty, in terms of justice and human solidarity. Our efforts to achieve that goal must continue.

Louis Michel
European Commissioner for Development and Humanitarian Aid

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The European Consensus on Development

**Joint statement by the Council and
the representatives of the governments
of the Member States meeting within
the Council, the European Parliament and
the Commission on European Union
Development Policy: 'The European Consensus'**

2006/C 46/01

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The development challenge

1. Never before have poverty eradication and sustainable development been more important. The context within which poverty eradication is pursued is an increasingly globalised and interdependent world; this situation has created new opportunities but also new challenges.

Combating global poverty is not only a moral obligation; it will also help to build a more stable, peaceful, prosperous and equitable world, reflecting the interdependency of its richer and poorer countries. In such a world, we would not allow 1,200 children to die of poverty every hour, or stand by while 1 billion people are struggling to survive on less than one dollar a day and HIV/AIDS, TB and malaria claim the lives of more than 6 million people every year. Development policy is at the heart of the EU's ⁽¹⁾ relations with all developing countries ⁽²⁾.

2. Development cooperation is a shared competence between the European Community⁽³⁾ and the Member States. Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States. Developing countries have the prime responsibility for their own development. But developed countries have a responsibility too. The EU, both at its Member States and Community levels, is committed to meeting its responsibilities. Working together, the EU is an important force for positive change. The EU provides over half of the world's aid and has committed to increase this assistance, together with its quality and effectiveness. The EU is also the most important economic and trade partner for developing countries, offering specific trading benefits to developing countries, mainly to the LDCs among them.

3. The Member States and the Community are equally committed to basic principles, fundamental values and the development objectives agreed at the multilateral level. Our efforts at coordination and harmonisation must contribute to

(1) The EU includes both Member States and the European Community.

(2) Developing countries are all those in the list of Official Development Assistance (ODA) recipients, due to be decided by OECD/DAC in April 2006.

(3) Community development cooperation is based on Articles 177 to 181 of the Treaty of the European Community.

increasing aid effectiveness. To this end, and building on the progress made in recent years, the 'European Consensus on Development' provides, for the first time, a common vision that guides the action of the EU, both at its Member States and Community levels, in development co-operation. This common vision is the subject of the first part of the Statement; the second part sets out the European Community Development Policy to guide implementation of this vision at the Community level and further specifies priorities for concrete action at the Community level.

4. The European Consensus on Development is jointly agreed by the Council and the representatives of the governments of the Member States meeting within the Council, the European Commission and the European Parliament.

PART I

The EU vision of development

The first Part of the European consensus on development sets out common objectives and principles for development cooperation. It reaffirms EU commitment to poverty eradication, ownership, partnership, delivering more and better aid and promoting policy coherence for development. It will guide Community and Member State development cooperation activities in all developing countries⁽⁴⁾, in a spirit of complementarity

⁽⁴⁾ Development cooperation activities of Member States are defined as ODA, as agreed by the OECD/DAC.

1. Common objectives

5. The primary and overarching objective of EU development cooperation is the eradication of poverty in the context of sustainable development, including pursuit of the Millennium Development Goals (MDGs).

6. The eight MDGs are to: eradicate extreme poverty and hunger; achieve universal primary education; promote gender equality and empower women; reduce the mortality rate of children; improve maternal health; combat HIV/AIDS, malaria and other diseases; ensure environmental sustainability and develop a global partnership for development.

7. We reaffirm that development is a central goal by itself; and that sustainable development includes good governance, human rights and political, economic, social and environmental aspects.

8. The EU is determined to work to assist the achievement of these goals and the development objectives agreed at the major UN conferences and summits⁽⁵⁾.

9. We reaffirm our commitment to promoting policy coherence for development, based upon ensuring that the EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries, and that these policies support development objectives.

10. Development aid will continue to support poor people in all developing countries, including both low-income and middle-income countries (MICs). The EU will continue to prioritise support to the least-developed and other low-income countries (LICs) to achieve more balanced global development, while recognising the value of concentrating the aid activities of each Member State in areas and regions where they have comparative advantages and can add most value to the fight against poverty.

(5) Action programmes adopted at the UN conferences of the 1990s in the social, economic, environmental, human rights, population, reproductive health and gender equality fields, and reaffirmed 2002-2005 by: Millennium Declaration and Millennium Development Goals (2000), Monterrey (2002), Johannesburg Sustainable Development (2002), Millennium Review Summit (2005).

2. Multi-dimensional aspects of Poverty Eradication

11. Poverty includes all the areas in which people of either gender are deprived and perceived as incapacitated in different societies and local contexts. The core dimensions of poverty include economic, human, political, socio-cultural and protective capabilities. Poverty relates to human capabilities such as consumption and food security, health, education, rights, the ability to be heard, human security especially for the poor, dignity and decent work. Therefore combating poverty will only be successful if equal importance is given to investing in people (first and foremost in health and education and HIV/AIDS, the protection of natural resources (like forests, water, marine resources and soil) to secure rural livelihoods, and investing in wealth creation (with emphasis on issues such as entrepreneurship, job creation, access to credits, property rights and infrastructure). The empowerment of women is the key to all development and gender equality should be a core part of all policy strategies.

12. The MDG agenda and the economic, social and environmental dimensions of poverty eradication in the context of sustainable development include many development activities from democratic governance to political, economic and social reforms, conflict prevention, social justice, promoting human rights and equitable access to public services, education, culture, health, including sexual and reproductive health and rights, as set out in the ICPD Cairo Agenda, the environment and sustainable management of natural resources, pro-poor economic growth, trade and development, migration and development, food security, children's rights, gender equality and promoting social cohesion and decent work.

3. Common values

13. EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice. The EU is strongly committed to effective multilateralism whereby all the world's nations share responsibility for development.

4. Common principles

4.1. Ownership, Partnership

14. The EU is committed to the principle of ownership of development strategies and programmes by partner countries. Developing countries have the primary responsibility for creating an enabling domestic environment for mobilising their own resources, including conducting coherent and effective policies. These principles will allow an adapted assistance, responding to the specific needs of the beneficiary country.

15. The EU and developing countries share responsibility and accountability for their joint efforts in partnership. The EU will support partner countries' poverty reduction, development and reform strategies, which focus on the MDGs, and will align with partner countries' systems and procedures. Progress indicators and regular evaluation of assistance are of key importance to better focus EU assistance.

16. The EU acknowledges the essential oversight role of democratically elected citizens' representatives. Therefore it encourages an increased involvement of national assemblies, parliaments and local authorities.

4.2. An in-depth political dialogue

17. Political dialogue is an important way in which to further development objectives. In the framework of the political dialogue conducted by the Member States and by the European Union institutions – Council, Commission and Parliament, within their respective competencies, the respect for good governance, human rights, democratic principles and the rule of law will be regularly assessed with a view to forming a shared understanding and identifying supporting measures. This dialogue has an important preventive dimension and aims to ensure these principles are upheld. It will also address the fight against corruption, the fight against illegal migration and the trafficking of human beings.

4.3. Participation of civil society

18. The EU supports the broad participation of all stakeholders in countries' development and encourages all parts of society to take part. Civil society, including economic and social partners such as trade unions, employers' organisations and the private sector, NGOs and other non-state actors of partner countries in particular play a vital role as promoters of democracy, social justice and human rights. The EU will enhance its support for building capacity of non-state actors in order to strengthen their voice in the development process and to advance political, social and economic dialogue. The important role of European civil society will be recognised as well; to that end, the EU will pay particular attention to development education and raising awareness among EU citizens.

4.4. Gender equality

19. The promotion of gender equality and women's rights is not only crucial in itself but is a fundamental human right and a question of social justice, as well as being instrumental in achieving all the MDGs and in implementing the Beijing platform for Action, the Cairo Programme of Action and Convention on the Elimination of All Forms of Discrimination Against Women. Therefore the EU will include a strong gender component in all its policies and practices in its relations with developing countries.

4.5. Addressing state fragility

20. The EU will improve its response to difficult partnerships and fragile states, where a third of the world's poor live. The EU will strengthen its efforts in conflict prevention work⁽⁶⁾ and will support the prevention of state fragility through governance reforms, rule of law, anti-corruption measures and the building of viable state institutions in order to help them fulfil a range of basic functions and meet the needs of their citizens. The EU will work through state systems and strategies, where possible, to increase capacity in fragile states. The EU advocates remaining engaged, even in the most difficult situations, to prevent the emergence of failed states.

(6) Set out in the EU Programme for the Prevention of Violent Conflicts, Gothenburg European Council, June 2001.

21. In transition situations, the EU will promote linkages between emergency aid, rehabilitation and long-term development. In a post-crisis situation development will be guided by integrated transition strategies, aiming at rebuilding institutional capacities, essential infrastructure and social services, increasing food security and providing sustainable solutions for refugees, displaced persons and the general security of citizens. EU action will take place in the framework of multilateral efforts including the UN Peace Building Commission, and will aim to re-establish the principles of ownership and partnership.

22. Some developing countries are particularly vulnerable to natural disasters, climatic change, environmental degradation and external economic shocks. The Member States and the Community will support disaster prevention and preparedness in these countries, with a view to increasing their resilience in the face of these challenges.

5. Delivering more and better aid

5.1. Increasing financial resources

23. Development remains a long-term commitment. The EU has adopted a timetable for Member States to achieve 0,7% of GNI by 2015, with an intermediate collective target of 0,56 % by 2010 ⁽⁷⁾, and calls on partners to follow this lead. These commitments should see annual EU aid double to over EUR 66 billion in 2010. Further debt relief will be considered, as well as innovative sources of finance in order to increase the resources available in a sustainable and predictable way. At least half of this increase in aid will be allocated to Africa, while fully respecting individual Member States priorities¹ in development assistance. Resources will be allocated in an objective and transparent way, based on the needs and performance of the beneficiary countries, taking into account specific situations.

(7) May 2005 Council conclusions set out that: Member States which have not yet reached a level of 0,51% ODA/GNI, undertake to reach, within their respective budget allocation processes, that level by 2010, while those that are already above that level undertake to sustain their efforts. Member States, which have joined the EU after 2002, and that have not reached a level of 0,17% ODA/GNI, will strive to increase their ODA to reach, within their respective budget allocation processes, that level by 2010, while those that are already above that level undertake to sustain their efforts. Member States undertake to achieve the 0,7% ODA/GNI target by 2015 whilst those which have achieved that target commit themselves to remain above that target; Member States which joined the EU after 2002 will strive to increase by 2015 their ODA/GNI to 0,33%.

24. In order to meet the MDGs, priority will continue to be given to least developed and other LICs, as reflected in the high proportion of EU aid flowing to these countries⁽⁸⁾. The EU also remains committed to supporting the pro-poor development of middle-income countries (MICs), especially the lower MICs, and our development assistance to all developing countries will be focused on poverty reduction, in its multi-dimensional aspects, in the context of sustainable development. Particular attention will be given to fragile states and donor orphans.

5.2 More effective aid

25. As well as more aid, the EU will provide better aid. Transaction costs of aid will be reduced and its global impact will improve. The EU is dedicated to working with all development partners to improve the quality and impact of its aid as well as to improve donor practices, and to help our partner countries use increased aid flows more effectively. The EU will implement and monitor its commitments on Aid Effectiveness⁽⁹⁾ in all developing countries, including setting concrete targets for 2010. National ownership, donor coordination and harmonisation, starting at field level, alignment to recipient country systems and results orientation are core principles in this respect.

26. Development assistance can be provided through different modalities that can be complementary (project aid, sector programme support, sector and general budget support, humanitarian aid and assistance in crisis prevention, support to and via the civil society, approximation of norms, standards and legislation, etc.), according to what will work best in each country. Where circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partner's national accountability and procedures, to finance national poverty reduction strategies (PRS) (including operating costs of health and education budgets) and to promote sound and transparent management of public finances.

27. Partner countries need stable aid for effective planning. The EU is therefore committed to more predictable and less volatile aid mechanisms.

(8) In 2003 the EU allocated average 67% of aid to LICs, excluding Member States joining in 2004 (OECD DAC figures).

(9) Rome Declaration of February 2003 and Paris Declaration of March 2005.

28. Debt reduction also provides predictable financing. The EU is committed to finding solutions to unsustainable debt burdens, in particular the remaining multilateral debts of HIPC's, and where necessary and appropriate, for countries affected by exogenous shocks and for post-conflict countries.

29. The EU will promote further untying of aid going beyond existing OECD recommendations, especially for food aid.

5.3. Coordination and complementarity

30. In the spirit of the Treaty, the Community and the Member States will improve coordination and complementarity. The best way to ensure complementarity is to respond to partner countries' priorities, at the country and regional level. The EU will advance coordination, harmonisation and alignment⁽¹⁰⁾. The EU encourages partner countries to lead their own development process and support a broad donor-wide engagement in national harmonisation agendas. Where appropriate, the EU will establish flexible roadmaps setting out how its Member States can contribute to countries' harmonisation plans and efforts.

31. The EU is committed to promote better donor coordination and complementarity by working towards joint multiannual programming, based on partner countries' poverty reduction or equivalent strategies and country's own budget processes, common implementation mechanisms including shared analysis, joint donor wide missions, and the use of co-financing arrangements.

32. The EU will take a lead role in implementing the Paris Declaration commitments on improving aid delivery and has in this context made four additional commitments: to provide all capacity building assistance through coordinated programmes with an increasing use of multi-donors arrangements; to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector-wide approaches; to avoid the establishment of any new project implementation units; to reduce the number of un-coordinated missions by 50%.

33. The EU will capitalise on new Member States' experience (such as transition management) and help strengthen the role of these countries as new donors.

(10) This includes the Council Conclusions of November 2004 on: 'Advancing Coordination, Harmonisation and Alignment: the contribution of the EU'.

34. The EU will undertake to carry out this agenda in close cooperation with partner countries, other bilateral development partners and multilateral players such as the United Nations and International Financial Institutions, to prevent duplication of efforts and to maximise the impact and effectiveness of global aid. The EU will also promote the enhancement of the voice of developing countries in international institutions.

6. Policy coherence for development (PCD)

35. The EU is fully committed to taking action to advance Policy Coherence for Development in a number of areas⁽¹¹⁾. It is important that non-development policies assist developing countries' efforts in achieving the MDGs. The EU shall take account of the objectives of development cooperation in all policies that it implements which are likely to affect developing countries. To make this commitment a reality, the EU will strengthen policy coherence for development procedures, instruments and mechanisms at all levels, and secure adequate resources and share best practice to further these aims. This constitutes a substantial additional EU contribution to the achievement of the MDGs.

36. The EU strongly supports a rapid, ambitious and pro-poor completion of the Doha Development Round and EU-ACP Economic Partnership Agreements (EPAs). Developing countries should decide and reform trade policy in line with their broader national development plans. We will provide additional assistance to help poor countries build the capacity to trade. Particular attention will be paid to the least advanced and most vulnerable countries. The EU will maintain its work for properly sequenced market opening, especially on products of export interest for developing countries, underpinned by an open, fair, equitable, rules-based multilateral trading system that takes into account the interests and concerns of the weaker nations. The EU will address the issues of special and differentiated treatment and preference erosion with a view to promote trade between developed countries and developing countries, as well as among developing countries. The EU will continue to promote the adoption by all developed countries of quota free and tariff free access for LDCs before the

(11) May 2005 Council Conclusions confirm the EU is committed to the implementation of the objectives contained in the Commission's Communication on PCD dealing with the areas of Trade, Environment, Climate change, Security, Agriculture, Fisheries, Social dimension of globalisation, employment and decent work, Migration, Research and innovation, Information society, Transport and Energy.

end of the Doha round, or more generally. Within the framework of the reformed Common Agriculture Policy (CAP), the EU will substantially reduce the level of trade distortion related to its support measures to the agricultural sector, and facilitate developing countries' agricultural development. In line with development needs, the EU supports the objectives of asymmetry and flexibility for the implementation of the EPAs. The EU will continue to pay particular attention to the development objectives of the countries with which the Community has or will agree fisheries agreements.

37. Insecurity and violent conflict are amongst the biggest obstacles to achieving the MDGs. Security and development are important and complementary aspects of EU relations with third countries. Within their respective actions, they contribute to creating a secure environment and breaking the vicious cycle of poverty, war, environmental degradation and failing economic, social and political structures. The EU, within the respective competences of the Community and the Member States, will strengthen the control of its arms exports, with the aim of avoiding that EU-manufactured weaponry be used against civilian populations or aggravate existing tensions or conflicts in developing countries, and take concrete steps to limit the uncontrolled proliferation of small arms and light weapons, in line with the European strategy against the illicit traffic of small arms and light weapons and their ammunitions. The EU also strongly supports the responsibility to protect. We cannot stand by, as genocide, war crimes, ethnic cleansing or other gross violations of international humanitarian law and human rights are committed. The EU will support a strengthened role for the regional and sub-regional organisations in the process of enhancing international peace and security, including their capacity to coordinate donor support in the area of conflict prevention.

38. The EU will contribute to strengthening the social dimension of globalisation, promoting employment and decent work for all. We will strive to make migration a positive factor for development, through the promotion of concrete measures aimed at reinforcing their contribution to poverty reduction, including facilitating remittances and limiting the 'brain drain' of qualified people. The EU will lead global efforts to curb unsustainable consumption and production patterns. We will assist developing countries in implementing the Multilateral Environmental Agreements and promote pro-poor environment-related initiatives. The EU reconfirms its determination to combat climate change.

7. Development, a contribution to addressing global challenges

39. EU action for development, centred on the eradication of poverty in the context of sustainable development, makes an important contribution to optimising the benefits and sharing the costs of the globalisation process more equitably for developing countries, which is in the interests of wider peace and stability, and the reduction of the inequalities that underlie many of the principal challenges facing our world. A major challenge the international community must face today is to ensure that globalisation is a positive force for all of mankind.

40. Reducing poverty and promoting sustainable development are objectives in their own right. Achieving the MDGs is also in the interest of collective and individual long-term peace and security. Without peace and security development and poverty eradication are not possible, and without development and poverty eradication no sustainable peace will occur. Development is also the most effective long-term response to forced and illegal migration and trafficking of human beings. Development plays a key role in encouraging sustainable production and consumption patterns that limit the harmful consequences of growth for the environment.

PART II

The European Community Development Policy

This second part of the European Consensus on Development sets out the renewed European Community Development Policy, which implements the European vision on development set out in the first part for the resources entrusted to the Community, in accordance with the Treaty. It clarifies the Community's role and added value and how the objectives, principles, values, policy coherence for development and commitments defined in this common vision will be made operational at Community level. It identifies priorities which will be reflected in effective and coherent development cooperation programmes at the level of countries and regions. It will guide the planning and implementation of the development assistance component of all Community instruments and cooperation strategies with third countries⁽¹²⁾. It shall be taken into account in other Community policies that affect developing countries, to ensure policy coherence for development.

(12) The development assistance component is defined as all official development aid (ODA) as agreed by the OECD Development Assistance Committee.

41. Community policy in the sphere of development cooperation shall be complementary to the policies pursued by the Member States⁽¹³⁾.

42. The Community development policy will have as its primary objective the eradication of poverty in the context of sustainable development, including pursuit of the MDGs, as well as the promotion of democracy, good governance and respect for human rights, as defined in part I. At the Community level, these objectives will be pursued in all developing countries and applied to the development assistance component of all Community cooperation strategies with third countries.

43. The Community will apply all the principles defined in Part I, including principles on aid effectiveness: national ownership, partnership, coordination, harmonisation, alignment to the recipient country systems and results orientation.

44. The Community will also promote policy coherence for development, based upon ensuring that the Community shall take account of development cooperation objectives in the policies that it implements which are likely to affect developing countries.

45. In all activities the Community will apply a strengthened approach to mainstreaming the cross cutting issues as set out in section 3.3. 'A strengthened approach to mainstreaming'.

(13) Community development cooperation is based on Articles 177 to 181 of the Treaty of the European Community.

1. The particular role and comparative advantages of the Community

46. Within its competences as conferred by the Treaty, the Commission has a wide role in development. Its global presence, its promotion of policy coherence for development, its specific competence and expertise, its right of initiative at community level, its facilitation of coordination and harmonisation as well as its supranational character are of special significance. The Community can be distinguished by its comparative advantage and added value, which enable complementarity with bilateral policies of Member States and other international donors.

47. On behalf of the Community, the Commission will aim to provide added value through the following roles:

48. First, a global presence. The Commission is present as a development partner in more countries than even the largest of the Member States, and in some cases is the only EU partner substantially present. It has a common trade policy, cooperation programmes covering practically every developing country and region and a political dialogue conducted together with the Member States. It receives backup from an extensive network of delegations. This enables it to respond to a wide variety of situations, including fragile states where Member States have withdrawn.

49. Second, with the support of Member States, ensuring policy coherence for development in Community actions⁽¹⁴⁾, in particular where Community policies have significant impacts on developing countries, such as trade, agriculture, fisheries and migration policies, and promoting this principle more widely. Drawing on its own experiences, and exclusive competence in trade, the Community has a comparative advantage in providing support to partner countries to integrate trade into national development strategies and to support regional cooperation whenever possible.

(14) In all 12 areas set out in the May 2005 Council Conclusions and attached Communication on PCDD.

50. Third, promoting development best practice. The Commission, together with the Member States, will stimulate the European debate on development and promote development best practice, such as direct budget support and sectoral aid where appropriate, untying of aid, an approach based on results and deconcentration of the implementation of assistance. By enhancing its analytical capacities, it has the potential to serve as an intellectual centre in certain development issues.

51. Fourth, in facilitating coordination and harmonisation. The Commission will play an active role in implementation of the Paris Declaration on aid effectiveness and will be one of the driving forces to promote EU delivery of its commitments made in Paris on ownership, alignment, harmonisation results and mutual accountability. The Commission will continue to promote the 3Cs – coordination, complementarity and coherence as the EU contribution to the wider international agenda for aid effectiveness. The Community will also support enhanced coordination of disaster relief and preparedness, in the context of the existing international systems and mechanisms and the UN's lead role in ensuring international coordination.

52. Fifth, a delivery agent in areas where size and critical mass are of special importance.

53. Sixth, the Community will promote democracy, human rights, good governance and respect for international law, with special attention given to transparency and anti-corruption. The Commission's experience on democracy promotion, human rights and nation-building is positive and will be further developed.

54. Seventh, in putting into effect the principle of participation of civil society, the Commission will be supported by the European Economic and Social Committee which has a role in facilitating the dialogue with local economic and social interest partners.

55. In addition, the Community strives to promote understanding of interdependence and encourage North-South solidarity. To that end, the Commission will pay particular attention to raising awareness and educating EU citizens about development.

2. A differentiated approach depending on contexts and needs

2.1. Differentiation in the implementation of development cooperation

56. Development objectives, principles, and application of aid effectiveness commitments ⁽¹⁵⁾, must be applied to all development cooperation components. In all developing countries the Community will use the instruments and approaches that will be most effective in reducing poverty and ensuring sustainable development.

57. Implementation of Community development cooperation is necessarily country or region-specific, 'tailor-made' to each partner country or region, based on the country's own needs, strategies, priorities and assets. Differentiation is a necessity, given the diversity of partners and challenges.

58. Development objectives are goals in their own right. Development cooperation is one major element of a wider set of external actions, all of which are important and should be coherent, mutually supportive and not subordinate to each other. Country, Regional and Thematic Strategy papers are the Commission programming tools which both define this range of policies and ensure coherence between them.

59. Development assistance can be provided through different modalities that can be complementary (project aid, sector programme support, sector and general budget support, humanitarian aid and assistance in crisis prevention, support to and via the civil society, approximation of norms, standards and legislation, etc.), according to what will work best in each country.

60. Poverty eradication is important in both middle-income and low-income partner countries. LICs and LDCs face enormous challenges on their path towards the MDGs. Support to LICs will be based on PRS, paying due attention to the availability of and access to basic services, economic diversification, food security and improved democratic governance and institutions.

(15) Made in the context of the Paris Declaration of March 2005.

61. Support to middle-income countries also remains important to attaining the MDGs. Many lower MICs are facing the same kind of difficulties as LICs. A large number of the world's poor live in these countries and many are confronted with striking inequalities and weak governance, which threaten the sustainability of their own development process. The Community therefore continues to provide development assistance based on countries' poverty reduction or equivalent strategies. Many MICs have an important role in political, security and trade issues, producing and protecting global public goods and acting as regional anchors. But they are also vulnerable to internal and external shocks, or are recovering, or suffering, from conflicts.

62. The Pre-Accession Policy, insofar as it concerns developing countries, aims to support the membership perspective of candidate and pre-candidate countries, and the European Neighbourhood Policy aims to build a privileged partnership with neighbouring countries, bringing them closer to the Union and offering them a stake in the Community's internal market together with support for dialogue, reform and social and economic development. Whilst these policies have a clear integration focus, they usually include significant development aspects. Poverty reduction and social development objectives will help to build more prosperous, equitable and thus stable societies in what are predominately developing countries. The instruments that may provide technical and financial assistance to support these policies will include, where appropriate, development best practice to promote effective management and implementation. Policies guiding these instruments will be realised within a broader framework, set out in the European Neighbourhood and Pre-Accession Policies, and will form an integral part of wider Community external actions.

63. The proposed new architecture of policy-driven and horizontal instruments⁽¹⁶⁾ for Community assistance may provide the appropriate framework to respond to the different contexts and conditions. In this framework, the thematic programmes are subsidiary, complementary and defined on the basis of their distinctive value added vis-à-vis the geographical programmes.

(16) The Commission proposal to the Council and the Parliament is based on three policy-driven regulations: the European Neighbourhood and Partnership, Development Cooperation and Economic Cooperation, and Pre-accession to the EU and three horizontal instruments: for Humanitarian assistance, Stability and Macro-financial assistance.

2.2. Objective and transparent criteria for resource allocation

64. Within global geographic and thematic allocations, the use of standard, objective and transparent resource allocation criteria based on needs and performance will guide the allocation of resources and a review of their subsequent use. The particular difficulties faced by countries in crisis, in conflict or disaster-prone will be borne in mind, alongside the specificity of the different programmes.

65. The needs criteria include population, income per capita and the extent of poverty, income distribution and the level of social development, while the performance criteria include political, economic and social progress, progress in good governance and the effective use of aid, and in particular the way a country uses scarce resources for development, beginning with its own resources.

66. Development policy must reflect a distribution of resources which takes account of the effect of such resources on poverty reduction. Consequently, particular attention must be paid to the situation of the LDCs and other LICs, as part of an approach which also encompasses the efforts by the government of the partner countries to reduce poverty as well as their performance and absorption capacity. The LDCs and LICs will be given priority in terms of overall resource allocations. The Community should find ways to increase the focus on the poorest countries with a specific focus on Africa. Appropriate attention will be given to MICs, particularly to lower-middle-income countries many of which face similar problems to LICs.

3. Responding to the needs of partner countries

3.1. The principle of concentration while maintaining flexibility

67. The principle of concentration will guide the Community in its country and regional programming. This is crucial to ensure aid effectiveness. The Community will apply this principle in all its country and regional programmes. It means selecting a strictly limited number of areas for action when Community aid is being programmed, instead of spreading efforts too thinly over too many sectors. This selection process will be done at country and regional level in order to honour commitments made in regard of partnership, ownership and alignment.

68. These priorities will be identified through a transparent and in-depth dialogue with partner countries on the basis of a joint analysis and in such a way as to ensure complementarity with other donors, in particular with Member States. Programming should allow for sufficient flexibility to also enable a rapid response to unforeseen needs.

69. The harmonisation agenda means that donors must work together to support partner countries' general and sectoral policies. The Community will support partner countries in being the leading force in the preparation and coordination of multi-annual programming of all donor support to the country. MDG-oriented poverty-reduction strategies or equivalent national strategies will be the starting point for this kind of work.

3.2. Areas for Community Action

70. The particular role and comparative advantages of the Community point to focusing the Community's contribution in certain areas, where it has comparative advantages. Therefore the Commission will further develop its expertise and capacity in these areas. Particular attention will be paid to building the necessary capacity and expertise at the country level, in line with the deconcentration process and ownership of partner countries.

71. Responding to the needs expressed by partner countries, the Community will be active primarily in the following areas, a number of which will be considered its comparative advantage.

Trade and regional integration

72. The Community will assist developing countries on trade and regional integration through fostering, equitable and environmentally sustainable growth, smooth and gradual integration into the world economy, and linking trade and poverty reduction or equivalent strategies. The priorities in this area are institutional and capacity building to design and effectively implement sound trade and integration policies, as well as support for the private sector to take advantage of new trading opportunities.

73. The specific operations will depend heavily on the characteristics of the partner countries. The poorest countries, especially LDCs and small, landlocked and insular countries require special emphasis on the supply side and increasing the competitiveness of the private sector.

74. Barriers are often highest between developing countries themselves. Regional integration can lower these barriers. In the case of the ACP, this also helps to prepare Economic Partnership Agreements. For many countries, but especially those for which the EU is the largest trading and investment partner, approximation of the EU single market regulations is beneficial.

The environment and the sustainable management of natural resources

75. The Community will support the efforts undertaken by its partner countries to incorporate environmental considerations into development, and help increase their capacity to implement multilateral environmental agreements. The Community will give particular attention to initiatives ensuring the sustainable management and preservation of natural resources, including as a source of income, and as a means to safeguard and develop jobs, rural livelihoods and environmental goods and services. To this end it will encourage and support national and regional strategies; it will also take part in and contribute to European or global initiatives and organisations. A stronger support to the implementation of the United Nations Convention on Biological Diversity will help to halt biodiversity loss and promote biosafety and sustainable management of biodiversity. As far as desertification control and sustainable land management are concerned, the Community will focus on the implementation of the United Nations Convention to Combat Desertification through effective mainstreaming of sustainable land management issues in developing countries' strategies. As regards sustainable forest management, the Community will support efforts on combating illegal logging and will give particular attention to implementation of Forest Law Enforcement, Governance and Trade (FLEGT).

76. With regard to climate change, the Community will focus its efforts on the implementation of the EU Action Plan on Climate Change in the context of development cooperation, in close collaboration with the Member States. Adaptation to the negative effects of climate change will be central in the Community's support to LDCs and small island development states. It will also seek to promote the sustainable management of chemicals and waste, particularly by taking into account their links with health issues.

Infrastructure, Communications and transport

77. The Community will promote a sustainable transport sectoral approach. This approach will be based on the principles of partner country ownership and prioritisation through poverty reduction or equivalent strategies, meeting partner countries' needs, ensuring transport safety, affordability, efficiency and minimising negative effects on the environment. It applies a strategy for delivering transport that is economically, financially, environmentally and institutionally sustainable.

78. The Community will respond within the budgets available to the growing demand, particularly from African countries, for the increase of donor funding to infrastructure, including economic infrastructure in support of efforts to eradicate poverty. The Community will provide support at various levels. The point of departure will be the national level with the major bulk of the assistance being channelled through partner countries' strategies, securing an optimal balance between investment and maintenance. At regional and continental level the Community will launch a Partnership for Infrastructure, which will work together with regional economic communities, and other major partners, including the private sector. Partnership with the private sector will be supported.

79. The Community will also support an increased use of information and communication technologies to bridge the digital divide. It will also increase its support to development-related research.

Water and energy

80. The Community 'integrated water resources management' policy framework aims at ensuring a supply of sufficient, good quality drinking water, adequate sanitation and hygiene to every human being, in line with the MDGs and the targets from Johannesburg. Further, it aims at establishing a framework for long term protection of all water resources, preventing further deterioration and promoting sustainable water use.

81. The EU Water Initiative contributes to these policy objectives. Its key elements are to: reinforce political commitment to action; raise the profile of water and sanitation issues in the context of poverty reduction efforts and sustainable development; promote better water governance arrangements; encourage regional and sub-regional cooperation on water management issues; and catalyse additional funding.

82. Large sectors of the population in developing countries have no access to modern energy services and rely on inefficient and costly household energy systems. Community policy therefore is focused on supporting a sound institutional and financial environment, awareness raising, capacity building, and fund-raising in order to improve access to modern, affordable, sustainable, efficient, clean (including renewable) energy services through the EU Energy Initiative, and other international and national initiatives. Efforts will also be made to support technology leapfrogging in areas like energy and transport.

Rural development, territorial planning, agriculture and food security

83. Agriculture and rural development are crucial for poverty reduction and growth. To re-launch investment in these areas, the Community will support country-led, participatory, decentralised and environmentally sustainable territorial development, aimed at involving beneficiaries in the identification of investments and the management of resources in order to support the emergence of local development clusters, while respecting the capacity of ecosystems. For results to be sustainable it is essential to promote a coherent and conducive policy environment on all levels.

84. The Community will continue to work to improve food security at international, regional and national level. It will support strategic approaches in countries affected by chronic vulnerability. Focus will be on prevention, safety nets, improving access to resources, the quality of nutrition and capacity development. Particular attention will be paid to transition situations and to the effectiveness of emergency aid.

85. In relation to agriculture, the Community will focus on access to resources (land, water, finance), the sustainable intensification of production (where appropriate and in particular in LDCs), competitiveness on regional and international markets and risk management (in countries dependent on commodities). To ensure that developing countries benefit from technological development, the Community will support global agricultural research.

*Governance, democracy, human rights
and support for economic and institutional reforms*

86. Progress in the protection of human rights, good governance and democratisation is fundamental for poverty reduction and sustainable development⁽¹⁷⁾. All people should enjoy all human rights in line with international agreements. The Community will on this basis promote the respect for human rights of all people in cooperation with both states and non-state actors in partner countries. The Community will actively seek to promote human rights as an integral part of participatory in-country dialogue on governance. Fostering good governance requires a pragmatic approach based on the specific context of each country. The Community will actively promote a participatory in-country dialogue on governance, in areas such as anti-corruption, public sector reform, access to justice and reform of the judicial system. This is essential to building country-driven reform programmes in a context of accountability and an institutional environment that upholds human rights, democratic principles and the rule of law.

87. With a view to improved legitimacy and accountability of country-driven reforms, the Community will promote a high level of political commitment to these reforms. It will, as part of this, also support decentralisation and local authorities, the strengthening of the role of Parliaments, promote human security of the poor, and the strengthening of national processes to ensure free, fair and transparent elections. The Community will promote democratic governance principles in relation to financial, tax and judicial matters.

88. The Community will continue to be a key player, in co-ordination with the Bretton Woods Institutions, in supporting economic and institutional reforms, including PRS, by engaging in dialogue and providing financial assistance to governments engaged in these programmes. The Community will continue to pay close attention to the impact of reforms, in terms of growth, improved business climate, macroeconomic stability and the effects on poverty reduction. By putting results at the centre of its dialogue, the Community will promote real country ownership of reforms. Particular emphasis will also be placed on improvements in public finance management, as fundamental to combating corruption and promoting efficient public spending.

(17) 2003 Communication on Governance and Development set out the EC's definition and approach to governance.

Conflict prevention and fragile states

89. The Community, within the respective competences of its institutions, will develop a comprehensive prevention approach to state fragility, conflict, natural disasters and other types of crises. In this, the Community will assist partner countries' and regional organizations' efforts to strengthen early warning systems and democratic governance and institutional capacity building. The Community will also, in close cooperation and coordination with existing structures of the Council, improve its own ability to recognize early signs of state fragility through improved joint analysis, and joint monitoring and assessments of difficult, fragile and failing states with other donors. It will actively implement the OECD principles for good international engagement in fragile states in all programming.

90. In difficult partnerships, fragile or failing states the Community's immediate priorities will be to deliver basic services and address needs, through collaboration with civil society and UN organisations. The long-term vision for Community engagement is to increase ownership and continue to build legitimate, effective and resilient state institutions and an active and organised civil society, in partnership with the country concerned.

91. The Community will continue to develop comprehensive plans for countries where there is a significant danger of conflict, which should cover policies that may exacerbate or reduce the risk of conflict.

92. It will maintain its support to conflict prevention and resolution and to peace building by addressing the root-causes of violent conflict, including poverty, degradation, exploitation and unequal distribution and access to land and natural resources, weak governance, human rights abuses and gender inequality. It will also promote dialogue, participation and reconciliation with a view to promoting peace and preventing outbreaks of violence.

Human development

93. The Community human development policy framework for health, education, culture and gender equality aims at improving peoples' lives in line with the MDGs through action at global and country level. It will be driven by the principle of investing in and valuing people, promoting gender equality and equity.

94. The MDGs cannot be attained without progress in achieving the goal of universal sexual and reproductive health and rights as set out in the ICPD Cairo Agenda. To confront the devastating impact of HIV/AIDS, TB and malaria in developing countries, a roadmap for joint EU actions on the European Programme for Action will be developed. The Community will support the full implementation of strategies to promote sexual and reproductive health and rights and will link the fight against HIV/AIDS with support for reproductive and sexual health and rights. The Community will also address the exceptional human resource crisis of health providers, fair financing for health and strengthening health systems in order to promote better health outcomes, making medicines more affordable for the poor.

95. MDG-related performance indicators will be strengthened to better link sector and budget support to MDG progress and to ensure adequate funding for health and education.

96. The Community aims to contribute to 'Education for All'. Priorities in education are quality primary education and vocational training and addressing inequalities. Particular attention will be devoted to promoting girls' education and safety at school. Support will be provided to the development and implementation of nationally anchored sector plans as well as the participation in regional and global thematic initiatives on education.

Social cohesion and employment

97. In the context of poverty eradication, the Community aims to prevent social exclusion and to combat discrimination against all groups. It will promote social dialogue and protection, in particular to address gender inequality, the rights of indigenous peoples and to protect children from human trafficking, armed conflict, the worst forms of child labour and discrimination and the condition of disabled people.

98. Social and fiscal policies to promote equity will be supported. Priority actions will include support for social security and fiscal reforms, corporate social responsibility, pro-poor growth and employment.

99. Employment is a crucial factor to achieve a high level of social cohesion. The Community will promote investments that generate employment and that support human resources development. In this respect the Community will promote decent work for all in line with the International Labour Organisation (ILO) agenda.

3.3. A strengthened approach to mainstreaming

100. Some issues require more than just specific measures and policies; they also require a mainstreaming approach because they touch on general principles applicable to all initiatives and demand a multisectoral response.

101. In all activities, the Community will apply a strengthened approach to mainstreaming the following cross-cutting issues: the promotion of human rights, gender equality, democracy, good governance, children's rights and indigenous peoples, environmental sustainability and combating HIV/AIDS. These cross-cutting issues are at once objectives in themselves and vital factors in strengthening the impact and sustainability of cooperation.

102. The Commission will relaunch this approach, making systematic and strategic use of all resources at its disposal⁽¹⁸⁾. Foremost it will ensure that its services develop capacity to implement this policy. It will intensify the dialogue with its partner countries to promote the mainstreaming of these issues in national policies and PRS. It will also facilitate setting up networks of expertise and technical support.

Democracy, Good Governance, Human rights, the rights of children and indigenous peoples

103. Democracy, Good Governance, Human rights and the rights of children will be promoted in partnership with all countries receiving Community development assistance. These issues should be systematically incorporated into the Community's development instruments through all Country and Regional Strategy Papers. The key principle for safeguarding indigenous peoples rights in development cooperation is to ensure their full participation and the free and prior informed consent of the communities concerned.

Gender equality

104. Equality between men and women and the active involvement of both genders in all aspects of social progress are key prerequisites for poverty reduction. The gender aspect must be addressed in close conjunction with poverty reduction, social and political development and economic growth, and main-

(18) Strategic environmental assessments and gender-equality impact assessments will be carried out on a systematic basis, including in relation to budget ('greening the budget') and sectoral aid.

streamed in all aspects of development cooperation. Gender equality will be promoted through support to equal rights, access and control over resources and political and economic voice.

Environmental sustainability

105. The Community will support the efforts by partner countries (governments and civil society) to incorporate environmental considerations into development, including implementation of multilateral environmental agreements⁽¹⁹⁾. It will also help increase their capacity for doing so. Protection of the environment must be included in the definition and implementation of all Community policies, particularly in order to promote sustainable development.

HIV/AIDS

106. In all countries, the fight against HIV/AIDS is defined as an effort cutting across sectors and institutions. There remains a need to mainstream HIV/AIDS into many activities that are not directly concerned with the issue and into the work programmes of specific sector support.

3.4. Support for global initiatives and funds

107. The Commission will continue to contribute to global initiatives that are clearly linked to the MDGs and to global public goods. Global initiatives and funds are powerful instruments for launching new political measures or reinforcing existing ones where their scope is insufficient. They are capable of generating public awareness and support more effectively than traditional aid institutions. This kind of aid should be aligned with national strategies, contribute to the dialogue with countries and aim at the integration of funds into their budget cycles.

108. The added value of global initiatives and funds will have to be assessed on a case-by-case basis after Commission consultation with Member States and, where appropriate, with the European Parliament as regards budget provision. The Commission will draw up criteria for Community participation in global funds and contributions to them. It will give priority to initiatives that will help achieve the MDGs and increase the availability of global public goods.

(19) Climat, biodiversité, désertification, déchets et produits chimiques.

3.5. Policy coherence for development (PCD)

109. The Commission and Member States will prepare a rolling Work Programme on the implementation of the May 2005 Council conclusions on PCD. This Work Programme will propose priorities for action; define roles and responsibilities of Council, Member States and Commission and set out sequencing and timetables, with the aim of ensuring that non-aid policies can assist developing countries in achieving the MDGs. The Commission will reinforce its existing instruments, notably its impact assessment tool and consultations with developing countries during policy formulation and implementation, and considering new ones where necessary in support of a strengthened PCD.

110. Notwithstanding making progress on other PCD commitments, urgent attention will be given to commitments and actions on migration. In this respect, the Commission will aim to include migration and refugee issues in country and regional strategies and partnerships with interested countries and to promote the synergies between migration and development, to make migration a positive force for development. It will support developing countries in their policies of management of migratory flows, as well as in their efforts to combat human trafficking, in order to make sure that the human rights of the migrants are respected.

4. A range of modalities based on needs and performance

111. The Community has a wide range of modalities for implementing development aid which enable it to respond to different needs in different contexts. These are available to all geographical and thematic programmes and reflect a genuine Community added value.

112. Community assistance, whether it is project, sector programme, sector or general budget support, should support partner countries' poverty reduction or equivalent strategies. Decisions on what modalities of Community aid are the most appropriate for each country will be made at the programming stage, which must be increasingly coordinated with the process of formulating sectoral policies and implementing national budgets.

113. Where conditions allow, the preferred modality for support to economic and fiscal reforms and implementation of PRS will be budget support, for specific sectors or for the general public spending programme. It will enable recipient countries to cope with growing operating budgets, promote harmonisation and alignment on national policies, contribute to lower transaction costs and encourage results-based approaches. Such programmes will normally require the support of the International Financial Institutions, with which the Community's support will be co-ordinated. The value added of the complementary Community contribution, and any additional conditionality should be clearly defined. The financial management capacities of the beneficiary countries will be strengthened and closely monitored.

114. The provision of direct budget support will respect the recommendations made in the OECD/DAC Good Practice Guidelines on budget support, in particular in terms of alignment, coordination and conditions. Guidelines for the provision of budget support will apply to all the partner countries and will be reinforced with the setting of clear benchmarks and the monitoring of indicators set up to check the effectiveness of this aid modality.

115. The Community will consistently use an approach based on results and performance indicators. Increasingly, conditionality is evolving towards the concept of a 'contract' based on negotiated mutual commitments formulated in terms of results.

116. The micro-finance approach has been a major innovation in the last few years. It will continue to be developed with an emphasis on capacity building and organisations with relevant expertise.

117. Debt reduction, which is comparable to indirect budget support, with low transaction costs and a tendency to promote coordination and harmonisation between donors, could where necessary and appropriate help countries to reduce their vulnerability to external shocks.

118. The majority of Community aid will continue to be provided in the form of grants, which is particularly suitable for the poorest countries and for those with a limited ability to repay.

119. In order to guarantee a maximum impact for the beneficiary countries, there should be a strengthening of the synergies between the programmes supported by the European Investment Bank (EIB) and other financial institutions and those financed by the Community. The EIB is playing an increasingly important role in the implementation of Community aid, through investments in private and public enterprises in developing countries.

120. In order to enhance the effectiveness of multilateral aid, the Community will also enhance its cooperation with the UN system, International Financing Institutions and other relevant international organisations and agencies where such cooperation provides added value.

121. The Community will make progress in defining a set of guidelines for intervention in countries in crisis or as they emerge from a crisis, by ensuring that it adjusts both its procedures for allocation of resources and its modalities of intervention, with the concern to be able to respond rapidly and flexibly, with a varied range of interventions.

5. Progress in management reforms

122. In 2000, the Commission launched a reform programme which aimed to speed up implementation of Community's external assistance and to improve the quality of aid delivery. It brought about: (i) improved programming within a coherent project cycle with a focus on poverty eradication; (ii) the creation of one single entity – EuropeAid – responsible for the implementation of assistance; (iii) a completed devolution process with 80 delegations now responsible for aid management; (iv) the strengthening of human resources to speed up implementation; (v) improved working methods through harmonised and simplified procedures, better information systems and better trained staff; (vi) improved quality through a process of quality support and monitoring of the different stages of project management; and finally (vii) speedier implementation of assistance.

123. Improvements are still needed and continue to be made. Externally, the coordination and harmonisation agenda with other donors will have a major positive impact on aid delivery. Internally, the Commission will continue to streamline procedures, push for more devolution to delegations, clarify interaction between delegations and headquarters and improve information systems. Within this framework, quality of projects and programmes at entry will receive more attention through a reinforced quality support process. This will also require a clearer focus on a limited number of areas (and a limited number of activities within the targeted areas) per partner country. During implementation better use should be made of monitoring tools and at closure of programmes, evaluations should result in a clearer input into the programming and identification process.

6. Monitoring and evaluation

Lessons from evaluation of 2000 DPS

124. The assessment of the 2000 European Community Development Policy and its impact on Community aid highlighted a number of important lessons. These included the need to reflect recent international development commitments, such as those made at UN conferences, and advances made in development best practice, such as budget support and the Paris Declaration. The DPS also needed to have higher levels of ownership by all parts of the Commission and be widely accepted in the European Parliament. It should be applied consistently in Community development programmes in all developing countries. These lessons have been drawn upon in agreeing the new Statement and will be taken fully into account in future implementation of EC aid in all developing countries.

Monitoring future implementation

125. The Commission should develop a set of measurable objectives and targets for implementing this Policy and assess progress against this on a regular basis, in the Annual Report for implementation of the European Community Development Policy.

126. The Commission will ensure that all its services and delegations managing programming and implementation of Community development assistance use this European Community Development Policy as the key reference for the Community's objectives and principles for implementation of all development cooperation.

EU Aid: delivering more, better and faster

Communication from the Commission

COM(2006) 87 final

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EU AID: DELIVERING MORE, BETTER AND FASTER

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Introduction

In the run-up to the UN Summit of September 2005, the donor community committed, at the High Level Forum of Paris in March 2005, to radically change its practices and thereby improve the impact of its activities and help realise the qualitative jump needed to achieve the Millennium Development Goals. As a result, the European Union (Member States and Commission, including 10 new Member States as emerging donors) signed up to ambitious objectives, both as individual donors and as a collective group. Determined to move the international agenda forward and to assume its share of the effort, the EU gave increased aid effectiveness a central role in its own development strategy, and concretely committed itself to increase the effectiveness of its aid.

This set of decisions presents an exhaustive list of detailed and concrete measures to be developed and implemented by 2010. Based on lessons learnt from the field, good practices and expectations from the partner countries, they are rooted in the principles of harmonisation, ownership, alignment, and management by results of the Paris Declaration. These commitments now need to be translated into concrete actions, and the EU has to focus on their implementation on the spot while facing the reality of country specificities.

Part I of this Action Plan summarizes, per memoria, in a single and comprehensive document the concepts of the nine time-bound deliverables on which the EU as a group has now to deliver.

Part II of this Action Plan presents the first four immediate deliverables that have already been developed and are ready for immediate adoption and implementation in a selected number of partner countries.

Part III of this Action Plan describes the five remaining deliverables that have to be developed during 2006 and implemented in the field by 2010.

It should be noted that two of the immediate deliverables of this Action Plan are presented in further detail in two specific Communications (i.e. the Communication on Financing for Development and Aid Effectiveness and the Communication on a Joint Programming Framework). As such, these three documents form a “**package on aid effectiveness**” put forward to the Council and the Parliament

Table 1. Synoptic Table

Axis 1: Casting a glance at EU aid

- **Donor Atlas**
(Immediate deliverable)
 - **Compendium EU**
(Short term deliverable)
 - **Monitoring mechanisms**
(Immediate deliverable)
-

Axis 2: Leading the Paris agenda

- **Roadmaps**
(Immediate deliverable)
 - **Joint Programming**
(Immediate deliverable)
 - **Joint Arrangements**
(Short term deliverable)
-

Axis 3: Boosting the UE Consensus

- **Division of labour**
(Short term deliverable)
- **Co-financing**
(Short term deliverable)
- **EU vision**
(Short term deliverable)

PART I

Tracking our commitments

Our commitments on aid effectiveness can be split into three inter-connected axes, which respectively address:

- (1) a transparent and knowledge-based mapping and monitoring of our activities;
- (2) the implementation of our collective commitments adopted by the Paris Declaration on harmonisation and alignment;
- (3) the execution of the aid effectiveness pillar of the new EU strategy framework, as defined by the New Development Policy Statement (the “European consensus”) and the EU Strategy for Africa.

AXIS 1: CASTING A GLANCE AT EU AID

A constant review of our activities is an essential pre-condition for a knowledge-based analysis of our successes and failures, from which we can derive rational and optimal redeployment of our activities and methods. Such a candid scrutiny of our development assistance is not only an obligation of transparency to our constituencies and the public opinion, but also an essential basis upon which to form our strategic thinking.

Refining the mapping of our aid

The first edition of the EU Donor Atlas showed two trends: (i) a concentration of aid in certain “attractive” countries and sectors, creating “orphan” or forgotten countries and sectors, and (ii) a fragmentation of activities in “darling” countries/sectors, with a multiplication of actors and small-scale projects.

In order to further develop its analysis into operational principles on how to better organise ourselves and improve our division of labour, the Donor Atlas needs to be refined into more precise and specific assessments – while keeping a visible profile for public awareness.

Reviewing EU development rules

The international aid effectiveness agenda is increasingly promoting the emergence of joint activities and synergies between development actors.

The primary objective of this exercise is to give our partner countries, as well as other development actors, a readily available overview of all of MS's current rules and procedures. Such a consolidation of EU Member States' donor systems will be fused into various compendiums. They are conceived as comprehensive and operational tool books to facilitate the work of any operator (be it a partner country official, a SME, or a NGO) that needs to understand our rules. By identifying the various building blocks, the compendiums could also serve as a basis to trigger future progress on harmonisation and simplification.

Monitoring our promises

In the Paris Declaration donors and partner countries agreed to set up a monitoring mechanism, without creating a parallel "monitoring industry". In order to keep the momentum on the reforms and the pace of delivery, the EU gave its full support to a strong but realistic monitoring process – both (i) at the international level for the objectives that the donor community collectively has agreed upon, and (ii) at the EU level for our own additional commitments and contributions.

AXIS 2: TAKING IMMEDIATE ACTION

The implementation of our collective contribution to the UN Millennium Summit in September 2005 represents a crucial endorsement of international aid effectiveness efforts undertaken over the last two years, and formally adopted through the Paris Declaration (PD) on harmonisation and alignment of February 2005. This package of EU commitments was based on the initial recommendations of the Ad-Hoc Working Party on Harmonization (ADWPH) Report, formally adopted through the conclusions of the General Affairs Council of November 2004.

Supporting local coordination processes

The "Roadmap" identifies concrete harmonisation issues (from a provided menu of actions) that require implementation by all EU donors active in a given country. Roadmaps are not meant to be substitutes for the country-led action

plans on harmonisation and alignment, but rather to be an instrument to identify areas in which EU donors could help strengthening existing local processes, be they government-led or donor-led, or creating them if necessary by going further than existing initiatives.

Developing a Joint Multi-annual Programming Framework (JPF)

The spirit of the JPF is to create a mechanism, compatible with existing national documents and cycles, open to other donors, and which offers a framework for regrouping the duplicating building blocks of Member States systems and thereby reduce the transaction costs of our programming. The Framework would contain elements such as the factual description of country profile, a common analysis of the situation, donor matrixes, and the analysis of EU policy mix. It should offer, over the medium term, the possibility for donors to establish a collective strategic response to the challenges raised in the joint country analysis, and in the long term pave the way for a potential joint programming. Discussions on this item already have a long history – as the Council established the principles, the content and the calendar for the JPF process in November 2004, in April and in November 2005 respectively.

Developing Joint Local Arrangements

These arrangements – referred to as Joint Financial Arrangements (JFAs) in the Council’s conclusions – strive to promote a single dialogue, disbursement and reporting mechanisms at country level – between the donor community and the partner country, through the adoption of a formal document. Partial and interesting examples exist in the field – i.e. in Zambia and Mozambique – mainly built around Budget Support and SWAPs operations. These existing products have proven to be very effective in (a) reducing the transaction costs and burden put on the partner country, (b) creating good and sustainable working relations between donors, as well as (c) helping the division of labour. The objective is to develop a joint template that will be adapted to country specificities.

AXIS 3: BOOSTING THE EUROPEAN CONSENSUS

The New Development Policy Statement – the “European Consensus on Development” – adopted in December 2005 emphasises EU Aid effectiveness as a crucial element of its shared vision. The EU Strategy for Africa endorsed by the European Council at the same time also calls for a fast and steady

implementation of the aid effectiveness agenda in Africa. As such, this new political framework calls for:

- (i) a better division of labour – aiming at greater complementarity, as well as ensuring a minimum EU presence in fragile countries and “aid orphans” in particular;
- (ii) more joint actions through a more intensive use of co-financing – capitalising on new MS’ experiences, while facilitating their gradual emergence as new donors;
- (iii) strengthening of the EU input and impact, along the principles and the issues highlighted by the European Consensus;

Enhancing the division of labour

The excessive fragmentation of development assistance has led to dispersion, duplication and even contradiction in aid activities, reducing its potential impact through accumulation of unnecessary administrative costs and increased burden put on the partner countries. Reinforcing the complementarity of our activities is key to increase our aid effectiveness. Through the Paris Declaration donors have agreed to make full use of their respective comparative advantage, while respecting the ownership of the partner country on how to achieve increased complementarity.

The objective is therefore to reinforce the division of labour – both at (i) country – and (ii) cross-country/regional levels, which imply challenges of different nature. They need to be carefully addressed – in terms of political pressure, lack of visibility and loss of opportunities. In this context, the emerging donor activity of the new Member States deserves a special attention.

Increasing joint EU activities

The EU has agreed to develop more joint actions. This initiative intends to define a strategic approach to co-financing, which will give a catalytic role to a substantial part of the EC funds in promoting the development of more joint EU activities. Moreover, the projected scaling up of aid over the next couple of years will mainly increase the flows of bilateral aid. This will impose some difficult administrative management challenges on Member States. In this context, it is essential to avoid creating unnecessary additional administrative structures.

In addition to defining an “active EC offer” (where EC funds could co-finance joint activities), it is also important to define a “passive EC offer” – whereby national funds could be administratively channelled through the Commission and lead to co-financing operations linked to nationally-owned and decided activities. Finally, the new Member States are increasingly developing their own activities in this field. The proposed structured co-financing approach should aim at supporting their expansion.

Strengthening the EU vision on development assistance

The political and intellectual impact of EU’s financial contributions in the area of development is not yet fully recognised and deployed. The objective of this deliverable is to strengthen the EU’s political and analytical role by concrete measures. It aims at stimulating the European debate on development and promoting best practice. The EU has the potential to serve as an intellectual cornerstone, through the reinforcement of the collective input and of the perception of a specific EU donor community.

2006: A MOMENT OF TRUTH

It is essential that our promises quickly turn into field implementation and show subsequent impact by 2010. Moreover, like other donors, the EU has agreed to meet and assess its progress on the implementation of its respective contributions to the harmonisation agenda at a third High Level Event to be held in Ghana in 2008. It is therefore important that a relevant mass effect of results has been achieved by this horizon. In order to live up to these promises and the expectations they have created, this Action Plan therefore presents – for each of its 9 deliverables – indicative, pragmatic, and realistic outcomes for 2010, as well as mid-term targets for 2008.

Creating another pilot process will just be another excuse for not moving the agenda forward. When adopting world-wide processes, it is nevertheless important to implement them in a realistic manner taking into account local specificities. The Action Plan will therefore propose to support and monitor the implementation of the relevant deliveries – in a limited, but relevant number of countries, thereby giving the reality of our commitments a face and a name.

PART II

Taking immediate actions

This second part of the Action Plan refers to four deliveries that are already ready for an immediate adoption in 2006. They correspond to the parallel proposals being put forward to the Council and the Parliament in spring 2006. This Action Plan does not go into the details of their content, but rather focuses on the targets for their progressive implementation.

Deliverable 1 – the Donor Atlas

The revised EU Donor Atlas II has been developed along five components:

(i) An EU Annual Report

In order to raise public awareness on EU development assistance, this EU annual report will present our collective challenges, as well as our joint and/or individual, but coordinated, responses. It will, in a visible and positive manner, highlight projects activities from each of the EU donors (Member States and Commission). It will be published annually from 2006 onwards.

(ii) An improved Donor Atlas

In a Volume I, the existing Atlas will be revised and updated in collaboration with the Member States and the OECD/DAC by mid-2006.

(iii) An additional regional focus

In a Volume II, a first regional focus on Western Africa will be added to the Atlas, as a follow-up to the EU Strategy on Africa. It will be sufficiently detailed to allow a real debate on division of labour, and it will support deeper and more specific analysis in the context of emerging regional processes. Additional Volumes, with other regional focuses will be added each six months, in order to cover the entire development world over the medium term.

(iv) Mapping at country level

It is important that aid mapping is carried out at country level, covering all the donors active in that country. In order to do so, models have been developed in three of the four EU Pilot countries: a partner-led model in Nicaragua, a donor-led model in Mozambique and an EU-led model in Vietnam. Such practices will be extended to all the signatories of the Paris Declaration by 2008.

(v) Emerging donors

New actors are emerging. They impact on the development community as we know it. An ongoing study is reflecting upon the activities of the major emerging donors (the BRICS countries – i.e. Brazil, Russia, India, China and South-Africa). The EC proposes to launch an EU development dialogue with these countries by 2006.

Deliverable 2 – Monitoring the EU and the DAC processes

The monitoring has to cover two sets of commitments. First, the international objectives and targets agreed by all participants, donors and recipients in Paris, including the more ambitious additional objectives that the EU has committed itself to Second⁽²⁰⁾, the EU contributions in terms of concrete EU operational deliverables as a group.

(i) The first set of commitments

These commitments will be monitored through the mechanisms currently being set up by the OECD/DAC Joint Venture on Monitoring (JVM). The monitoring covers all donors and partner countries, and will be based on country driven surveys measuring progress against the Paris Declaration. The survey indicators to be used are to be field tested in 2006 in Cambodia, Ghana, Nicaragua, Senegal, South Africa and Uganda. To avoid further delays, the EU has to push for a fast and steady implementation of the Paris Declaration.

(ii) The second set of commitments

From 2006 onwards the implementation of the EU concrete operational deliverables will be monitored through the Annual Report on the Follow-up of Monterrey, which takes stock of the fulfilment of promises at EU level – both in terms of volume and effectiveness of aid.

This deliverable is the subject of a specific Communication and Staff Working Paper being put forward in parallel to this Action Plan to the Council and the Parliament.

(20) (i) provide all capacity building assistance through coordinated programmes with an increasing use of multi-donors arrangements; (ii) to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector wide approaches; (iii) to avoid the establishment of any new project implementation units; (iv) to reduce the number of un-coordinated missions by 50%.

Deliverable 3 – Roadmaps

Existing Roadmaps ensure a relevant coverage of development countries. The Roadmaps vary in nature, but the majority of them show a positive momentum and high expectations. The responses can be grouped in the four following country categories:

- (1) where a roadmap does not add value;
- (2) where a roadmap is not yet adopted;
- (3) where a local process and/or an EU roadmap is being initiated;
- (4) where a local process and/or an EU roadmap is launched.

A first analysis indicates that several processes will have to be boosted. It is important to reflect quickly, with the partner countries and other donors, on how to upgrade the roadmap process, how to strengthen and share monitoring responsibilities and how to handle the increasing ODA at regional level. The establishment of Roadmaps should be achieved by 2006. The completion of all Roadmap objectives should be reached by 2010.

It is therefore proposed that from 2006 onwards, technical seminars be organised on a regular basis to assess the processes, organise a division of labour on the operational follow-up, set up qualitative targets for implementation. In addition a system for steady support and monitoring should be set up in the 12 countries where solid Roadmaps are either established or are on the verge of being launched (i.e. Bangladesh, Burkina Faso, Ethiopia, Ghana, India, Jordan, Kenya, Mali, Mozambique, Nicaragua, South-Africa and Vietnam). This deliverable is the subject of a specific report.

Deliverable 4 – Joint Programming Framework (JFP)

A first study analysed a compendium of national programming documents, identifying duplications and common building blocks. A second study analysed the lessons from the existing field cases, mainly the Joint Assistance Strategy (JAS) developed in Uganda, Tanzania and Zambia. A third study focused on the current programming in Uganda, and intended to show what a future joint programming framework could look like in a given country. It allowed visualising the potential outcomes and gains, while keeping in mind the local challenges and specificities. The findings of these studies were shared and discussed with Member States in 2005, and subsequently formed the basis upon which the Commission developed its proposal for a Multi-annual Joint Programming Framework.

While its adoption should be achieved by mid-2006, the JFP should be implemented in a pragmatic, progressive and “opportunistic” manner – i.e. the fact that the programming cycle of twelve donors in Mozambique are currently converging, represents a unique opportunity. Therefore, while keeping a world-wide approach, we suggest focusing on implementation in a limited number of countries by using the following simple selection criteria:

- (1) Countries where there is a national poverty strategy;
- (2) Countries where at least two EU donors will start new programming in 2006-2007;
- (3) Countries where there is sufficient local coordination capacity.

This would lead to a tentative list of countries (Bangladesh, Burkina Faso, Ethiopia, Ghana, Haiti, Mali, Mozambique, Nicaragua, Rwanda, Senegal, South Africa, Tanzania, Vietnam, Uganda and Zambia), where we could suggest starting implementing the JFP by 2008. Eleven are African countries and this corresponds to the immediate implementation of the Aid effectiveness agenda in Africa, requested by the EU Strategy for Africa. An additional country, Haiti, is suggested for linking this process with the specificities of a fragile state. In countries where donor joint assistance strategy has already been initiated (i.e. Tanzania, Uganda and Zambia), it is important that the JFP inserts itself and support these processes.

A further extension of the JFP to all remaining ACP countries, as well as to all countries that have signed the Paris Declaration, should be reached by 2010.

This deliverable is the subject of a specific Communication being put forward in parallel to this Action Plan to the Council and the Parliament.

PART III

Completing the agenda

This third part of the Action Plan refers to the five remaining deliverables that need to be further developed before the end of 2006.

Deliverable 5 – Operational complementarity

The report of the Ad Hoc Working Party on Harmonization provided a guidance in the form of a menu of steps on how to develop an operational EU strategy towards complementarity. The Commission proposes that the Council by mid-2006 endorse **a few guidelines** for such an operational strategy, based on the lessons learned from the revised Donor Atlas. The Commission could then propose to the Council **a set of pragmatic operational principles** on how to boost our division of labour, for adoption by the end of 2006.

Once adopted, it is proposed to unroll these principles in the field in connection with the future regional chapters of the revised Donor Atlas, and thereby to cover one region every six months until full world coverage is achieved by 2010.

This deliverable will be the object of a specific Communication put forward later to the Council and the Parliament.

Deliverable 6 – Increasing joint activities: a catalytic role for EC co-financing

The Commission will propose a structured co-financing mechanism for EC funds before the end of 2006. A two-headed proposal for both an “active” and a “passive” offer will address the principles, criteria and operational conditions for a structured co-financing mechanism. The objective would be to develop co-financing activities by with Member States by 2010.

It should be noted that this delivery implies the completion of the ongoing revision of all impediments to co-financing currently existing within the EC rules. It includes changes in the Financial Regulations, the Annex IV of the Cotonou Agreement and the insertion of updated rules in all future regulations for which the Commission is seeking the Council support. It is essential that all impediments be abolished by 2008.

This deliverable will be the subject of a specific Communication put forward later to the Council and the Parliament.

Deliverable 7 – Strengthening the EU vision

The “European Consensus on Development” has highlighted the potential of shared analysis and debate at the European level, with a view to promote an EU intellectual core of excellence on development issues. The following elements will help to build this core:

(i) A network of development research centres

While European centres of excellence in the area of development have produced strong academic contributions, they nevertheless seem scattered in nature. This lack of “unified” European research and academic works has hampered our impact on the general thinking in this field. It is therefore important to better connect these centres, in a flexible network and on a pro-active basis. Such a network should be established by 2006 to commission strategic studies that would feed our own thinking and strengthen our academic input to global thinking. It should allow by 2008 a comprehensive EU prospective and analytical capacity supporting the vision shaped in the European Consensus.

(ii) The European Development Days

There is at present no event or moment that symbolises the analytical contribution of the EU in the development arena, nor an event or a moment that gathers all EU actors. Most political parties, unions or organisation have a moment of “cohesion”, for prospective thinking such as ‘summer universities’ or “weeks of their core theme”. Such an event or moment could serve to develop intellectual dynamism and confrontation, and gather various community actors in a sense of collectiveness around a common agenda.

Starting in 2006 and onwards, it is therefore proposed to create annual “*European Development Days*”, as part of the strengthening of our collective input and the effectiveness of our actions.

(iii) The multiplication of joint training

The “European Consensus” has also underlined common operational objectives and methods that correspond to pragmatic modalities. Both the Commission and the Member States have developed vocational training programs for development practitioners. It is therefore proposed to develop a European training map, regrouping relevant training tools from both the Commission and the Member States, to be offered in the future to any EU member. Such system should be tested at the occasion of the first European Development Days in 2006, and be further exponentially developed by the end of 2008.

Deliverable 8 – Joint Local Arrangements

Flexible joint local arrangements that allow for adaptation to local specificities will have to be quickly developed jointly by the Commission and the Member States, and adopted before the end of 2006.

By 2008, such arrangements should be proposed for all the 14 countries that have signed the Rome Declaration on Harmonization. (i.e. Bangladesh, Bolivia, Cambodia, Ethiopia, Fiji, Kyrgyz Rep., Morocco, Mozambique, Nicaragua, Niger, Senegal, Tanzania, Vietnam and Zambia), who were the subject of the 2004 DAC survey on harmonisation, and therefore have a solid country situation baseline.

Deliverable 9 – Overview of EU development rules: compendiums

The four following compendiums will be drafted

- 1 Compendium of EU rules for programming;
- 2 Compendium of EU rules for procurement;
- 3 Compendium of EU rules and principles for NGOs;
- 4 Compendium of EU rules for subsidies.

They will all be developed by the end of 2006. They will be later revised in 2008 pending on further simplification and harmonisation of rules.

European Union Strategy for Africa

**Conclusions by the Heads of State
and Government meeting
in the European Council,
Brussels, 15-16 December 2005**

doc 15961/05 – EU Council

**Communication from the Commission
to the Council, the European Parliament and
the European Economic and Social Committee**

COM(2005) 489 final

**Annex to the Communication
from the Commission**

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The EU and Africa: towards a strategic partnership

**Conclusions by the Heads of State
and Government meeting
in the European Council,
Brussels, 15-16 December 2005**

doc 15961/05 – EU Council

The European Council, at its meeting on 15 and 16 December, adopted the following text:

Introduction: our vision

1. Europe and Africa are bound together by history, by geography, and by a shared vision of a peaceful, democratic and prosperous future for all their peoples.
2. This strategy sets out the steps the European Union will take with Africa between now and 2015 to support African efforts to build such a future. It is a strategy of the whole of the EU for the whole of Africa. It takes into account regional and country-specific needs and African countries' national strategies. Its primary aims are the achievement of the millennium development goals and the promotion of sustainable development, security and good governance, in Africa.
3. The strategy builds on important progress made by the Africans themselves. Its core principles are partnership based on international law and human rights, equality and mutual accountability. Its underlying philosophy is African ownership and responsibility, including working through African institutions.

Peace and security

4. Without peace there can be no lasting development. Without African leadership to end African conflicts there can be no lasting peace. So we will:

a) work with the African Union (AU), sub-regional organisations and African countries to predict, prevent and mediate conflict, including by addressing its root causes, and to keep the peace in their own continent; in particular, we will strengthen the Africa peace facility with substantial, long-term, flexible, sustainable funding; we will help develop African capabilities, such as the AU's African standby force, and will build on existing activities by Member States to provide training and advisory, technical, planning and logistical support;

b) provide direct support to African Union, sub-regional or UN efforts to promote peace and stability through common foreign and security policy (CFSP) and European security and defence policy (ESDP) activities, and military and civilian crisis management missions, including potential deployment of EU battlegroups; continue implementation of the ESDP Africa action plan; and develop the dialogue with EuroMed countries;

c) enhance our support for post-conflict reconstruction in Africa, so that we secure lasting peace and development; we will support in particular the new UN Peacebuilding Commission; the strengthening of fragile states; disarmament, demobilisation and reintegration; and security sector reform programmes in African states;

d) redouble our efforts to stem the illicit flow of weapons, including small arms; we will encourage others to adopt minimum common standards and associate themselves with the EU code of conduct on arms exports, discourage transfers which contribute to instability, develop ways to share and act on information on illegal trafficking and support border management controls and an international arms trade treaty;

e) join with African states to counter terrorism worldwide; we will provide technical assistance, enhanced information sharing and support to the AU Anti-Terrorism Centre in Algiers and continue to support the implementation of international counter-terrorism agreements.

Human rights and governance

5. Successful development requires adherence to human rights, democratic principles and the rule of law; and effective, well-governed states, and strong and efficient institutions. We will:

a) promote and protect human rights, including the rights of women, children and other vulnerable groups; help end impunity, including through the International Criminal Court; and promote fundamental freedoms and respect for the rule of law in Africa, including through capacity-building for judicial systems, national human rights commissions and civil society organisations; the substantial funding under EC and Member States' bilateral programmes will be maintained;

b) support good governance programmes at country level and help build the capacity of the African Union and Africa's regional and national institutions, building on the EUR 35 million already allocated for this purpose under the Africa peace facility and the EUR 50 million under EDF9;

c) support, through political dialogue and consultations with African partners, African efforts to monitor and improve governance, including through supporting the new partnership for Africa's development (NEPAD)'s African peer review

mechanism (APRM); this should result in their goal of four completed reviews a year from 2006 being achieved and the development of a governance initiative to support national reforms triggered by the APRM process; develop a governance facility in the European neighbourhood partnership instrument;

d) support the fight against corruption, human trafficking, illegal drugs and organised crime and promote transparency to meet the aspirations of African citizens and to ensure Africa's wealth benefits its people; this will include helping improve public accountability and financial management systems in Africa, early ratification by all EU Member States and African partners of the UN Convention on Corruption, assisting proper management of conflict resources including timber as well as mineral resources, support to the Kimberly process and to the extractive industries transparency initiative (EITI) so that 11 African countries begin implementation of the EITI by July 2006;

e) support the growth of participatory democracy and accountability in Africa, including through support to African parliaments and civil society and an enhanced programme of election assistance and EU electoral observation missions including a review of their remit in 2006.

Development assistance

6. If Africa is to meet the challenge of development, sound policies and good leadership must be backed by increased, sustainable and predictable financial flows at a level consistent with our ambitions. We will:

a) increase our aid, by delivering on our collective commitment to give as official development assistance 0.56% of EU GNI by 2010, with half of the additional EUR 20 billion going to Africa, and 0.7% of GNI by 2015 in the case of 15 Member States, whilst other Member States will strive to increase their ODA to 0.33% by 2015 ⁽²¹⁾;

b) secure more effective and predictable EU financial assistance for Africa, including by reaching early agreement on a successor to the ninth European Development Fund as soon as possible and ensuring adequate resources for north Africa in future EC budgets;

(21) The full text, accompanied by the relevant minutes statements, is set out in the conclusions of the Council of 24 May 2005 (Ref 9266/05).

- c) in order to help to reach the 0.7% target for development assistance, implement on a voluntary basis, innovative financing mechanisms, such as a contribution on airline tickets or through financing the international finance facility for immunisation;
- d) support the proposal, agreed in principle with the international financial institutions, to cancel outstanding debts owed by heavily indebted poor countries that qualify, by helping to meet the costs; this is expected to deliver in total further debt relief of up to EUR 42 billion for African countries;
- e) reinforce EU humanitarian and disaster response capability by strengthening the EC humanitarian aid department (ECHO) so that it maintains its strong role in under-funded emergencies, in support of the UN's lead;
- f) make our aid more effective, by ensuring early implementation for Africa of our EU and international commitments, as agreed in Paris in March 2005.

Sustainable economic growth, regional integration and trade

7. Rapid, sustained and broad-based growth is essential for ending poverty in Africa. We will:

- a) facilitate a better-connected Africa, to itself and the rest of the world, including by establishing an EU–Africa infrastructure partnership, which will be complementary to the new Infrastructure Consortium for Africa and include existing initiatives on transport and to facilitate peoples' access to water and sanitation, energy and information technology;
- b) promote a stable, efficient and harmonised legal business framework in Africa, for example by convening a Euro-African Business Forum in 2006;
- c) help to integrate Africa fully into the world trade system, by pressing for a successful outcome to the Doha round of world trade talks that is ambitious, maximises development gains, ensures special differential treatment, addresses preference erosion and makes trade work for the poor, and extends duty and quota-free market access for least developed countries to all industrialised country markets;
- d) provide increased aid for trade, building on the Community's commitment of EUR 1 billion per year by 2010;

e) agree economic partnership agreements (EPAs) with Africa's regional groupings by 2008 that are instruments of development, promote regional integration, improve African access to European and regional markets; support asymmetric and flexible implementation of EPAs; and reduce non-tariff barriers; we will closely monitor EPAs so that they help achieve development objectives; and also redouble efforts to complete by 2010 agreement on an EU-Mediterranean free trade area;

f) help African countries comply with EU rules and standards, establish clear rules for services, simplify rules of origin and make them more development-friendly;

g) support Africa in countering the effects of climate change in accordance with the EU action plan on climate change and development; and in protecting its environment, through a range of policies, by combating desertification and ensuring the sustainable management of its forests, land and biodiversity fisheries and water; such support includes, for example, EUR 500 million for the EU water facility and EUR 220 million for the energy facility under EDF9.

Investing in people

8. A successful Africa requires a well-educated, healthy population and the full empowerment of women. We will:

a) support African efforts to ensure that all children have free primary education of good quality by 2015, including through the implementation of Africa's 'Education for all' programme, with increased resources for the 'Fast track' initiative, such as the EUR 63 million agreed under EDF9; and through the plan agreed at the 2005 Barcelona summit;

b) promote development of Euro-Africa networks of universities and centres of excellence, including through helping the AU establish a new exchange programme (the Nyerere programme) for students in Africa;

c) provide predictable, multi-year financing for health systems in Africa so that all Africans have access to basic healthcare, free where governments choose to provide this and in support of African governments' goal of allocating 15% of their public budgets to health;

d) enhance our support for the fight against infectious diseases, including by providing further EU contributions to the Global Fund for AIDS, TB and malaria, thereby maintaining the EU's share of global contributions (at least 50%); we will continue to support research and development of drugs for AIDS and other communicable diseases, and help countries deliver prevention strategies and universal access to HIV treatment and care for all who need it by 2010, through further support for the EU programme for action for AIDS, TB and malaria; and support fair access to drugs under WTO patent protection rules;

e) improve food security for the most vulnerable, by helping lift 8 million Africans out of hunger by 2009 through country-led safety nets for chronically food-insecure populations who rely on humanitarian programmes;

f) maximise the developmental benefits and minimise the negative aspects of migration and strengthen protection for refugees, through engaging in balanced dialogue and cooperation with the AU, other African organisations and states on a broad range of migration issues; in particular, this means addressing the root causes of migration, fostering links with development and promoting co-development⁽²²⁾ and combating illegal immigration. We will take this forward through a series of concrete priority actions as agreed by the European Council;

g) recognise the importance of women in all our policies towards Africa in view of their crucial role in economic growth, development, education and the disproportionate effects on women of conflict, poverty-related diseases and lack of maternal healthcare; and give appropriate support to sexual and reproductive rights, in line with the International Conference on Population and Development Cairo agenda.

The future: an EU partnership with Africa

9. Europe has a strong interest in a peaceful, prosperous and democratic Africa. Our strategy is intended to help Africa achieve this. We commit to:

a) delivering on this strategy; we will review progress on its implementation at the December 2006 European Council, and at least every two years thereafter; our ministers will discuss and oversee the development of detailed delivery and monitoring plans for this purpose, based on timelines and indicators proposed

(22) Co-development involves migrant communities in the EU contributing to the development of their countries of origin.

jointly by the Commission and Council Secretariat; in 2006, the Council will review implementation of the aid volume targets agreed in May 2005 and thereafter, on the basis of monitoring reports from the Commission;

b) developing this strategy, in partnership with the African Union, NEPAD and other African partners, respecting the principles of African ownership, the importance of working more closely with Africans in multilateral forums, and in coordination with multilateral partners;

c) building on the Cairo summit, enhance the EU's political dialogue and broader relationship with Africa and its institutions, and hold the second EU-Africa summit in Lisbon as soon as possible.

**EU Strategy for Africa:
towards a Euro-African pact
to accelerate Africa's development**

**Communication from the Commission
to the Council, the European Parliament and
the European Economic and Social Committee**

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Introduction

Africa is on the move. International awareness of the situation in Africa has significantly improved in recent years and the continent is now giving sustained signs that today there is real momentum for change. The birth of the African Union (AU) and NEPAD, the reinforced role of Africa's regional economic communities (RECs) and the emergence of a new generation of leaders at national level have changed Africa. It is also changing the relationship between Africa and Europe.

Europe's relationship with Africa is not new. It is deeply rooted in history and has gradually evolved from often painful colonial arrangements into a strong and equal partnership based on common interests, mutual recognition and accountability. Europe and Africa are connected by strong trade links, making the EU the biggest export market for African products. For example, approximately 85% of Africa's exports of cotton, fruit and vegetables are imported by the EU. Europe and Africa are also bound by substantial and predictable aid flows. In 2003, the EU's development aid to Africa totalled EUR 15 billion, compared to EUR 5 billion in 1985. With this, the EU is by far the biggest donor: its ODA accounts for 60% of the total ODA going to Africa. Moreover, some EU Member States retain long-standing political, economic and cultural links with different African countries and regions, while others are relative newcomers to African politics and development. At Community level, over the last few decades, the European Commission has built up extensive experience and concluded a number of contractual arrangements with different parts of Africa that provide partners with a solid foundation of predictability and security.

But for too long the EU's relations with Africa have been too fragmented, both in policy formulation and implementation: between the different policies and actions of EU Member States and the European Commission; between trade cooperation and economic development cooperation; between more traditional socioeconomic development efforts and strategic political policies. Neither Europe nor Africa can afford to sustain this situation. The purpose of this strategy for Africa is, therefore, to give the EU a comprehensive, integrated and long-term framework for its relations with the African continent.

One Africa. While Africa has many faces, different histories and diverse needs, it has now collectively embarked on a path of political, economic and cultural integration of the entire continent, crystallised in the regional integration efforts promoted by Africa's RECs and the launching of the AU and NEPAD. The EU

strategy for Africa will therefore, for the first time, address Africa as one entity. Under this strategy, the EU will reinforce its dialogue with the pan-African institutions. The strategy will also fully exploit the potential of the recently revised Cotonou Agreement, the Trade Development and Cooperation Agreement (TDCA) and the Euro-Mediterranean partnership, together with the European neighbourhood policy. These agreements cover respectively the EU's relations with sub-Saharan African countries, South Africa and the countries of north Africa.

One Europe. Europe has also changed. The enlargement of the EU to include 10 new members has taken the number of potential individual partners to 26: the 25 Member States plus the EC. This development has increased the EU's potential political and economic impact but the enlarged membership also poses challenges in terms of aid coordination and complementarity. The EU strategy for Africa will therefore make aid effectiveness and donor coordination central priorities in the years ahead.

Common objectives. The purpose of the EU's action is to work in partnership with the nations of Africa to promote peace and prosperity for all their citizens. In this EU strategy for Africa, the principal objective is, therefore, to promote the achievement of the UN millennium development goals (MDGs) in Africa. This objective is strengthened and complemented by the specific objectives pursued within the Cotonou Agreement, the TDCA, the Euro-Mediterranean partnership, and the European neighbourhood policy, including the support to political reform and economic modernisation.

This EU strategy for Africa should further strengthen the sound strategic partnership between an enlarged Europe and a re-emerging Africa. It is hoped that this partnership will be formalised with the conclusion of a Euro-African pact at a second EU–Africa summit in Lisbon. The strategy will further reinforce the basic principles that govern this relationship, most prominently **equality, partnership and ownership**. While these principles are not new, their significance and implications have changed with developments in the external political and economic context. In view of the increasing role of both the RECs and the AU, and the increasing complexity of the EU's relations with Africa, **subsidiarity and solidarity** will also become central tenets of the EU strategy for Africa. Finally, it is crucial that the EU's relations with Africa should be increasingly pervaded by a culture of **dialogue**, which forms a basic element of our different contractual agreements.

Key to the success of the partnership will be its ability to cement the bonds between the two continents beyond the formal political and economic interaction. One

important component of this broad-based dialogue is the launching of twinning partnerships bringing together African and European universities and schools, parliaments, towns and cities, municipalities, businesses and industries, trade unions, civil society networks and museums. Another innovative proposal is the creation of a European programme for people with skills to share who want to learn more about, and get involved in, Africa's development.

The strategy must reflect both the many different economic and social situations between and within African countries, and the different contractual relations the EU has with them. For those countries still some way from reaching the MDGs, the EU should focus its support in areas considered prerequisites for attaining the MDGs (peace and security and good governance), areas that create the economic environment necessary for achieving the MDGs (economic growth, trade and interconnection) and areas directly targeting the MDGs (social cohesion, decent work, gender equality and environment). These objectives should be supplemented, especially for those countries closer to the EU, by support for economic integration and political cooperation with the EU. Taken together, these measures constitute the EU's common, comprehensive and coherent response to Africa's development challenges.

Prerequisites for attaining the MDGs

Over the last few decades, wars and violent conflicts in Africa have destroyed millions of lives and decades of economic development. It is now universally recognised that there can be no sustainable development without peace and security. Peace and security are therefore the first essential prerequisites for sustainable development. The EU should step up its efforts to promote peace and security at all stages of the conflict cycle, from conflict prevention, via conflict management, to conflict resolution and post-conflict reconstruction. In recent years, Africa has demonstrated its willingness and ability to plan, lead and conduct its own peace-support operations. The peace facility for Africa, which has rapidly become the financial foundation of Africa's emerging peace and security architecture, should therefore be replenished and strengthened to support these efforts. The EU should also continue to promote the sound management of natural resources in Africa, thus tackling the environmental root causes of many conflicts.

Security has become a top priority worldwide since 11 September 2001. Both EU Member States and north African partner countries have suffered major terrorist attacks. The security of citizens is now a major priority for both Africa and

Europe. Ensuring security and the rule of law, with equity, justice and full respect for human rights, are now fully recognised as fundamental, shared priorities.

A second central prerequisite for sustainable development is good and effective governance. In this area too, Africa is showing signs of positive change. Together, African countries have signed up to a set of progressive values and principles of good governance. Some of them have even committed themselves to being regularly monitored in the framework of the African peer review mechanism (APRM), a unique tool for peer review and peer learning. The EU should launch a governance initiative that encourages participation in the APRM process and provides support to African countries for implementation of APRM-driven reforms. One central element of the process of governance reform is the establishment and strengthening of credible national institutions, whether at central level (such as parliaments, the police and judiciary system or public financial management systems) or at local and regional level. However, governance is not only about institutions, but also about appropriate policies and adequate legal and regulatory frameworks. The EU should therefore continue to promote transparency and effective exchange of information between authorities in order to fight corruption, money laundering and terrorism. The EU should also continue to promote human rights and equal opportunities and protect vulnerable groups, especially women. Concretely, the EU should support the creation of an EU-Africa Forum on Human Rights to encourage the sharing of expertise and resources. In the countries covered by the Euro-Mediterranean partnership and the European neighbourhood policy, progress towards good governance will be encouraged through the establishment of a substantial governance facility.

Creating an economic environment for achieving the MDGs

Despite improvements in economic performance, many parts of Africa continue to be marginalised. In an increasingly globalised world economy, Africa accounts for only about 2% of world trade and its share of global manufactured exports is almost negligible. To halve poverty by 2015, it is estimated that Africa needs to achieve average growth of at least 8% per year. The EU should therefore assist in stimulating sufficiently rapid, broad-based and sustainable economic growth in order to contribute to an effective reduction of poverty. The EU should continue to help African countries to implement macroeconomic and structural policies that encourage private investment and stimulate pro-poor growth. Another key vector for economic growth and regional integration is the development of south-south, north-south and multilateral trade. Increased economic integration within regions stimulates growth by increasing market size and exploiting economies

of scale. The aim to foster integrated markets and promote trade and development lies at the heart of the economic partnership agreements (EPAs) that the EU is currently negotiating with four sub-Saharan regions of Africa. Maintaining a close coordination between trade and development policies is essential. The Doha Development Agenda and the EPAs both seek to ensure the progressive integration of Africa into world markets. The EU should also support African countries in the promotion of a stable, efficient and harmonised regulatory framework encouraging private business initiatives, including in the area of electronic communications and services. In this context, the EU should promote a Euro-African Business Forum bringing together entrepreneurs and public and private investors from both Europe and Africa.

Macroeconomic stability, the creation of regional markets and an appropriate private investment climate are crucial preconditions for sustained economic growth. However, this pro-growth framework needs to be accompanied by appropriate measures to boost and diversify production and to establish the necessary infrastructure and networks. The EU should target specific support on increasing the competitiveness and productivity of African agriculture. In the framework of the Euro-Mediterranean partnership and the European neighbourhood policy, north African partner countries will implement a roadmap including the continuing liberalisation of trade in agriculture, processed agriculture and fisheries products and the liberalisation of trade in services and establishment, with the aim of concluding negotiations by the end of 2006.

Limited access to transport and communication services, energy, water and sanitation also constrains economic growth. The EU should therefore establish a partnership for infrastructure to support and initiate programmes that facilitate interconnectivity at continental level to promote regional integration. In the framework of this partnership, the EU should support Africa's efforts to identify and address missing links, harmonise transport policies, develop integrated water management, develop cross-border and regional energy infrastructure and promote efforts to bridge the digital divide at all levels, including through initiatives to develop sustainable low-cost electronic communications.

Tackle the MDGs directly

Some 40% of all Africans survive on less than one dollar a day. Only six out of 10 African children go to primary school. Communicable diseases, in particular HIV/AIDS, malaria and tuberculosis, have hit Africa hardest and in 2004 alone AIDS killed over 2 million people in sub-Saharan Africa and affected another

3 million. The EU should therefore help to make basic social services available for the poorest people in Africa (MDGs 1-6), contributing to the establishment of a social safety net for the most vulnerable. Beyond primary education, the EU should support education, research and access to knowledge and transfer of know-how as a lifelong process: from secondary and higher to vocational education. Building on the success of and experience from the Erasmus programme, the EU should support the creation of a Nyerere programme for student exchanges across Africa. The EU should also step up its action to deliver decent healthcare through the strengthening of national health systems, capacity-building and health-related research and the replenishment of the global fund to fight AIDS, tuberculosis and malaria. These services need to be further complemented by improvements in access to water, sanitation, sustainable energy and ICT. Full participation of non-state actors should be ensured in all these areas to strengthen ownership and improve service delivery for the poor. Preventing and eradicating poverty requires the promotion of productive employment and decent work for all. In Africa, too many jobs for young labour-market entrants are in the informal economy with low productivity and income, poor working and living conditions and with little or no social protection.

These measures, important as they are, will, however, not in themselves be enough to redress existing inequalities and lack of social cohesion. Africa's demographic boom, rapid urbanisation and large-scale migration pose new challenges. First, therefore, a more integrated approach to sustainable urban development is needed, based on the twin pillars of good urban governance and good urban management, plus better territorial development and land-use planning. Second, more comprehensive efforts should be made to turn migration into a positive force in the development process, for example by transforming brain drain into 'brain gain' or by supporting the management of migration flows.

Africa's environment is fragile and prone to water shortages, climate change and desertification. Current population growth and agricultural expansion have caused land shortages and the intensification of agriculture has contributed to further land degradation. A healthy environment has benefits beyond Africa's borders. But it is first and foremost one of the most valuable assets for the sustainable development of Africa and EU assistance is necessary for its protection. Making Africa's development sustainable is the only way to protect the livelihood of Africa's poor in the medium and long term. Specific action should include the conservation of biodiversity, for example by supporting the establishment of an appropriate legal framework for sound use of natural resources, the management of environmental diversity and desertification, and action to counter

the effects of climate change. A central aspect of these efforts will be the development of local capabilities to generate reliable information on the location, condition and evolution of environmental resources, food availability and crisis situations.

More and more effective aid

While aid flows to Africa are substantial and have been increasing over recent years, additional political and financial commitments are required to give Africa a decisive push towards the MDGs. In June 2005, the European Council made such an ambitious commitment. The European Council agreed, on the basis of a Commission proposal, to double aid between 2004 and 2010, and allocate half of it to Africa. By making this commitment, the EU is still on track to reach the UN target of allocating 0.7% of its GNI to development aid by 2015. Compared to what is expected in 2006, this commitment should result in an estimated additional EUR 20 billion in ODA per year by 2010 and an additional annual EUR 46 billion per year by 2015. The EU also agreed to allocate at least 50% of this agreed increase to Africa.

EU aid should not only be increased, but also improved. Aid effectiveness should be a crucial focus area in the coming years. In the past, lack of coordination and complementarity between donors has often prevented sound development policies from being converted into tangible development achievements. The EU has gone a long way towards improving this situation, most recently at the High-Level Forum on Aid Effectiveness in Paris (March 2005). To go even further, the EU should now implement an action plan on aid effectiveness and apply it in sub-Saharan Africa as a priority. This action plan will pave the way for specific proposals for the creation of an operational and interactive EU donor atlas, agreement on individual country roadmaps for harmonisation, the adoption of joint programming documents and the development of common procedures. In addition, the EU should foster more general and sectoral budget support. This will not only make aid delivery more transparent, predictable and result-oriented but will also enhance the EU's collective political leverage. Overall, it will be important to demonstrate that the substantial increases in aid flows have served their purpose in helping recipient countries in their attainment of the MDGs.

Conclusions

In recent years, a forward-looking Africa has re-emerged on the international scene with more confidence, dynamism and optimism than ever before. Governance has improved considerably in recent years, sustained economic growth is being recorded for the first time in decades, and the AU/NEPAD and regional organisations have provided Africa with political and economic roadmaps and a vision for the future. Africa's development is now at the top of the international political agenda and there is a broad international consensus on the basic action that needs to be taken. There is now a unique window of opportunity to give Africa a decisive push towards sustainable development. For northern Africa, the Euro-Mediterranean partnership and the European neighbourhood policy have also opened up the concrete perspective of a new and deeper partnership across the Mediterranean basin, which will be reconfirmed during the forthcoming 10th anniversary of the Barcelona declaration.

As a long-standing partner and close neighbour of Africa, the EU is well placed to assume a leading role in this process. Europe and Africa are bound together by common history, interlocking cultures and shared objectives. Sustainable social, economic and political development in Africa is therefore our common concern. While Africa embraces a new vision for the continent's future, the EU has to answer its call with the same sense of responsibility and urgency. The next 10 years (2005-15) will be a watershed in relations between Europe and Africa. The EU strategy for Africa outlined in this communication, expected to be adopted by the European Council in December 2005, constitutes the EU's response to the challenge of getting Africa back on the track of sustainable development and of meeting the MDGs by the target year of 2015. This is our common mission, and our common duty.

**EU Strategy for Africa:
towards a Euro-African pact
to accelerate Africa's development**

**Annex to the
Communication from the Commission
to the Council, the European Parliament and
the European Economic and Social Committee**

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Introduction

Africa is on the move. International awareness of the situation in Africa has significantly improved in recent years and the continent is now giving sustained signs that today there is real momentum for change. With the birth of the new partnership for Africa's development (NEPAD) in 2001 and the African Union (AU) in 2002, Africa has equipped itself with a strategy and institutions capable of guiding Africa on the road towards political and economic integration. The Cotonou Agreement, the Trade Development and Cooperation Agreement (TCDA) and the Euro-Mediterranean partnership and the European neighbourhood policy provide the framework for the EU's support for these processes. The regional economic communities (RECs), the building blocks of the continental integration process, are committed to fostering economic growth and political stability and, at national level, many countries are making considerable progress in the field of governance. In the past five years, for example, more than two thirds of the countries in sub-Saharan Africa have held multi-party elections. In the late 1990s, sub-Saharan Africa also saw the first signs of a reversal of the trend of stalled growth of the previous two decades and, in 2004, the region recorded real GDP growth of 5.1%, compared to 4.2% in 2003 and average annual growth of 2.3% between 1980 and 2000.

However, despite much progress, Africa's road towards sustainable development remains long. Today, 40% of all Africans are still living on less than one dollar a day, today three out of every four persons who die of AIDS are Africans, and today one African out of five lives in a country affected by war or violent conflicts. In terms of per capita income, 18 out of the 20 poorest countries in the world are African and the continent is the only part of the developing world where life expectancy has been falling over the last 30 years. It is clear that, without substantial additional political will and financial resources, Africa will only be able to reach most of the UN millennium development goals (MDGs), not by the target year of 2015, but by 2050.

Europe is Africa's long-standing partner and closest neighbour and Africa's development is also very much in Europe's interest, economically, politically and strategically. Attaining the MDGs is therefore a shared objective and a common goal. The EU – all 25 Member States and the European Commission – should now together seize the unique opportunity created by the existing dynamics in Africa and present a common, coherent and comprehensive strategy to make Africa the

first priority for implementation of the Commission's 'MDG package' ⁽²³⁾ and the 'European consensus', the EU's new development policy ⁽²⁴⁾. The objective of this communication is to present a long-term EU strategy to promote the achievement of the MDGs in Africa to be adopted by the European Council in December 2005. This strategy should, in turn, form the basis of a new Euro-Africa pact, which the EU should aim to endorse at an EU-Africa summit in Lisbon. The EU strategy for Africa is based on extensive consultations with the African Union (AU) and Africa's regional economic communities (RECs) and should fully harness the potential of the recently revised Cotonou Agreement, the Euro-Mediterranean partnership and the European neighbourhood policy.

To achieve these objectives, the EU must take into account the different political, economic, social and environmental trends in Africa (Chapter 1) and the basic principles which should govern the relationship between the EU and Africa (Chapter 2). On this basis, the EU should pursue a three-pronged strategy (i) to strengthen EU support in priority areas, (ii) to increase EU financing for Africa and (iii) to develop and implement a more effective EU approach (Chapter 3).

1. The many faces of africa

There are many Africas. Different political regimes, historical experience, cultural and religious contexts, economic dynamics and geographic characteristics mean that local communities, countries and regions often differ considerably from one another. This chapter does not aim to give an exhaustive analysis of all of these differences – abundant literature already exists – but rather to highlight some important recent trends and developments in Africa. This context is the starting point for the EU strategy for Africa.

(23) Communications from the Commission 'Speeding up progress towards the MDGs. The EU's contribution' (COM(2005) 132); 'Accelerating progress towards attaining the MDGs – financing for development and aid effectiveness' (COM(2005) 133); and 'Policy coherence for development – accelerating progress towards attaining the MDGs' (COM(2005) 134).

(24) Communication from the Commission 'Proposal for a joint declaration by the Council, the European Parliament and the Commission on the European Union development policy – the European consensus' (COM(2005) 311). Available on: http://ec.europa.eu/comm/development/body/tmp_docs/european_consensus_311_final_13_07_2005_en.pdf#zoom=100

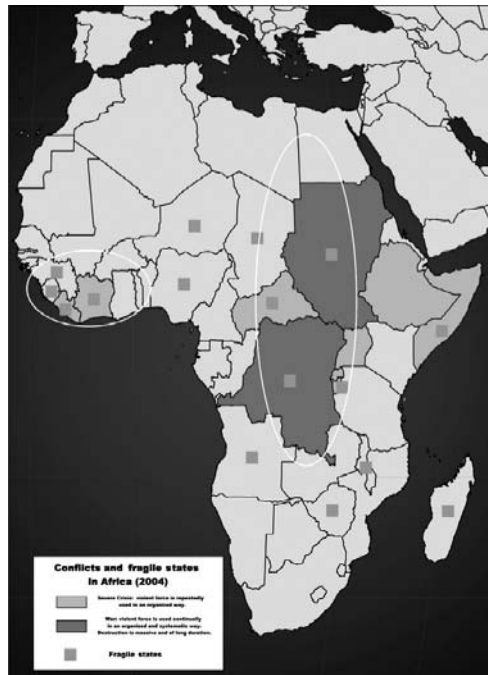
1.1. Geopolitical dynamics: areas of insecurity and centres of stability

Recent years have seen a number of new **external players** emerge in Africa, attracted by the continent's economic potential and political and strategic importance. This changing geopolitical context poses new challenges and opportunities for the formulation and implementation of the EU's Africa policy. Emerging economies, such as Brazil, India or China, have become important sources of foreign investment and provide new export markets for African commodities. **China** merits special attention given its economic weight and political influence. Sino-African trade has increased from USD 10 billion in 2000 to USD 28.5 billion in 2004 and since 2000 more than 25% of China's crude oil is imported from Africa. Despite radical domestic changes, the country has retained links with different African countries, which are now attracted by China's trading potential. Especially for oil- and commodity-dependent countries, China represents a substantial and continued source of financial income, mostly outside the traditional development and governance frameworks.

Also, a number of Africa's more long-standing partners are showing renewed interest in Africa. The **United States** has recently reinvested in Africa for a variety of reasons, including a traditional interest in development, good governance and political stability, but also newer reasons such as access to oil, the battle against terrorism and global strategic competition. As for **Japan**, the regular high-level meetings held with Africa since the 1990s, such as the Tokyo International Conference on African Development (TICAD), display the rising significance of Africa in its foreign and economic policy. Finally, **Russia** has also, particularly since 2001, forged closer links with a number of African countries, notably concentrating on their potential in the energy and mining sectors.

Even more important than these external influences are Africa's internal political dynamics. While some African countries and regions are scarred by violent conflicts or state fragility, or are still in the midst of post-conflict reconstruction efforts, others have been experiencing sustained periods of peace, security, economic and political stability and democratic participation. These **stable countries** play an essential role in stabilising their regions and setting an example of what can be achieved in a favourable political climate. Over the last few decades, most of northern Africa has, for example, been enjoying lasting stability. In west Africa, Ghana is the prime example of a well-governed and stable country which has been able to convert economic growth into tangible development achievements. In the East African Community (Kenya, Tanzania and Uganda) political

stability and regional economic integration have created a community of stability which stands in sharp contrast to the structural instability of the Great Lakes and the Horn of Africa. In recent years, countries such as Rwanda and Burundi, both still in the midst of post-conflict reconstruction, have increasingly been seeking to forge closer political and economic links with this group of east African countries. In southern Africa, although the precarious situation in Zimbabwe continues to give cause for concern, there is a similar bloc of stable countries, including South Africa, Namibia, Botswana and Mozambique. It must be noted, however, that not all stable countries set examples of good or effective governance.



Map 1: Conflicts and state fragility in Africa (2000-05).

Sources: Heidelberg Institute annual report 2004 and the World Bank's LICUS (low income countries under stress) initiative (2004).

Similarly, some of Africa's largest countries often also serve as **anchor countries**, poles of attraction and economic and political driving forces for their neighbours. Together with some northern Africa countries, the leading examples of such anchor countries are Nigeria and South Africa, in western and southern Africa respectively. Due to the size of their economies and their commitment to regional and continental integration, they play a central role in economic development and political stability across Africa. Politically, the leaders of these two countries, President Obasanjo and President Mbeki, have taken on the roles of peace brokers, often far beyond their own sub-regions. Economically, considerable private investment in the Great Lakes region also means that South Africa has a strong interest in stability and prosperity in that region too.

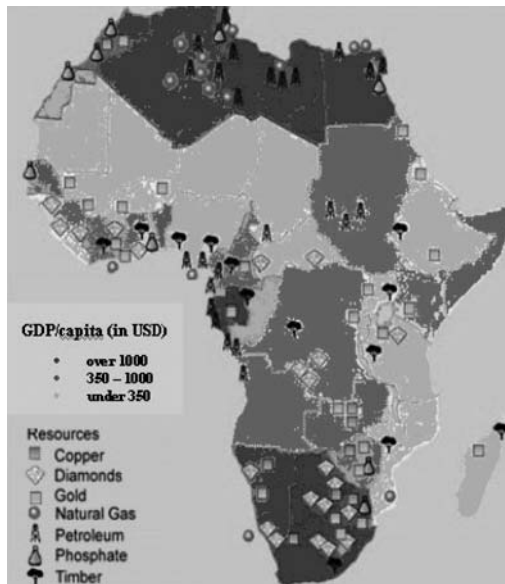
Despite these positive trends, two chronic areas of conflict and instability remain: the *Mano River* region in west Africa and a line extending from Sudan and the Horn of Africa down to eastern Congo in eastern and central Africa. These two areas are dominated by a large number of **countries in conflict** as well as a high proportion of **fragile states**, i.e. states that – often weakened by endemic crises and conflicts or natural disasters – lack credible, legitimate and/or effective governance. The first case, the *Mano River* sub-region, includes countries such as Guinea, Liberia and Sierra Leone. Fuelled by the presence of considerable natural resources, including diamonds and timber, over the last 10 years conflict has spread across borders and engulfed the entire region in a severe refugee crisis, further contributing to the regional instability. As a result of these conflicts, Guinea has become the haven for up to 1 million refugees. This instability has also had an impact beyond the region, affecting the Casamance region of Senegal in the north-west and, since 2002, Côte d'Ivoire in the east.

A second line of insecurity can be traced from Sudan and the Horn of Africa, across the Central African Republic and northern Uganda to eastern Congo. These conflicts are fed by a complex pattern of structural causes, such as poor management of scarce natural resources, bad political governance, uncontrolled refugee flows, inter-regional trade in arms and trafficking in human beings. The conclusion of a comprehensive peace agreement in Sudan in January 2005 was a major breakthrough and could potentially be a turning point for the entire region. The same is true for the positive political dynamics in Somalia, until recently considered to be a **collapsed state**. However, the ongoing Darfur conflict in Sudan, the 'forgotten war' in northern Uganda, the persistent insecurity in the east and north of the Central African Republic and the instability in eastern Congo remain serious causes for concern.

This instability and insecurity is fed by an increase in transnational organised crime. The African continent has become an important transit area for international drug traffickers. Some 89% of African countries are affected by human trafficking flows as source, transit or destination countries, while theft and smuggling of natural resources or arms trafficking is increasing. At the same time, drugs trafficking and consumption is a particularly serious threat for the continent. African trafficking networks, particularly West African, have become major players and Africa is now responsible for a quarter of the world's cannabis seizures. Trafficking in and abuse of cocaine, heroin and amphetamine-type stimulants are also increasing.

1.2. Geo-economic dynamics: different paths to growth

There are many paths to growth. Recent evidence points to the sustainable exploitation of natural resources and agricultural development, and the investment in human resources combined with the creation of a sound investment climate as central drivers of growth.



Map 2: GDP/capita and natural resources in Africa.

Source: World development indicators 2004 (World Bank).

Africa has several **resource-rich countries**, mainly concentrated in northern and southern Africa and south of the Great Lakes region and around the Gulf of Guinea. The growth performance of these individual countries has been rather uneven. In the southern belt, some countries have been able to turn these resources into a sustainable source of income and growth. Experience in Botswana and South Africa, for example, shows that, when the right set of policies is in place, mineral extraction can lead to sustained growth. The recent and rapid increase in oil prices has also brought about exceptional performances in other parts of Africa, including the economies of the Gulf of Guinea. In 2004, for example, real GDP growth per capita in Equatorial Guinea was 31.5%. The resulting influx of foreign capital has brought opportunities as well as political and economic responsibilities to convert the new wealth into sustainable development. The results of the exploitation of resources other than oil and gas differ. The Democratic Republic of Congo (DRC) has the third highest average potential hydropower output in the world after China and Russia, but only 2% has yet been developed. By contrast, Mozambique has gradually become a major exporter of electricity.

Agricultural commodity-dependent African economies often rely on a very narrow range of exports. This leaves them highly vulnerable to long-term price decline and to fluctuations in the world prices of such commodities. From 1980 to 2000, the real price of sugar fell by 77%, cocoa by 71%, coffee by 64% and cotton by 47%. Unlocking agricultural growth will involve both increasing output and addressing the overall vulnerability and volatility of the sector. The improvement of the yields in cassava and rice production in west Africa is a good example of the first option. In eastern African countries like Kenya, Uganda and Ethiopia, diversification into non-traditional agricultural exports is being pursued with some success and in Kenya horticulture has become the fastest growing sub-sector in agriculture. Rapid expansion of fish and fish products exports in Senegal, Tanzania, Kenya and Uganda, when sustainably developed, contributed to a successful diversification of production. There is also scope for more regional trade. Even a **landlocked country**, such as Mali, could become a major rice exporter in the west African region through enhanced trade and regional integration.

Another important driver of growth is the existence of a reliable and attractive **investment climate**. Currently, the bulk of investments in Africa are domestic: around 80% against 20% for foreign investment. Unsurprisingly, there is a correlation between the stability and governance performance of a country and the investment climate. Issues related to transparency and accountability are often considered particularly important by investors. In Uganda, which has undergone widespread economic reforms, GDP grew by around 7% per year during 1993-2002,

reducing the share of the population living below the poverty line from 56% in 1992 to 35% in 2005. In Tanzania, an improvement in the investment climate is largely behind the country's fastest growth in 15 years. In these countries, cooperation and dialogue with the national and international business community has proven to be a crucial component in the development of a positive investment climate.

Another key component of the investment climate is regional integration, the building of larger harmonised markets which are more attractive for investment in the productive sectors. The building of regional interconnections, including the establishment of harmonised policies and enhanced trade facilitation, are crucial issues in this context. A substantial increase in **intra-regional trade** has been witnessed in recent years, mostly due to progress in regional integration schemes. Intra-regional trade in the Common Market for Eastern and Southern Africa (Comesa), which established a free trade area in 2000, grew by 25% in 2003 to about EUR 5 billion. In northern Africa, the EU has supported the expansion of south-south trade and regional integration through initiatives like the Agadir free trade agreement signed in February 2004.

In these regions, the establishment of appropriate **interconnections** are key enablers of trade and integration as they reduce the costs of doing business and allow people to access markets more easily. These challenges are particularly crucial for insular countries, which require specific attention and support. The development of dynamic processes of regional integration, which will strengthen Africa's competitiveness in the world economy, is all the more welcome given the limited progress of many African countries in expanding and diversifying their exports. Some sub-Saharan countries have, for 20 years, not significantly changed their export mix, which today too often still consists of a small number of unprocessed primary commodities. As a result, sub-Saharan Africa's share of world trade has declined from 3% in 1950 to less than 2% today. A controlled and gradual increase in openness, first regionally and then towards the wider world, is therefore needed as a basis for a significant acceleration of growth and development. Given that Europe remains Africa's most important trading partner – for example, approximately 85% of Africa's exports of cotton, fruit and vegetables are imported by the EU – the EU has a key role in supporting these processes.

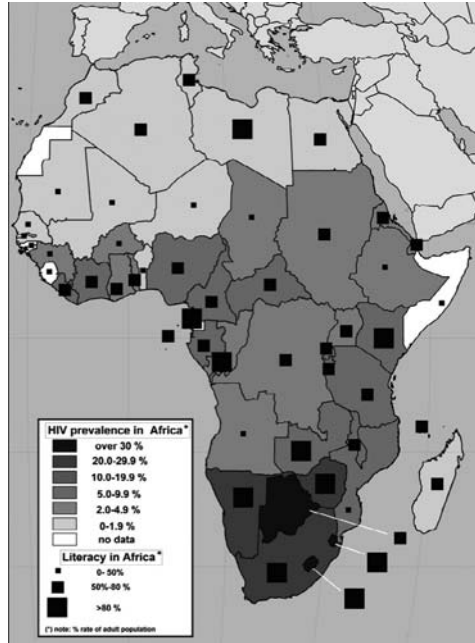
1.3. Geo-social dynamics: patterns of progress and clusters of inequality

Just as with peace and stability and with trade and growth, the picture in Africa is extremely varied when it comes to human development. A line of poverty cuts across the entire continent. However, different socio-political contexts and different government policies mean that development outcomes still vary considerably between countries and regions. This is, for example, reflected in indicators for inequality, education and health, although similar patterns of regional diversity can also be found in the areas of gender (in)equality, access to basic services and environmental sustainability.

While several African countries have managed to record impressive economic growth, a highly unequal distribution of income often prevents this growth from having a positive impact on poverty levels. There is therefore not necessarily any link between the overall prosperity of a country and its performance in terms of sustainable development, decent work opportunities and poverty reduction. The category of strikingly **unequal societies** includes many poor countries, such as Sierra Leone and the Central African Republic, but also wealthier countries like Lesotho, Botswana and South Africa. The most extreme case is Namibia, which has one of the highest levels of inequality in the world. Relatively even distributions of income are found in countries like Ghana and Uganda, where growth has also been more strongly linked to sustainable poverty reduction.

Not least against the background of continuously strong population increases, employment creation remains one of the major challenges for social development and poverty reduction. However, the **employment situation** remains worrisome in most African countries. The vast majority of all new jobs for young labour market entrants in Africa are in the informal economy, with low productivity and income, poor working conditions, lack of career prospects and with little or no social protection. Women and ethnic minorities, in particular, continue to face disproportional difficulties on the labour market. At the same time, child labour remains a frequent phenomenon in many countries and constitutes an important income base for many families. In sub-Saharan Africa alone the number of young people looking for work is expected to increase by 28% in the next 15 years, equivalent to 30 million people ⁽²⁵⁾.

(25) See ILO, 'Youth pathways to decent work', report submitted to the International Labour Conference, 93rd session, June 2005.



Map 3: HIV/AIDS prevalence and literacy rates in Africa.

Sources: UNAIDS annual report 2004 and the UN's millennium indicators database (2004).

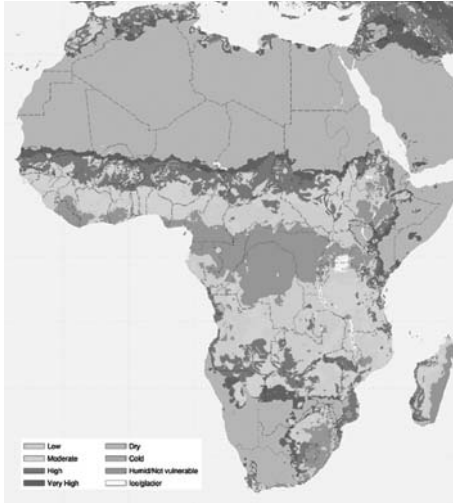
Gradually, **literacy** rates are improving in Africa. Progress in primary education has been recorded in some of the poorest countries such as Burkina Faso, Benin and Eritrea, with overall numbers of children in primary school in sub-Saharan Africa increasing by 48% between 1990 and 2001. Broadly speaking, enrolment rates in primary education show that southern and eastern Africa lag somewhat behind the rest of Africa. However, when it comes to secondary education, the Sahel countries Niger and Chad fare particularly badly, with enrolment rates well below 10%. Within those countries, rural areas tend to fare worse and certain groups, such as girls, disabled children and orphans, remain particularly marginalised.

Communicable diseases have placed a heavy burden on many countries and regions across Africa. The HIV/AIDS pandemic has hit southern and eastern Africa hardest: there is also a more limited, but growing, epidemic in west Africa and it is only the countries of north Africa that have so far escaped any large-scale impact. Adult prevalence rates range from under 1% of the population in Senegal and Mauritania to over 25% in Swaziland, Botswana and Lesotho, where

the pandemic has wiped out decades of development efforts and considerably decreased the average life expectancy. However, despite these devastating diseases, Africa continues to record rapid demographic growth, ranging from 2.2% to 2.8% per year. If this rate of growth were to be sustained, Africa would be home to not less than 2 billion people within 40 years.

**1.4. Geo-environmental dynamics:
management of natural resources to combat poverty**

The perception remains in some quarters that environmental protection is something of a luxury in Africa. Yet, evidence shows that **environmental degradation** often contributes to poverty and when forests disappear and water is exhausted or polluted, it is often the poor of Africa, especially children and women, who suffer most. Promoting sustainable natural resource management is thus a politically, socially and economically sound development strategy for Africa.



Map 4: Africa's environmental vulnerability.
Source: UNEP.

The African continent is environmentally very diverse. Climate conditions range from humid tropical in western and central Africa and in the western Indian Ocean islands, to arid and semi-arid in most southern African countries, while semi-deserts and deserts are features of northern Africa. **Climate change** will further increase the strain on water resources, affect biodiversity and human health, worsen food security and increase desertification. Extreme hydrometeorological events such as flooding and drought are common across Africa, and set to increase as a result of climate change, while early warning systems are inadequate and disaster management is weak. Climate change adaptation is therefore an urgent necessity for Africa's development.

Two thirds of Africa's total land area is arid or semi-arid and 34% of Africa's population lives in arid areas compared to just 2% in Europe. **Land** is central to development in Africa since the livelihoods of about 60% of the population depend on agriculture. The expansion of agriculture over the past three decades has involved the cultivation of marginal areas and the clearance of important natural habitats such as forests and wetlands. Such conversion is a major driving force behind land degradation. In the western Indian Ocean islands, for example, competition for land is so intense that coastal wetlands have been destroyed and inland swamps have been drained and used as construction sites. Draining wetlands for agriculture threatens not only habitats and biodiversity but also the livelihoods of pastoralists.

Soil erosion reduces the productivity of land, requiring farmers to apply more and more fertilisers and other chemicals that help check falling productivity. Land degradation is intricately linked to poverty and addressing this problem requires the participation of the resource users and, where appropriate, providing them with alternative livelihood options. A recent study estimated that desertification processes affect 46% of the African continent and a total of almost 500 million people: the worst affected areas are along desert margins (see map).

Africa's **renewable water resources** average 4 050 km³/year, providing in the year 2000 an average of about 5 000 m³ per capita/year, significantly less than the world average of 7 000 m³ per capita/year. The spatial distribution of both surface water and groundwater is uneven. At least 13 countries suffered water stress or scarcity in 1990 and the number is projected to double by 2025. Groundwater is a major source of water in the region, accounting for 15% of Africa's total resources. Groundwater is used for domestic and agricultural consumption in many areas, particularly in arid sub-regions where surface water resources are limited. However, areas heavily dependent on groundwater reserves are also at risk of water shortages, as water is extracted far more rapidly than it is recharged.

Africa's **forest cover** is estimated at 650 million ha, representing 17% of the world's forests. African forests provide many goods and services. A study in Madagascar estimated the value of forest products to local villages to be USD 200 000 over 10 years. In Ghana, it is estimated that 16-20% of the local population's food supply is met from forest products. Deforestation, both for commercial timber and to make room for agriculture, is therefore a major concern and represents an enormous loss of natural economic wealth to the continent. Selective vegetation removal and over-harvesting of non-timber forest resources, including medicinal plants, all add to this problem. The pressures on forests and woodlands are further exacerbated by the construction of access roads which open up closed forest areas, making the resources more accessible, and their trade more profitable.

2. The principles of the eu's relations with Africa

2.1. The EU's long-standing relationship with Africa

2.1.1. A network of agreements

The EU–Africa relationship is deeply rooted in history. Over the last few decades, the EC and the Member States have concluded various contractual arrangements with different parts of Africa, reflecting the continent's diversity in terms of history, policies and needs ⁽²⁶⁾.

The Lomé I Agreement, signed in 1975, was the first framework agreement with the countries of **sub-Saharan Africa**, as part of the ACP group of states. This pioneering agreement already included principles such as partnership, the contractual nature of the relationship and the long-term predictability of financing. Following a number of subsequent Lomé agreements, in 2000 the EC and its Member States concluded the Cotonou Agreement for 20 years with the 48 countries of sub-Saharan Africa. The Cotonou Agreement, revised in 2005, combines a political dimension with trade and development issues in a single comprehensive framework. **South Africa**, while a signatory of the Cotonou Agreement, concluded a separate parallel ambitious Trade, Development and Cooperation Agreement (TDCA) ⁽²⁷⁾.

The EU's relations with the countries of **north Africa** are based on the Euro-Mediterranean partnership and association agreements, and on the European neighbourhood policy (ENP) ⁽²⁸⁾ and ENP action plans. The Euro-Mediterranean partnership was launched in 1995 when the Barcelona declaration identified the three main objectives of the partnership as: (a) establishing a common area of peace and stability through the reinforcement of political and security dialogue; (b) creating an area of shared prosperity through an economic partnership and the gradual establishment of a free-trade area; (c) bringing peoples together through a social, cultural and human partnership aimed at promoting understanding between cultures and exchanges between civil societies. The partnership is implemented by bilateral association agreements between the EU and each of the partner countries ⁽²⁹⁾. Building on this platform, the ENP offers to these countries an increasingly close relationship with the EU, involving a

(26) The only African country that is not party to any contractual agreement with the EU is Libya.

(27) South Africa is also a signatory to the Cotonou Agreement.

(28) See COM(2004) 373 final, ENP strategy paper.

(29) In north Africa, association agreements exist with Morocco, Algeria, Tunisia and Egypt; Libya has observer status in the partnership.

significant degree of economic integration and a deepening of political cooperation in an approach founded on partnership, joint ownership and differentiation and aiming to promote the prosperity, stability and security of Europe's immediate neighbours⁽³⁰⁾. All five north African countries are beneficiaries under this policy, implementation of which started in 2005 with the adoption of a first set of ENP action plans, including those for Tunisia and Morocco, which represented the fruit of discussions with the partner countries and common agreement on reform priorities and actions.

2.1.2. A new framework for development policy

While these agreements provide a long-term framework for dialogue, trade and cooperation, the EU needs to adapt its policy to the ever-changing political and economic context. The stronger consensus on the millennium development goals (MDGs), the changing security context after the terrorist attacks of 11 September 2001 and subsequent events, and the increased impact of globalisation are just some of the elements that have made it necessary to rethink the EU's policy towards the developing world.

In April 2005, the Commission issued the 'MDG package', providing the basis for the ambitious commitments made by the European Council in June 2005⁽³¹⁾. Building on this package, in July 2005, the Commission proposed to the Council and the Parliament to go even further and adopt a joint declaration on the EU's new development policy, the 'European consensus'⁽³²⁾. Once adopted, the 'European consensus' will provide, for the first time ever, a common framework of objectives, values and principles that the Union – all 25 Member States, the Commission and the European Parliament – supports and promotes as a global player and global partner.

The EU–Africa strategy aims at providing a common, coordinated and coherent European initiative and response to the challenges Africa faces and therefore constitutes the first practical example of implementation of the abovementioned 'European consensus'.

(30) The ENP will build on mutual commitment to common values, principally within the fields of the rule of law, good governance, respect for human rights, including minority rights, promotion of good neighbourly relations, and the principles of market economy and sustainable development.

(31) Communications from the Commission 'Speeding up progress towards the MDGs – the EU's contribution' (COM(2005) 132); 'Accelerating progress towards attaining the MDGs – financing for development and aid effectiveness' (COM(2005) 133); and 'Policy coherence for development – accelerating progress towards attaining the MDGs' (COM(2005) 134).

(32) Communication from the Commission 'Proposal for a joint declaration by the Council, the European Parliament and the Commission on the European Union development policy – the European consensus' (COM-2005-311). Available on: http://ec.europa.eu/comm/development/body/tmp_docs/european_consensus_311_final_13_07_2005_en.pdf#zoom=100

2.2. Making a quantum leap in EU–Africa relations

2.2.1. Engaging with a changing Africa: equality, partnership, ownership

As we enter a new era in EU-Africa relations, it is time to reinforce the basic principles that govern this relationship, most prominently **equality, partnership and ownership**. While these principles are not new, their sense, significance and implications have changed with developments in the external political and economic context. The birth of the AU and NEPAD, the reinforced role of Africa's regional economic communities (RECs) and the emergence of a new generation of leaders at national level have not only changed Africa, but also affected its relationship with Europe. Rethinking these basic principles could fundamentally improve the nature and potential of the EU-Africa relationship.

Equality. The emergence of the AU and the RECs on the one hand and the consolidation of European integration on the other have created a new and more symmetrical institutional framework for relations between Europe and Africa, between the EU and the regional and continental institutions. Equality implies mutual recognition, mutual respect and the definition of mutual collective interests.

Partnership. This more balanced relationship has implications for the notion of partnership. First, between the EU and Africa. The EU is not only a donor of development aid, but also a political and commercial partner. Its relations with Africa therefore not only encompass development issues, but also include broad, concrete and constructive political dialogue. The EU can offer Africa lessons learned from its experience of continental integration, regional and social cohesion, institution-building and policy development. This partnership must also be based on mutual responsibility and accountability, which includes the mutual respect for human rights and fundamental freedoms. Second, with the rest of the world. As the EU and Africa share basic values and objectives, such as a more multilateral world order, fairer global development and the promotion of diversity, they must be strategic partners in the international community.

Ownership. Development policies and strategies cannot be imposed from the outside. The vision of good governance, respect for human rights and democracy embraced by the AU and NEPAD deserves the EU's full support and will add a new dimension to the concept of ownership as the basis for dialogue and cooperation with each country. These principles are at the heart of the Cotonou Agreement, the TDCA, Euro-Mediterranean partnership and the European neighbourhood

policy. The EU should consistently and collectively support Africa and country-owned strategies and policies. In order to turn the principle of ownership into policy, **budget support** (aid directly contributing to a partner government's budget for sectoral policies or general programmes) should increasingly become the main aid delivery mechanism. This approach not only improves the ownership, efficiency and predictability of the support, but will also enhance a more mature policy dialogue leading partner countries to take their responsibilities in terms of objectives, means and governance mechanisms.

2.2.2. Engaging with a multilayered Africa: subsidiarity and solidarity

In view of the many different cooperation agreements, the growing role of both the RECs and the AU, and the increasing complexity of the EU's relations with Africa, **subsidiarity** and **solidarity** should also become central tenets of the EU strategy for Africa.

Subsidiarity. Through these agreements, the EU should engage with Africa's three levels of governance – national, regional and continental – on the basis of the principle of subsidiarity: only matters which would be dealt with less effectively at a lower level should be reserved for a higher level of governance. Issues such as peace and security, migration, interconnection or disaster management require primarily regional or continental responses, while other questions, including basic social services, such as healthcare or primary education, are often better dealt with at national or sub-national level.

EU policies and action should therefore be tailored to the potential of each level. At **country level**, the EU should, for northern Africa, support national reform strategies and the implementation of the European neighbourhood policy action plans; while for sub-Saharan Africa, the EU should continue to centre support on the implementation of national development policies and poverty reduction strategies (PRSPs). At **regional level**, the EU should support (sub-)regional integration and development strategies and programmes of different regional economic communities (RECs). For sub-Saharan Africa, this will entail the creation of regional integrated markets following the conclusion of EPA negotiations. This objective should extend to tangible support for coordinated supply-side and other reforms at national level, so as to seamlessly bind national development policies with regional integration objectives. The EU should support African efforts to rationalise the current regional integration schemes and institutions in accordance with the regional frameworks governing the EPAs. At **continental**

level, finally, the EU should support the continental institutions and strategies of the AU and NEPAD providing answers to current Africa-wide challenges. This will require boosting the capacity of these supranational institutions to make them stronger, more effective and more credible in the eyes of African countries and citizens. To that end, the EU should enhance its support to the AU Commission, to the Pan-African Parliament, and other pan-African institutions. At the same time, the EU should develop synergies and complementary features between the different agreements to support these Africa-wide strategies more effectively.

Solidarity. The EU should support African efforts to develop enhanced intra-African solidarity between these three different levels of governance. This solidarity consists of, for instance, recognition that peace, security and governance are a shared responsibility of the entire African continent. The principle of ‘non-indifference’ promulgated by the AU lies at the heart of this new doctrine. Swift reactions by the AU following coups d’état, breaches of constitutional orders or violations of human rights vividly illustrate this attitude. The establishment of the peace facility, to which all sub-Saharan African countries contributed via their EDF envelopes, is a good example of how Europe can support this African commitment ⁽³³⁾. Another example could be to set up a mechanism supporting countries which are vulnerable and exposed to disasters and catastrophes.

2.2.3. Engaging with Africa on a continuous basis: political dialogue

Finally, it is crucial that the EU’s relations with Africa should be increasingly pervaded by a culture of dialogue. The importance of a permanent, frank and constructive political dialogue can hardly be overestimated. This also requires a common and consistent approach by the EU as a whole, assuming its leading responsibility in partnership with other international players and with the UN.

Experience gained so far inspired some of the recent amendments to the Cotonou Agreement, which provides for a regular and comprehensive political dialogue with the countries and regions in **sub-Saharan Africa**. Following the revision of Articles 8 and 96 of the Cotonou Agreement, political dialogue has become more structured, more permanent and potentially more effective. The revised Article 8 will allow the EC and African partners to use political dialogue swiftly and effectively and under almost all circumstances. Article 96 will become more powerful since it will be a second-level instrument for more difficult situations

(33) Notably through intra-ACP financing and the ‘shaving-off’ of a percentage of the B envelopes under the ninth EDF.

not solved through previous political dialogue. Sanctions, the effectiveness of which has to be carefully assessed, will only be the very last resort. In this way, political dialogue can be used to prevent violation of the 'essential elements' of the Cotonou Agreement ⁽³⁴⁾ instead of – as too often in the past – being a reaction mechanism only when a problem occurs. With the **north African** countries, the Barcelona process and the ENP provide a solid framework for political dialogue. The Barcelona process regained momentum following the Naples ministerial conference in December 2003 and the November 2005 Barcelona summit will be a new milestone in Euro-Mediterranean relations. The EU also needs to enhance its dialogue with the **African continent** as a whole, going beyond the regular ministerial meetings and raising the dialogue to the highest political level. Five years after the Cairo summit, it is time to organise the EU-Africa Lisbon summit.

The quantum leap in EU-Africa relations described under this heading can be well illustrated by recent developments in EU-South Africa relations. Ten years into democracy, **South Africa** has become an important strategic EU ally on the continent. It is an anchor country in the southern Africa region, and a key actor in the regional integration process, the regional stability and the future economic partnership agreements (EPAs) with southern Africa. On the continental level, South Africa is one of the driving forces behind the AU and NEPAD, a beacon of democracy and good governance and a major peace-keeper. On a global scale, it plays an increasingly important role as a representative of Africa and the entire developing world. Therefore, South Africa and the EU have agreed to deepen and broaden their existing relationship through a holistic and innovative approach beyond 2006 with a view to building a strategic partnership. The Joint Cooperation Council has adopted joint conclusions that emphasise the need for an integrated approach to political dialogue, development cooperation, trade liberalisation and broad economic cooperation. This will result in a new type of cooperation based on mutual interests that will particularly address South Africa's imbalance and disparity between the 'first economy' and its 'second' informal sector.

(34) Including respect for human rights (Cotonou Article 9).

3. A three-pronged EU response strategy

3.1. Strengthening EU support in priority areas

Chapter 1 showed that the road to sustainable political, economic, social and environmental development will look rather different for each African country or region. But the overview also demonstrated that many countries and regions face similar problems, all of which are crucial for Africa's ability to achieve the MDGs and all of which require enhanced action. Under the new strategy for Africa, the EU – the European Community and the Member States – should therefore strengthen its support in the areas considered prerequisites for attaining the MDGs (peace and security and good governance), areas that create the economic environment for achieving the MDGs (economic growth, trade and interconnection) and areas directly targeting the MDGs (social cohesion and environment). Taken together, these measures constitute the EU's common, comprehensive and coherent response to Africa's development challenges.

3.1.1. Prerequisites for attaining the MDGs and good governance

3.1.1.1. Foster peace and security

Peace and security are the first essential prerequisites for sustainable development. Over the last few decades, wars and violent conflicts in Africa have destroyed millions of lives and decades of economic development. Indeed, the Copenhagen consensus project has demonstrated that, on average, countries in conflict suffer negative annual GDP growth of 2% ⁽³⁵⁾. In addition, wars and conflicts also provoke uncontrolled population movements, increase environmental pressure, destabilise the societies and governing structures of neighbouring countries and regions and often provide fertile breeding ground for terrorism and organised crime. Wars and conflict have an impact on all stages of the development cycle and there is thus a crucial need for a comprehensive EU approach to all issues relating to conflict prevention, management and resolution, post-conflict reconstruction and peace-building.

(35) The Copenhagen consensus project sought to improve prioritisation of the numerous problems the world faces by gathering some of the world's greatest economists at a meeting in Copenhagen in 2004 to assess some of the world's biggest challenges.

The EU will therefore step up its efforts to promote peace and security at all stages of the conflict cycle. Specific action should include the following.

- ***Develop a comprehensive approach to conflict prevention***, which seeks to integrate policies and action in the fields of security, development and democratic governance. The EU should increasingly use regional and national development strategies and instruments to address structural causes of conflict. The EU will maintain its support to addressing the root causes of violent conflict, including poverty, degradation, exploitation and unequal distribution and access to land and natural resources, weak governance, human rights abuses and gender inequality. It will also promote dialogue, participation and reconciliation with a view to prevent possible outbreaks of violence. Especially in fragile states, a culture of conflict prevention needs to be developed and fostered. A crucial role could be played by national and regional early warning systems, and the EU should step up its assistance to support partner countries' and regional organisations' efforts to strengthen governance/institutional capacity-building to enable them to engage effectively in prevention approach. The monitoring of scarce natural resources (water, fertile land) and the promotion of sound management of shared valuable resources could also contribute to conflict prevention and sustainable peace.
- ***Cooperate in addressing common security threats***, including non-proliferation of weapons of mass destruction (WMD) and combating terrorism. As regards terrorism, the EU should cooperate to reinforce the role of the UN in the multilateral fight against terrorism, including through the full implementation of relevant UN Security Council resolutions and the UN Convention on Suppression of the Financing of Terrorism, while ensuring respect for human rights in this context. As regards weapons of mass destruction and illegal arms exports, issues which also undermine regional security, overall coordination and cooperation must be improved to ensure full compliance with relevant international obligations and export control regimes.
- ***Support African peace-support operations*** by continuing to provide support to African-led, -owned and -implemented peace-support operations, notably through the strengthening and replenishment of the peace facility for Africa. Many lessons can be learned from the experience with the peace facility. The development-related objectives of the facility have been successfully converted into practical action and, today, the facility constitutes the financial foundation of Africa's peace and security architecture, underpinning the leadership of the AU and the sub-regional organisations. It is time now,

building on this experience, to set up a more comprehensive EU approach complementing these Community instruments through CFSP/ESDP approaches. A common EU policy with regard to the different conflicts in Africa is therefore needed. The EU should also pursue a common policy responding to UN Secretary-General Kofi Annan's call for establishing an interlocking system of peacekeeping capacities, exploring the synergies between the different organisations involved and developing organisational capacities of African institutions, in particular through a proposed 10-year capacity-building plan for the AU.

- ***Disarm to break the conflict cycle.*** First, efforts to achieve coherent regional and national strategies for *disarmament, demobilisation, reintegration and reinsertion (DDRR)* should be supported in order to contribute to the reintegration of ex-combatants – including child soldiers – and stabilisation of post-conflict situations ⁽³⁶⁾. This work can draw on the experience in central Africa, particularly the Democratic Republic of the Congo (DRC), where a wide range of activities, ranging from the collection and destruction of arms to the development of a national army (such as through *centres de brassage*) are at present deployed. The EU should also promote an integrated approach to address the proliferation of *small arms and light weapons* (SALW) as well as landmines (see Box 1). To this end, the Commission recently launched two wide-ranging pilot projects supported by the European Parliament. On the basis of these and other experience, the EU should define a collective, comprehensive and cross-cutting EU approach to address the diverse features of the problem, building on both first pillar and CFSP/ESDP instruments.
- ***Sustain peace in post-conflict situations*** by developing a more coherent and smooth transition between short-term (humanitarian assistance) and long-term (development) strategies in post-conflict situations. The proposed stability instrument will contribute significantly to improving the EU's capacity to respond to crises and post-crisis reconstruction by providing a single legal instrument, taking into account that post-crisis stabilisation requires a sustained and flexible engagement and a high degree of flexibility in decision-making and budget allocation. The EU should promote an integrated and comprehensive political dialogue and policy mix supported by appropriate *instruments while strengthening implementa-*

(36) In line with the EU guidelines on children and armed conflict, the EU will also sustain its efforts to prevent the recruitment and use of children in armed conflict and to contribute to UN efforts in this field, including the implementation of UN Security Council Resolution 1612 and relevant resolutions preceding it.

tion of its linking relief, rehabilitation and development (LRRD) efforts. These transition strategies should also integrate socially and environmentally durable solutions for refugees and other vulnerable groups. The EU should also develop a strategy and capacity *to foster security sector reform (SSR)* in Africa, which will take into account the related institutions and capacity-building programmes of the EC and Member States, whilst identifying the scope of action to be pursued within the European security and defence policy (ESDP) framework. Finally, the EU welcomes the establishment of a UN Peace-Building Commission.

- **Tackle conflict resources.** Access to and exploitation of valuable or scarce natural resources can be important contributing factors to the outbreak or continuation of conflicts. The EU should continue to promote effective implementation of the ‘Kimberley process certification scheme’⁽³⁷⁾ for diamonds and should work with African partners to improve the control and traceability of other potential conflict resources. It should also support Africa forest law enforcement and governance (AFLEG) through the implementation of the EU action plan for forest law enforcement, governance and trade (FLEGT). This action plan sets out a series of measures to tackle illegal logging, addressing good governance in developing countries while enhancing the opportunities of the EU’s internal market.

Box 1: ***Fighting landmines as a prerequisite for peace (Angola)***

In 2002, the civil war in Angola came to an end. The omnipresence of landmines and unexploded ordnance, however, posed a serious obstacle to the general recovery of the country and will remain a challenge for years to come. Estimates suggest that approximately 4-5 million landmines are spread across Angola. The European Commission therefore decided to put in place a EUR 26 million programme of emergency mine action for sustainable return and resettlement. Through a combination of mine-clearance and institutional capacity-building, the programme helped Angola to overcome the legacy of almost 30 years of civil war and prepared the ground for the country’s sustained development. It constitutes a model for all post-conflict countries.

(37) The Kimberley process certification scheme was created to tackle the problem of illicit trade in diamonds, for example through the provision of targeted support for implementation by African producer countries.

3.1.1.2. *Support legitimate and effective governance*

Together, African countries have signed up to a set of progressive values and principles of governance. This is a major component of the Euro-Mediterranean partnership and the European neighbourhood policy, and northern African countries which have agreed an ENP action plan have taken specific commitments in that respect. It is equally central in the Cotonou Agreement and the Trade, Development and Cooperation Agreement (TDCA). Some of them have even committed themselves to being regularly monitored in the framework of the African peer review mechanism (APRM), a unique tool for peer review and peer learning and basis for reform. Historical, human and cultural heritages must be taken into consideration when supporting and monitoring these processes. While these improvements are tangible, it is clear that the path towards sustainable democracy in Africa is difficult, long and rarely straight. Securing respect for the full range of human rights and the rule of law remains a major challenge. Strict restrictions on the right to assembly and the freedom of organisation and expression are still in place in many countries. Reliable information is still limited, corruption is often endemic, and violence against political opponents is commonplace. Indeed, many African countries suffer from a dual crisis of legitimacy, i.e. *weakness*, or even absence, of a genuine social contract between state and citizen, and *ineffectiveness*, i.e. limited capacity to deliver basic social services. The result is a growing disconnect between the ‘legality’ of the state apparatus and its ‘legitimacy’ in the eyes of ordinary people. While genuinely democratic elections create legitimacy and stability, too often elections instead become a source of conflict because they are flawed or because the losing side does not accept defeat. The organisation and role of the state – often reflecting the legacies of the past – is therefore a crucial issue. Primary responsibility for building democracy lies in the hands of Africa’s people and of its ruling class. Governments and other public institutions need to increase their dialogue with civil society on policy issues to create more transparency and engagements on critical choices for development. They have to deliver what they have pledged.

There is a strong linkage between the promotion of development and the promotion of democracy. It is clear that democracy cannot be created or imposed by domestic elites or external actors but the promotion of sustainable socio-economic development can contribute to foster a greater demand for democracy. The appropriate role of external actors is therefore instead to support and encourage domestic efforts to build, strengthen and sustain democratic norms, procedures and institutions. In order to address the twin problems of weak and ineffective governance, the EU will support *legitimate and effective governance as a second central prerequisite for development* and, thus, for attaining the MDGs. Specific action should include the following.

- ***Reform of the state (1): build effective and credible central institutions.***

The construction of stronger central institutions is a shared objective at all levels of governance, including the regional and pan-African layers (see above on subsidiarity). Strengthening the capacity of African countries will enhance respect for human rights, freedom of citizens, good governance and effectiveness of the state and deserves the EU's full support. This should include support for the *police and judiciary system* and other institutions in emerging democracies, including the national ombudsman, the court of auditors and inclusive election commissions. It also includes the strengthening of public financial management (PFM) systems, most notably through the mainstreaming of the public financial management performance measurement framework and implementation of the strengthened approach to supporting PFM reforms ⁽³⁸⁾. Finally, it includes reinforcement of the capacity of Africa's national parliaments so that they can better perform their legislative, oversight – including corruption-fighting – and representative functions. Parliaments are the legitimate institutions for security sector reform (SSR), conflict resolution, national integration and reconciliation, but also for the co-design of their countries' development strategies.

- ***Reform of the state (2): develop local capacity.*** A systematic dialogue with national governments and local authorities should be launched on how best to support decentralisation processes. Decentralisation empowers people and strengthens democracy, development strategy and action. Decentralisation allows a fair share of income to remain within regions instead of being absorbed by the centre. In addition, decentralisation also allows cities and rural communities to participate in conflict prevention, thereby transforming military claims into political claims. In the past, the Commission has, for example, supported the successful decentralisation process in Mali, which contributed to peacefully defusing the Tuareg uprising. Another instructive example is Rwanda which, following the genocide

(38) Implementation of the strengthened approach to supporting PFM reforms is being developed by the public expenditure and financial accountability (PEFA) partnership between the European Commission, the World Bank, the International Monetary Fund, the French Ministry of Foreign Affairs, the UK's Department for International Development, the Royal Norwegian Ministry of Foreign Affairs and the Swiss State Secretariat for Economic Affairs. Analysis and support of PFM systems will remain one of the main objectives of general budget support operations. At the same time, it will be necessary to prevent or at least mitigate any possible negative environmental and social impact, inter alia by ensuring appropriate follow-up to Commission-led sustainability impact assessment of the EPAS.

of 1994, has embarked on an ambitious process of decentralising administrative power in the framework of reconstruction of the state.

- **Launch a governance initiative.** The EU should back African-owned efforts to improve governance. The EU must encourage and support African countries systematically to develop good governance plans within their national PRSP. One powerful tool to boost efforts further is, in particular, the voluntary African peer review mechanism (APRM) and the reforms that it will trigger. To this end, the Commission should launch a governance initiative that will encourage participation in the APRM process and provide further support to African countries for the implementation of their APRM-driven reforms. This support should be additional to, and fully in line with, poverty reduction strategy papers and should respect African ownership both of the process and of the reforms pursued.
- **Reinforce respect for human rights and democracy.** To encourage further sharing of expertise and resources, an EU-Africa Forum on Human Rights should be set up. This forum will be underpinned by a network of human rights experts in Africa and Europe, with the goal of addressing substantive and institutional human rights issues in the context of a sustained dialogue. The forum could be convened several times per year, should feed into major dialogue events and work towards the effective implementation of shared human rights commitments. Beyond this, the EU will make every possible effort for human rights issues to be discussed and addressed within the different forms of dialogue and international cooperation (such as in the UN) and mainstreamed into development cooperation. The EU should also place particular emphasis on the promotion, respect and protection of children's rights and basic needs, as well as the promotion, respect and protection of women's rights and gender equality. For northern Africa, the Commission communication on the 10th anniversary of the Euro-Mediterranean partnership proposed the creation of a governance facility that will serve to promote reform, through supporting and rewarding those partners that show a clear commitment to common democratic values and to political reform.
- **Promote gender equality.** The EU should ensure that gender equality is fully taken into account in all partnerships and in national development strategies including in poverty reduction strategies. In Africa, women constitute the majority of both urban and rural poor. The EU should give priority to the elimination of illiteracy, especially among girls, and the promotion of their equal access to education, to investment in sexual and reproductive

health (SRH) in order to combat the HIV/AIDS pandemic, to the reduction of maternal and child mortality, and to the participation of women in conflict prevention, peace building and reconstruction.

- ***Fight corruption and organised crime and promote good governance in the financial, tax and judicial areas.*** The EU should sustain and accelerate the process of ratification of the UN Convention against Corruption, a central plank of which is the requirement that countries confiscate and repatriate illicit assets, and the UN Convention against International Organised Crime. The EU should also promote full implementation of the extractive industries transparency initiative (EITI), encourage its African partner countries to join the initiative and request EU companies and companies active on the EU market to disclose information. This scheme could also be extended to other industries, such as forestry and fisheries. In addition, the EU Member States should also live up to their commitments under the OECD Anti-Bribery Convention. Moreover, the EU should encourage the adoption and implementation of international standards relating to the fight against money laundering, terrorism, tax fraud and tax avoidance. The EU also encourages African countries to sign and implement the main international instruments of crime prevention, such as the UN Convention against Transnational Organised Crime and its protocols and the UN Convention against Corruption. The EU should also address the limited institutional and technical capacity of African countries to deal with organised crime and drugs in an effective and comprehensive manner, through the development of internal strategies as well as capacity-building.

3.1.2. Creating a positive economic environment

3.1.2.1. Boost economic growth

Despite improvements in economic performance, Africa continues to be marginalised in the international economy. In an increasingly globalised world economy, Africa accounts for only about 2% of world trade and its share of global manufactured exports is almost negligible. Most African countries have been unable to diversify their exports and often remain dependent on a limited number of agricultural or mining commodities which are sensitive to price changes and long-term falls. Industrial activity is often linked to these resources, and, in particular in mining, is often capital-intensive and creates few jobs. Without increased economic growth and private investment, few African countries will have the sustainable revenues they need to deliver basic social services such as education and healthcare. Boosting economic growth will thus be a key factor in

achieving the MDGs. Indeed, to increase the chance of halving poverty by 2015, it has been calculated that Africa needs to achieve yearly average growth of at least 8%.

In order to ensure that globalisation can become a positive force for Africa's development, EU action should *stimulate sufficiently rapid, broad-based and sustainable economic growth* in order to contribute to an effective reduction of poverty. Specific action should include the following.

- **Support macroeconomic stability.** Macroeconomic and structural policies encourage private investment and stimulate pro-poor growth. Implementation of such policies will be particularly important in those countries which currently enjoy high oil and gas revenues. To ensure that these measures deliver improvements in the lives of poor people, the EU should provide particular support for national strategies for poverty reduction that reflect wide domestic ownership and provide a broader context for prudent macroeconomic policies that promote pro-poor growth.
- **Creation of integrated regional markets (south-south trade).** Creating integrated regional markets is at the heart of the concept of the economic partnership agreements (EPAs) that the EU is currently negotiating with four sub-Saharan regions of Africa. These innovative agreements are being designed with development as the major objective and benchmark ⁽³⁹⁾. This process of integration and of fostering trade will continue to be accompanied by substantial and increasing financial support, notably for building trade capacities and for the implementation of supply-side reforms. Already the main donor in this area, the EU should step up its trade-related assistance to Africa. This assistance will be used to strengthen in-country and regional trade policy and negotiation capacity, to assist countries with the implementation of the WTO agreements and EPAs and to address supply-side constraints in areas including regulatory issues, food safety, product standards in export markets. Supporting an ambitious trade facilitation agenda, one of the objectives of the ongoing DDA round, will also be part of the EPAs, in order to improve customs procedures and formalities, including transit regimes, which are of special relevance for Africa's landlocked countries. The removal of current barriers to intra-regional trade and investment and the establishment of more stable, transparent and

(39) The main thrust of the agreements will be to assist Africa in attaining a better economic governance and business environment in order to lower the cost of doing business, encourage investment, make industry more competitive and exports cheaper and more effective.

predictable rules and reliable institutions will contribute significantly to the growth of local and regional economies. An important example of this process is the recent Agadir free trade agreement signed in February 2004 between Jordan, Egypt, Tunisia and Morocco and supported by the European Commission. Looking further into the future, and in accordance with the AU long-term vision, the EPAs should also act as building blocks for the progressive creation of a single African economic space. In order to be able to benefit more from increased opportunities to trade and to ensure that benefits from increased trade are distributed more evenly, trade needs to be better integrated into national development strategies and in particular into poverty-reduction strategies. The EU should assist Africa in this process so as to enable African governments to effectively use trade as a policy tool to reduce poverty.

- ***Increased market access and trade (north-south trade).*** For northern Africa, the ambitious process leading to the creation of a Euro-Mediterranean free trade zone by 2010 will be achieved through the implementation of the existing association agreements. For sub-Saharan Africa, the EU has provided tariff and quota-free access for the poorest African countries. In the EPA negotiations, the EU should provide effectively improved market access and simplify, harmonise and render rules of origin more development-friendly. It should also continue to encourage other major developed or developing countries to follow its example. Moreover, it should assist African countries in their efforts in bringing their products to EU and world markets, to comply with rules and standards, notably in the sanitary and phytosanitary areas, and to negotiate preferential market access for goods and services. In respect of opening access to the African markets for EU products, the EPAs foresee transition periods compatible with their development needs and constraints, with adequate protection for sensitive sectors where needed. In order to ensure Africa's gradual integration into the multilateral trading system, the EU will continue to assist Africa in negotiating and taking advantage of the new opportunities arising from multilateral trade liberalisation while strengthening the social dimension of globalisation and promoting productive employment and decent work opportunities. To reduce the impact of price shocks on commodity-dependent countries, the EC should introduce innovative insurance instruments to complement its existing FLEX mechanism.

- ***Stimulate private-sector development.*** The promotion of a stable, efficient and harmonised legal framework for business is another vital key to growth. This has been pursued in northern Africa through the Euro-Mediterranean partnership and promoted using assistance from the MEDA programme. The European Investment Bank has also played a key role through the facility for the Euro-Mediterranean investment partnership (FEMIP). Through the ENP action plans, the EU and relevant northern African countries have agreed to address a wide range of regulatory and other issues which hamper the development of the private sector. In addition, with a more specific sub-Saharan Africa focus, the Commission will convene in 2006 a Euro-African Business Forum bringing together entrepreneurs and public and private investors from both Europe and Africa. This forum will support and be complementary to the emerging regional business forums established or nurtured with African regions in the context of the EPA negotiations. It should draw up a plan of action for the private sector, aiming at fostering investment, boosting industry and creating jobs. The forum could also discuss the adoption of a code of conduct on issues such as corruption, transparency and fair working conditions. Improved access for SMEs to financial and non-financial services, support for the development of micro-finance and promotion of partnerships between the public and private sectors should be pursued, for example by encouraging innovative business initiatives enabled by low-cost electronic communications. In South Africa, support for the Department of Trade and Industry's Sweeep programme is contributing to the expansion of the 'black economic empowerment' enterprises (see Box 2). To make sure that the development of the private sector is translated into more and better work for all, the establishment of national action plans or programmes on employment and decent work should be encouraged in close cooperation with partner countries and organisations such as the AU, NEPAD and the ILO. Pilot programmes on decent work, such as that in Ghana, have shown their potential for success. In this context, extension of the Youth Employment Network (YEN) ⁽⁴⁰⁾ could play a positive role.

(40) The YEN is an initiative of the ILO, the World Bank and the UN. A number of African countries (Mali, Namibia, Nigeria, Rwanda and Senegal) have already volunteered to prepare national action plans on youth employment. Social partners are closely involved in this. The June 2005 International Labour Conference decided that the YEN should be strengthened and expanded.

Box 2: *Linking industrial growth with black empowerment (South Africa)*

Following the end of apartheid in South Africa, the government decided to make a radical change in the economic and industrial policy of the country. The Department of Trade and Industry put in place an integrated manufacturing strategy (IMS) to boost industrial growth combined with a long-term strategy for small business development and black economic empowerment. The core objective of the IMS is to accelerate growth and employment at the same time, while reducing the racial and geographical inequalities present in society. In 2003, the European Commission decided to support this policy through a EUR 25 million sector-wide enterprise, employment and equity programme (Sweep). The first results are more than encouraging and today the programme stands as a model for support to an able industrial policy, linking formal and informal economies.

Macroeconomic stability, the creation of regional markets and an appropriate private investment climate are preconditions for sustained growth. However, while such a pro-growth framework is crucial for sustainable economic development, it needs to be accompanied by appropriate measures to boost and diversify production and to establish and upgrade the necessary infrastructure and networks. Specific action should include the following.

- ***Boost agriculture and ensure food security.*** In addition to the policies sustaining the rural sector, the EU should target specific support on increasing the competitiveness and productivity of African agriculture through: (i) policies and programmes to improve the functioning of national and regional input and output markets, including through rural infrastructure and to promote organic farming and fair trade; (ii) the management of shocks, in particular through novel insurance instruments; (iii) the strengthening of pro-poor, demand-driven agricultural research and extension, in particular by promoting research collaboration between the European and African research communities, at the level of the Consultative Group on International Agricultural Research (CGIAR) and by supporting regional research coordination mechanisms. All these areas can benefit from supra-national coordination and economies of scale. In areas with higher levels of institutional and economic development, the challenges of integrating into increasingly competitive and demand-driven chains and markets should be addressed as outlined in the EU action plan on agricultural commodity chains.

- **Exploit fish resources sustainably.** The EC and several African coastal countries have long-standing bilateral relations in the fishery sector. The new generation of EC fishery agreements, the fishery partnership agreements (FPAs), implement a partnership approach. This approach provides regulated access rights to EC fishing vessels, while it also pursues the conservation and sustainable exploitation of local fish resources and provides support to the development of the local fishery sector. This approach must be implemented through a policy dialogue that, taking into account the financial benefits of fishery agreements, provides a key contribution to the definition and implementation, by the coastal state, of the conditions of a policy of sustainable development of fishing activities in the waters of the countries concerned.

3.1.2.2. Interconnect Africa

Limited access to transport and communication services, water and sanitation, and energy constrains economic growth. These limitations, together with the missing links in cross-border connections and regional networks, mean that trade and commerce often become uncompetitive as transport and service costs in landlocked countries can reach three quarters of a country's total export value, equivalent, for example, to a 75% tax on Ugandan clothes exports. In addition, potentially lucrative use of natural resources becomes unprofitable due to insufficient or unsuitable infrastructure and trade links. Consequently, national economic growth is stifled and the ability of African countries to trade competitively at regional, continental and international level is held back.

The Commission therefore proposes to establish an *EU-Africa partnership for infrastructure to support and initiate programmes (trans-African networks) that facilitate interconnectivity at continental level for the promotion of regional integration*. The partnership for infrastructure should encompass investments in trans-boundary and regional infrastructure and their regulatory frameworks in the widest sense: transport networks (roads, railways, inland waterways, ports and airports), water and energy infrastructure and connections as well as ground-based and space-based electronic communications infrastructure and services ⁽⁴¹⁾.

The partnership for infrastructure is based on a number of central principles. Firstly, the partnership's success depends on *coherence and complementarity*

(41) Including for schools and universities, following the model successfully used in north Africa, EUMEDconnect. The EUMEDconnect project (www.eumedconnect.net) links the north African national research and education networks amongst themselves and to the European backbone network GÉANT (www.geant2.net).

with the action taken at country and regional level ⁽⁴²⁾ and its long-term *sustainability*. Such sustainability is secured through the development of national operators and service providers as well as regional entities ⁽⁴³⁾. Secondly, by bringing Africa and Europe into a closer relationship, the partnership will ensure African ownership through close engagement with the African continental and regional institutions – the AU and the RECs – in accelerating the AU-NEPAD action plan on infrastructure. Effective support for this plan by the partnership demands a substantive increase in funding levels and the deployment of flexible methods of financing.

Concretely, the EU will initially set up a task force that combines EC and EIB resources and expertise open to Member States and their development financial institutions. This approach will enable an early start-up of the partnership and provides flexibility for designing an appropriate institutional structure that seeks efficient implementation and successful outcomes. This EU task force will facilitate coordination, the mobilisation of the substantial funds necessary to interconnect Africa and, through participation in other international initiatives, enhance its effectiveness. In the framework of this partnership, specific action should include the following.

(42) For each individual sector, this means:

Transport: Reduce the cost and improve the quality of infrastructure and services by promoting optimum use of existing multimodal transport systems and adequate maintenance of the existing infrastructure supporting trans-African and regional networks.

Water: Sustain the use of available and finite water resources in meeting the populations' water and sanitation needs and improve national and local management of river basin catchments that has an impact at transboundary levels.

Energy: Facilitate essential investments in generation and transmission of energy that develop cross-border connections and grid extensions, and regional energy agreements that improve affordability and access to energy services.

ICT: Develop connections with the continental and regional networks and opening of the telecommunications sector to competition for efficient and low-cost provision of ICT services.

(43) Sustainability is, however, secured almost exclusively at country level. This calls for the EC to:

- Widen application of its well-developed sectoral approach in the transport and water sectors for improving sectoral governance and economic and financial and institutional sustainability. During the past six to eight years, the sectoral approach has led to better sectoral governance involving the private sector and civil society as well as improved road services and access to water. Roads boards with stakeholder participation govern road funds in over 20 SSA countries and nine semi-autonomous road authorities/agencies exist. The situation is similar in the water sector. Such national achievements in these sectors are critical for fostering sustainability at regional and continental levels.
- Develop more sector programmes and, in countries where conditions are appropriate (e.g. Ethiopia, Benin, Mauritius, Zambia, etc.), use the sector budget support method, which facilitates efficient delivery of infrastructure and services and fosters sustainability in support of regional networks.
- Build on the interventions of the EU water and energy initiatives and associated EC facilities that are increasing linkages between national and regional strategies, which sustain coherence between cross-border connections and rural distribution of energy services as well as integrate water management at national and transboundary levels.

In general:

- **Identify and address missing links.** Missing links in trans-African and regional networks must be identified and prioritised to set up ‘trans-African networks-labelled’ programmes. The appropriate international and regional agreements as well as the regulatory frameworks that improve network operations need to be harmonised and all undertakings must be based on solid research. AU-NEPAD has an overall monitoring and guiding role to play, including in pooling technical expertise. The RECs have responsibilities for defining their regional policy action and priority investment programmes for transport and communications in the economic and trade development of the region.

By sector:

- **Harmonise transport policies** through support to the sub-Saharan Africa transport programme (SSATP) that facilitates the harmonisation of sustainable transport policies between regions and efficient operations along regional and trans-African corridors. EU support in this area has already permitted the creation of ‘corridor observatories’ and improved transport agreements. The EU should furthermore support development and modernisation of access to ports and port infrastructure, emphasising efficient and non-discriminatory licensing procedures for port facilities in order to promote sea-going external trade. In addition, the EU should support the reform of the African aviation sector with a view to sharing with the African regional organisations the experience of the EC internal market and consolidating the exchange of regulatory and operational know-how, technology transfer⁽⁴⁴⁾ and technical assistance, in particular in the area of safety, security and air traffic management. On the regulatory side, this new cooperation framework will have to bring existing bilateral air service agreements into legal conformity, notably through the signature of so-called ‘horizontal agreements’⁽⁴⁵⁾ with the European Community.

(44) Including EGNOS and Galileo in satellite navigation and Sesame in air traffic management.

(45) Council decision of 5 June 2003 (so-called ‘horizontal’ mandate) authorising the Commission to reach agreements with third countries on behalf of the European Community, on the replacement of certain provisions in existing bilateral agreements.

- ***Develop integrated water management*** through support to the African Ministerial Council on Water (AMCOW) and to regional bodies, such as river basin organisations, for the improvement of integrated water management in transboundary river basins. Through the EU water initiative and the associated water facility, the EU has already launched support for the Nile Basin initiative and in five river basins (Kagera, Niger, Volta, Lake Chad and Orange-Senqu). For north Africa, building on a long-established cooperation tradition, the focus will be on developing sub-regional energy projects to promote the Euro-Mediterranean energy market.
- ***Develop cross-border and regional energy infrastructure*** through support to the new Forum of Energy Ministers in Africa (FEMA) and to regional institutions and stakeholders for developing cross-border and regional energy infrastructure, including the enhanced exploitation of renewable and other sustainable local energy sources and services. This support should be provided in the framework of the EU energy initiative and the associated energy facility.
- ***Bridge the digital divide in Africa*** in the framework of the follow-up to the World Summit on the Information Society (WSIS). This should include supporting the development of advanced and low-cost technologies for electronic communications and the development of regulatory frameworks to create a sound business environment for innovation, growth and social inclusion. By acting as early adopters of new technologies, national research and education networks can develop new and innovative methods to overcome inadequacies of the market, for example by developing cost-effective communications solutions. The successful model used in north Africa to link these networks with each other and to GÉANT in Europe should be extended to the sub-Saharan countries. The overall objective of these measures should be to bridge the digital divide at all levels – within countries, between countries and regions as well as between Africa and the rest of the world.

3.1.3. Tackle the MDGs directly

3.1.3.1. Put people at the centre of development

Some 40% of all Africans survive on less than one dollar a day. This stark poverty has consequences in a number of areas. Only six out of 10 African children go to primary school. Communicable diseases, in particular HIV/AIDS, malaria and tuberculosis, have hit Africa hardest and in 2004 alone AIDS killed over 2 million people in sub-Saharan Africa and affected another 3 million. Africa's social

crisis is, in particular, a phenomenon of the urban areas that have been expanding rapidly over the last few decades. While in 1975, 21% of sub-Saharan Africa's population lived in cities, today this figure stands at over 50%. This massive urbanisation has contributed to uncontrolled population growth and has rendered the social infrastructure inadequate.

The EU should therefore help *to make health education and basic social services available for the poorest people in Africa (MDGs 1-6)*, contributing to the establishment of a social safety net for the most vulnerable: women, the elderly, children and disabled people. It will also help encourage employment and decent work as a key tool for preventing and eradicating poverty ⁽⁴⁶⁾. In this context, the EU should promote increased cooperation between state and non-state actors (NGOs, private sector, trade unions, etc.) to ensure greater effectiveness in service delivery. Specific action should include the following.

- *Investing in minds.* To stimulate a coherent and strategic approach, the EU should increasingly support primary education through sectoral budget support. At the same time, the EU should support education, access to knowledge and transfer of know-how as a lifelong process going beyond primary education: from secondary and higher to vocational education. Emphasis should also be put on cooperation with Africa in higher education to build high-quality tertiary capacity through networking, mobility of students and scholars, and institutional support and innovation, including the use of ICT, as is done in northern African countries through the EC's Tempus programme, and the establishment of a communications infrastructure for the research and development sector. In addition, building on the success of and experience from the Erasmus programme, the EU should support the creation of a Nyerere programme for student exchanges across Africa ⁽⁴⁷⁾. In addition, a pilot scheme for student and teacher exchanges between Africa and Europe could be examined ⁽⁴⁸⁾. This programme and scheme should also contribute to the development of Euro-African networks of selected universities and centres of excellence. Africa is also invited to make full use of the opportunities offered by the Erasmus-Mundus programme for student exchanges between Africa and Europe, including through the possible creation of a specific 'Africa window' within the Erasmus-Mundus programme,

(46) UN September 2005 summit conclusions.

(47) Erasmus-Mundus scholarships have already allowed over 100 African post-graduate students to obtain post-graduate academic qualifications in Europe.

(48) Modalities of the implementation of such a scheme should be further discussed and specified with Member States.

similar to those already created, for example, for China and India. In the context of the seventh RTD framework programme that will come into force in 2007, the EU should facilitate networking between researchers from non-EU countries working in the EU and research organisations in their countries of origin.

- ***Deliver decent healthcare.*** The strengthening of national health systems and capacity, including the improvement of health infrastructures and the provision of essential, universal and equitable health services is key and requires sustained financing. The EU is developing a coherent and coordinated response to the crisis in human resources for health, which will support the needs identified in the NEPAD health strategy. The EU is also supporting the replenishment of the global fund to fight AIDS, tuberculosis and malaria with a view to maximising benefits for Africa. In addition, the EU is contributing to the development of new drugs and vaccines against communicable diseases, inter alia through the European and developing countries clinical trials partnerships (EDCTP). In response to the Council's request ⁽⁴⁹⁾, the Commission should, together with the Member States, develop a roadmap on possible joint action based on the European programme for action to confront HIV/AIDS, malaria and tuberculosis ⁽⁵⁰⁾. The EU should, in this context, promote synergies and provide a coherent and coordinated response to the three diseases across relevant policy areas ⁽⁵¹⁾. In this sense, the Commission intends to put forward a communication on combating HIV/AIDS within the European Union and the neighbouring countries later this year. The EU has been at the forefront of international efforts to ensure access to essential medicines for developing countries. These efforts contributed to the adoption of the Doha declaration on TRIPs and public health in November 2001, which confirms the right of WTO members to use flexibilities in the TRIPs agreement, including issuing compulsory licences of pharmaceutical products, for reasons of public health.

(49) Council conclusions of 24 May 2005 on 'A European programme for action to confront HIV/AIDS, malaria and tuberculosis through external action'.

(50) Commission communication of 24 April 2005 (COM (2005) 179 final).

(51) Selected areas of action include affordable pharmaceutical products, regulatory capacity, human resources in the health sector, and research and development of new tools and interventions.

- **Expand access to water supply, sanitation, energy and ICT.** The Africa-EU partnership on water affairs and sanitation, launched at the WSSD in the context of the EU water initiative, will be the framework for EU efforts to make more sustainable use of available and finite water resources, to meet basic water and sanitation needs and contribute to improving water resources management at local, river basin, national and transboundary levels. The water facility acts as a catalyst to support these processes and to mobilise additional resources. The EU energy initiative, also launched at the WSSD, will continue to be a framework for EU efforts to increase access to affordable energy services that facilitate economic and social development. The associated energy facility will leverage resources for mobilising additional investment in delivery of affordable, reliable and sustainable energy services to the poor, notably from renewable energy resources, as well as for the development of clean and energy-efficient technologies for gas and oil production. Projects in the energy sector should also systematically include energy-efficiency objectives. The EC Coopener programme also focuses support on energy for sustainable development and poverty alleviation, providing co-financing to projects aiming at creating the institutional conditions for improved access to energy in sub-Saharan Africa.
- **Stimulate employment policies and decent work.** Action to promote decent work for all in line with the ILO agenda is essential and should cover measures and initiatives on employment, social protection, rights at work, including core labour standards (CLSs), social dialogue and gender equality ⁽⁵²⁾. The Argane project in Morocco is an instructive example of how the EU can support gender equality, employment and environmental protection in mutually reinforcing ways (see Box 3). The EU should, in particular, contribute to strengthening labour market institutions and players, including employers' and workers' organisations and social dialogue between them. In this context, core labour standards should be further promoted, as essential prerequisites for the effective functioning of the labour market.

(52) Council conclusions on the social dimension of globalisation include support for the promotion of decent work for all (3 March 2003).

Box 3: *Increasing female employment (Morocco)*

In south-west Morocco, the Commission and the EIB have, since 2003, financed a EUR 40 million project to improve the living conditions of women working with the argana tree. The attraction of argana oil has directly benefited 4 500 women giving them sustained revenue over a long period of time. As a result, these women have become strong advocates of sustainable management of the trees, which are crucial in the fight against deforestation. This project is therefore a good example of how the EU can support gender employment and environmental protection in mutually reinforcing ways.

These measures, important as they are, will, however, not in themselves be enough to redress existing inequalities and lack of social cohesion which hamper efforts to attain the MDGs. These are complex multifaceted problems which require multifaceted and comprehensive responses. Action will therefore also be required in the following cross-cutting areas.

- ***Sustain and promote cultural diversity.*** Africa's cultural diversity and linguistic heritage should be preserved by stimulating and protecting cultural production, promoting access to culture and supporting cultural industries, including by protecting authors' rights. The forthcoming Unesco Convention on the Protection and Promotion of the Diversity of Cultural Expressions will offer a new international framework to promote international cooperation aiming at preserving cultural diversity. Culture determines the way societies and economies function and is therefore crucial to the success of any development effort. Diversity is an asset, not an obstacle, as experience in the EU shows. In addition to providing support for various cultural programmes and exchanges, it is thus also necessary to take the cultural dimension into account in development processes and to promote in-depth local, national, regional and continental intercultural dialogue. One key component in accelerating this dialogue between Europe and Africa is the launching of twinning partnerships bringing together African and European universities and schools, parliaments, towns and cities, municipalities, businesses and industries, trade unions, civil society networks and museums. In the same vein, the EU could launch a European programme for young people who want to learn more about, and get involved in, Africa's development ⁽⁵³⁾. The key product from these partnerships would

(53) Currently, a 'European voluntary service' exists within the framework of the youth programme (Decision No 1031/2000/EC of the EP and Council of 13 April 2000).

be a vast and wide-ranging network of deep, well-founded, institutional support partnerships, cementing the bonds between the two continents.

- **Improve sustainable territorial management** through the development of an integrated approach to support sustainable urban development, based on the twin pillars of good urban governance and good urban management. In addition, the EU should support *better territorial development and land-use planning*. Action in these fields is all the more necessary as the progressive emptying of the countryside has widened the gap between the haves and the have-nots in Africa. The EU should develop innovative approaches to local development which, through participatory planning, reinforce transparency and accountability in the management of natural resources. Such approaches strengthen the role of secondary centres as development hubs for their rural surroundings and improve the livelihoods of rural populations. Land reform will also play a vital role in bridging the social gap and the EU is determined to support it. In this endeavour, the EU is providing support to the timely access to earth observation data which has proven particularly well adapted to the African context.
- **Turn migration into a positive force in the development process.** As stated in the recent Commission communication ‘Migration and development’⁽⁵⁴⁾, migration can be a positive force for development in both Africa and Europe. This approach will continue to be promoted, and enhanced, inter alia by making it easier, cheaper and safer for African migrants living in the EU to send money back to their countries of origin, by turning brain drain into ‘brain gain’, by helping African countries tap into the potential available in their diasporas in Europe and by facilitating various forms of brain circulation, including return migration and temporary or virtual return by which African migrants can make their skills available to their home countries. Particular attention should be paid to the human resources crisis in Africa’s health-care sector. At the same time, the EU should pay greater attention to intra-African forced migration and refugee flows, as vectors for economic and political destabilisation and will support African countries in their efforts to deal with these flows. At the same time, security is a major preoccupation of citizens and governments, not least around the Mediterranean, and enormous progress – extending also to related issues of illegal migration and trafficking of human beings – has been made in the cooperation and

(54) Strengthening the links between migration and development offers significant untapped potential for furthering development goals, as was explored and elaborated in the Commission communication ‘Migration and development: some concrete orientations’.

coordination between the EU and its north African partners in particular. Such work remains a high priority, and is clearly recognised as such in the Barcelona process and the ENP action plans.

3.1.3.2. *Build an environmentally sustainable future*

Many Africans rely heavily on natural resources for their subsistence, particularly in times of crisis, for example during famines or conflicts or in the wake of natural disasters. However, Africa's environment is fragile and prone to water shortages, climate change and desertification. Current population growth and agricultural expansion have caused land shortages and the intensification of agriculture has contributed to further land degradation. An estimated 65 million people living in or near forests depend on forest production for their livelihood. These forests are now coming under increasing pressure for commercial exploitation.

The EU will therefore assist Africa to protect its environment, one of its most valuable assets. Specific action should include the following.

- ***Manage environmental diversity: forestry, fisheries and water.*** First, in order to safeguard the jobs, rural livelihoods, environmental goods and services that forests provide, the EU should also support the sustainable management of forest resources. This should take the form of promotion of community-based forest management and improved governance for forest resources, as set out in the 1999 communication on forests and development and the EU action plan for forest law enforcement, governance and trade (FLEGT). Second, the incorporation of clear mechanisms to ensure the sustainable use of fish stocks in national and regional policies will enhance the fight against illegal fishing, protect the marine and coastal environment and mitigate the harmful effects of fishing activities⁽⁵⁵⁾. Third, the EU should enhance its efforts, launched with the Africa–EU strategic partnership on water affairs and sanitation (Johannesburg, 2002), to address integrated water management. Through twinning partnerships that bring together African and EU scientists, an Africa Observatory for Sustainable Development should be established to generate relevant information on the environment conditions and the distribution of resources. Similarly, dedicated information systems should be set up to detect and analyse early warning signs of potential crisis situations.

(55) The new generation of EC fishery agreements (fishery partnership agreements – FPAs), while providing regulated access rights to EC fishing vessels, pursues the conservation and sustainable exploitation of local fish resources and provides support to the development of the local fishery sector.

Box 4: *Space policy in support of sustainable development in Africa*

The PUMA initiative, initiated at the request of five African RECs in 2000 and funded by the EU (EUR 11 million), has ensured the access to information on the environment and satellite data to all 53 African countries for early warning of natural disasters, improved food security, better health management, more efficient water and energy use, while strengthening environmental monitoring. The Commission has provided technical support (50 receiving stations) and capacity-building (training of a critical mass of 350 African professionals). PUMA, successfully completed in September 2005, is the precursor of the African monitoring of the environment for sustainable development (AMESD) initiative requested by the same RECs, coordinated by the AU, in its 2002 Dakar declaration. AMESD will allow all African stakeholders to improve the management of their environment through a more efficient use of remote sensing and ICT data and information. AMESD will also be the African interface of the European GMES initiative.

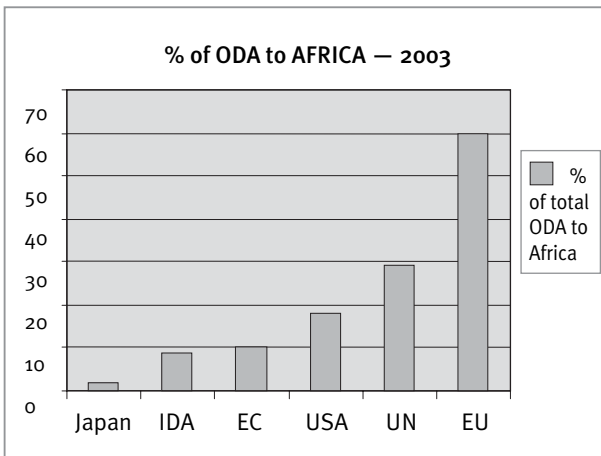
- ***Stop desertification and improve sustainable land management (SLM).*** Operational partnerships anchored in domestic policies will ensure appropriate links between land degradation and poverty eradication, food security, sound water management, agriculture and rural development priorities. Successful participatory local experience and knowledge-sharing between stakeholders will be scaled up to boost implementation. The EU should also promote the integration of UN Convention to Combat Desertification (UNCCD) national action plans (NAPs) into the national development strategies of African partners.
- ***Conserve biodiversity*** by supporting African regional, sub-regional and domestic efforts to implement the UN Convention on Biological Diversity (CBD), its Cartagena Protocol on Biosafety and CITES. This should, in particular, cover measures relating to the WSSD targets for significantly reducing the rate of biodiversity loss by 2010, the establishment of representative and well-managed protected areas systems by 2012, combating overexploitation and illegal trade in wildlife and its products. Support should also be provided for the African biodiversity network, to further work on alien invasive species, to regional preparatory processes for upcoming meetings under the CBD and to achieving a more effective implementation of domestic biosafety frameworks. The protection of the transborder biosphere

in Benin, Burkina Faso and Niger is a good example of effective regional cooperation relating to the conservation and management of natural resources.

- **Counter the effects of climate change**, including through the implementation of national adaptation programmes of action (NAPAs) for African LDCs. This should be done within the framework of the recently adopted action plan accompanying the EU strategy on climate change and development.
- **Support the sound management of chemicals**, by building capacity to manage risk, by protecting human health and the environment and by implementing the international chemicals conventions, agreements and projects, such as the African stockpile programme, to destroy obsolete pesticides.

3.2. Increase EU financing for Africa

Aid flows to Africa are substantial and have been increasing over recent years. In 2003, the EU's (Member States' and Commission's) development aid to Africa totalled EUR 15 billion, compared to EUR 5 billion in 1985. With this, the EU is by far the biggest donor: its ODA accounts for 60% of the total ODA going to Africa (see table). This document shows, however, that the objective of helping Africa to achieve the MDGs by the target year of 2015 cannot be achieved unless an additional political and financial commitment is made to Africa.



EU Member States set new aid targets. In June 2005, the European Council made an ambitious commitment. The EU agreed new targets for official development assistance (ODA) and committed itself collectively to increase ODA to 0.56% of GNI by 2010 and 0.7% by 2015. Compared to what is expected in 2006, this commitment should result in an estimated additional EUR 20 billion per year in ODA by 2010 and an additional EUR 46 billion per year by 2015. The EU also agreed to allocate at least 50% of this agreed increase to Africa. If implemented correctly, this will mean that, by 2015, the EU collectively will be disbursing an additional EUR 23 billion a year in Africa. Finally, the EU also called upon other donors and non-OECD countries to join this global effort. It is now time to put these commitments into practice and the Commission should closely monitor their implementation.

Innovative financing mechanisms can also contribute to the financing necessary to achieve the MDGs. Some Member States will implement the international finance facility (IFF) as a mechanism to frontload resources for development. A group of countries have already launched the IFF for immunisation, making firm financial commitments. A group of Member States will implement a contribution on airline tickets to enable financing development projects, in particular in the health sector, directly or through financing the IFF. Some other EU Member States are considering whether and to what extent they will participate in these initiatives or otherwise continue to enhance traditional ODA.

A more ambitious Community financial framework. In order to increase Europe's collective leverage, the Community financing should be increased substantially. Approximately EUR 4 billion shall be available on an annual basis for sub-Saharan Africa under the post-ninth European Development Fund (EDF) multi-annual financial framework for the ACP and other thematic and horizontal budget lines. In the framework of the conclusion of the negotiations on revision of the Cotonou Agreement, on 21 February 2005 the Council committed itself to 'maintain its aid effort to the ACP countries at least at the level of the ninth EDF, not including balances; to this should be added the effects of inflation, growth within the European Union, and enlargement to take in 10 new Member States in 2004, based on Community estimates.' This EU strategy for Africa should constitute the reference framework for the programmes and action under the post-ninth EDF. In order to maximise their impact, these funds should be allocated through national, regional and intra-ACP indicative programmes on the basis of the principles of differentiation, subsidiarity and institutional sustainability. For northern Africa, the European neighbourhood policy in general and the implementation of the action plans in particular should be supported, from 2007 onwards,

by a new dedicated financial instrument, the European neighbourhood and partnership instrument (ENPI), which will replace MEDA and other instruments currently operating in neighbouring countries.

In line with the strategy outlined in this document, the new financial framework should foster regional, inter-regional and pan-African cooperation and integration. Support for cooperation between north African and sub-Saharan countries, subject to different cooperation agreements with the EC, should be facilitated. The EU should also ensure that north African countries will be able to participate in inter-regional and pan-African initiatives financed from the EDF. The ENPI should also include provisions for supporting cooperation between the countries of northern Africa and their sub-Saharan neighbours on issues of common concern, including migration ⁽⁵⁶⁾.

3.3. A more effective EU approach

Sound development policies sustained by substantial development aid are crucial, yet they will not in themselves bring about any change unless they are effectively converted into concrete and coherent development action. Cumbersome procedures and administrative requirements often place a heavy burden on the already scarce human resources of the recipient countries. Arguably the cost of the lack of coordination and complementarity among donors cannot be overestimated and it is Africa that suffers most under this burden. This is particularly important considering that the administrative capacity in most African countries is weak. The problems are exacerbated by the fact that donors apply different and sometimes even contradictory procedures, demands and conditions.

At Community level, the Commission has, in the context of the next financial perspectives 2007-13, proposed a simplified structure for the delivery of the Community's external assistance. In place of the existing range of geographical and thematic instruments, which have grown in an ad hoc manner over time, six instruments are proposed for the future. This new approach is geared towards facilitating coherence and consistency, and achieving better and more with resources available. Work has also been undertaken to improve financial and administrative procedures, and the Commission has proposed revising the rules in the financial regulation applicable to the general budget which prevent smooth cooperation with beneficiaries and further coordination with other donors. The revised financial regulation should enter into force in January 2007, at the same time as

(56) Articles 28 and 29 of the revised ACP-EC partnership agreement and the attached Council/Commission declaration.

the new cooperation instruments established for the next financial perspectives. The proposed amendments include, in particular, changes to re-tenders, grant awards and (de)centralised management. They also facilitate co-financing with other donors as they allow the Commission to accept financial contributions from Member States and other donors for projects to be managed by the Commission and to delegate the Commission's management powers to donors outside the EU.

Also at EU level, major commitments for a more coordinated and complementary development policy have been made, most recently at the High-Level Forum on Aid Effectiveness in Paris (March 2005). In May 2005, the General Affairs Council reconfirmed an accelerated effort in Africa as a priority. Moreover, in several countries, such as Mozambique, Ethiopia, Uganda and Morocco, donors are establishing innovative mechanisms to improve aid effectiveness. On the basis of these commitments and experience, more can be done to move to practical action. The 26 EU players – the 25 Member States plus the EC – should take the lead in this process and set an example through their joint action. The new development policy statement creates a common framework for such action by the EU as a whole. Working principles and rules have been agreed ⁽⁵⁷⁾, objectives, targets and benchmarks have been further specified ⁽⁵⁸⁾.

Therefore it is now time to take tangible action in a structured way. While in specific areas firm proposals have been presented, such as the future peace facility, the EU-Africa partnership for networks and infrastructure and the EU governance initiative, a more systematic approach is needed. Therefore the EU should adopt an **action plan** on aid effectiveness and apply it to sub-Saharan Africa as a priority. The plan will be presented in 2006 and should build on four initiatives, based on the decisions taken by the GAERC (November 2004) to be monitored following a set timetable:

- ***Make the EU donor atlas an operational tool for monitoring effectiveness.*** Going beyond the successful mapping of development assistance, the donor atlas should, in the future, become an operational tool for the annual monitoring of the EU's aid effectiveness commitments and provide a mechanism that guides the EU's future action.
- ***Establish national roadmaps for coordination.*** Through the establishment of a roadmap supporting local harmonisation processes in each African country, the EU will drastically reduce the transaction costs and help to build up its partners' capacity and responsibilities.

(57) GAERC, 11/2004.

(58) High-Level Forum 2005.

- **Adopt joint programming documents.** Today each individual EU Member State and the European Commission conclude separate programming documents with each recipient country. The adoption by the EU as a whole of a joint framework for multiannual programming (JFP) will therefore considerably improve complementarity and effectiveness within the EU. Based on previous experience, the Commission should propose a common format in the first half of 2006.
- **Develop common procedures.** The EU must simplify existing cumbersome procedures, notably through the establishment of a joint format for financial agreements (JFA). Based on experience gained in countries such as Zambia or Mozambique, the JFA implies a single dialogue, disbursement and support mechanism for all donors in each country. Co-financing and pooling of funds should be systematically pursued.

The EU should also improve the quality of its aid by making its aid delivery more transparent, predictable and result-oriented. To achieve these goals and to enhance its collective leverage, the EU should foster more general and sectoral **budget support** (see above on the concept of partnership). Budget support programmes offer many potential advantages. They encourage greater ownership, reduce transaction costs, facilitate a more effective use of aid, since they are de facto untied, and, through the use of government procedures, contribute to long-term capacity-building and sustainability. Budget support is used consistently with the obligations for transparent and accountable financial and administrative management of development funds. By bringing all public expenditure within the budgetary framework, budget support programmes also allow national governments to have a more optimal mix between capital and recurrent expenditure. All these factors, when combined with a results-oriented approach, raise the prospects of a much greater impact on service delivery and the fight against poverty.

At present, eligibility for budget support is largely framed by assessments of national or sectoral policy, macroeconomic stability and improvements in public financial management, often drawing on the work of the IMF. While recognising the soundness of these criteria, it is important that the EU reaches its own judgement in accordance with its vision and interests in certain political realities and development needs. It is therefore recommended that: (i) EU positions are made more visible and coordinated within the IMF decision-making process; (ii) innovative approaches are envisaged vis-à-vis fragile states or countries in transition, which, up until now, have often been excluded from budget support. However, in these situations rather than pursuing short-term budgetary considerations the EU should instead be guided by a long-term strategic approach.

Therefore, budget support, framed by a continuous and strong political dialogue and by stringent monitoring mechanisms, could be considered as an option.

Finally, there may still be a need for broader and deeper debt relief. Apart from remaining committed to full implementation of the enhanced HIPC initiative, the EU would consider supporting new international initiatives, which might for example cover countries emerging from conflict or suffering from external exogenous shocks.

In addition, it is clear that sound scientific and technological knowledge is indispensable as a basis for strategic and sustainable development policies and for efficient and effective development cooperation.

4. Conclusions

In recent years, a forward-looking Africa has re-emerged on the international scene with more confidence, dynamism and optimism than ever before. Governance has improved considerably in recent years, sustained economic growth is being recorded for the first time in decades and the AU/NEPAD and the regional organisations have provided Africa with political and economic roadmaps and a vision for the future. The Cotonou Agreement, the Trade, Development and Cooperation Agreement (TDCA), the Euro-Mediterranean partnership and the European neighbourhood policy provide an effective framework for EU-Africa relations. Africa's development is now at the top of the international political agenda and there is a broad international consensus on the basic action that needs to be taken. There is now a unique window of opportunity to give Africa a decisive push towards sustainable development.

As a long-standing partner and close neighbour of Africa, the EU is well placed to assume a leading role in this process. Europe and Africa are bound together by common history, interlocking cultures and shared objectives. Sustainable social, economic and political development in Africa is therefore our common concern. While Africa embraces a new vision for the continent's future, the EU has to answer its call with the same sense of responsibility and urgency. The next 10 years (2005-15) will be a watershed in relations between Europe and Africa. Together Africa and the EU should reinforce their efforts to tackle the scourge of HIV/AIDS, poverty, environmental degradation, violent conflict and the lack of basic social services and essential investment. The EU strategy for Africa outlined in this communication, expected to be adopted by the European Council in December 2005, constitutes the EU's response to the challenge of getting Africa back on the track of sustainable development and of meeting the MDGs by the target year of 2015. This is our common mission, and our common duty.

Abbreviations

<i>ACP</i>	Africa, Caribbean, Pacific
<i>ADF</i>	Asian Development Fund
<i>AFLEG</i>	Africa forest law enforcement and governance
<i>AIDS</i>	acquired immunodeficiency syndrome
<i>AMCOW</i>	African Ministerial Council on Water
<i>APRM</i>	African peer review mechanism
<i>AU</i>	African Union
<i>BWIs</i>	Bretton Woods institutions
<i>CAR</i>	Central African Republic
<i>CBD</i>	Convention on Biological Diversity (UN)
<i>CGIAR</i>	Consultative Group on International Agricultural Research
<i>CITES</i>	Convention on International Trade in Endangered Species of wild fauna and flora
<i>CLS</i>	core labour standards
<i>COMESA</i>	Common Market for Eastern and Southern Africa
<i>CSP</i>	country strategy paper
<i>DAC</i>	Development Assistance Committee (of the OECD)
<i>DDA</i>	Doha Development Agenda
<i>DDR</i>	disarmament, demobilisation and reintegration
<i>DRC</i>	Democratic Republic of the Congo
<i>EC</i>	European Community
<i>ECOFAC</i>	programme for conservation and rational utilisation of forest ecosystems in Central Africa
<i>ECOWAS</i>	Economic Community of West African States
<i>EDF</i>	European Development Fund
<i>EITI</i>	extractive industries transparency initiative
<i>EMP</i>	Euro-Mediterranean partnership
<i>ENP</i>	European neighbourhood policy
<i>ENPI</i>	European neighbourhood and partnership instrument
<i>EPA</i>	economic partnership agreement
<i>ESDP</i>	European security and defence policy
<i>EDCTP</i>	European and developing countries clinical trials partnership
<i>EIB</i>	European Investment Bank
<i>EU</i>	European Union
<i>FEMA</i>	Forum of Energy Ministers in Africa
<i>FEMIP</i>	facility for Euro-Mediterranean investment partnership
<i>FLEGT</i>	forest law enforcement, governance and trade

<i>FPA</i>	fishery partnership agreement
<i>G8</i>	Group of 8
<i>GDP</i>	gross domestic product
<i>GNI</i>	gross national income
<i>HIPCs</i>	highly indebted poor countries
<i>HIV</i>	human immunodeficiency virus
<i>ICPD</i>	International Conference on Population and Development
<i>ICT</i>	information and communications technology
<i>IDA</i>	International Development Association
<i>ILO</i>	International Labour Organisation
<i>IMF</i>	International Monetary Fund
<i>LDCs</i>	least developed countries
<i>LICUS</i>	low income countries under stress
<i>LRRD</i>	linking relief, rehabilitation and development
<i>MDGs</i>	millennium development goals
<i>NAP</i>	national action plan
<i>NAPA</i>	national adaptation programme of action
<i>NEPAD</i>	new partnership for Africa's development
<i>NGO</i>	non-governmental organisation
<i>NIP</i>	national indicative programme
<i>ODA</i>	official development assistance
<i>OECD</i>	Organisation for Economic Cooperation and Development
<i>PFM</i>	public financial management
<i>PRSP</i>	poverty reduction strategy process
<i>REC</i>	regional economic community
<i>RIP</i>	regional indicative programme
<i>SADC</i>	Southern African Development Community
<i>SALWs</i>	small arms and light weapons
<i>SLM</i>	sustainable land management
<i>SMEs</i>	small and medium-sized enterprises
<i>SRH</i>	sexual reproductive health
<i>SSATP</i>	sub-Saharan Africa transport programme
<i>SSR</i>	security sector reform
<i>SWEEP</i>	sector-wide enterprise, employment and equity programme
<i>TDCA</i>	Trade, Development and Cooperation Agreement
<i>TICAD</i>	Tokyo International Conference on African Development
<i>TRIP</i>	trade-related intellectual property
<i>UN</i>	United Nations
<i>UNCCC</i>	United Nations Climate Change Convention

<i>UNCCD</i>	United Nations Convention to Combat Desertification
<i>UNAIDS</i>	joint United Nations programme on HIV/AIDS
<i>WSIS</i>	World Summit on the Information Society
<i>WSSD</i>	World Summit on Sustainable Development
<i>WTO</i>	World Trade Organisation
<i>YEN</i>	Youth Employment Network

Towards an EU-South Africa Strategic Partnership

**Communication from the Commission
to the Council and the European Parliament**

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TOWARDS AN EU-SOUTH AFRICA STRATEGIC PARTNERSHIP

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Introduction

South Africa is a country transformed from the nation that emerged from apartheid twelve years ago. It has emerged from the trauma of apartheid to build a democratic, tolerant and multiracial society. It has achieved financial and economic stability enabling the country to further develop economic growth to the benefit of all its people. It has emerged as a leading nation and a peace broker in the region and on the African continent. It has authority not just in Africa but in global multi-lateral institutions.

An enlarged EU has developed a new approach to North-South cooperation by adopting three key policy papers on the Millennium Development Goals, the European Consensus on Development and the EU Strategy for Africa. It is strengthening its foreign action and seeks to foster stability, security and prosperity worldwide.

South Africa therefore is a natural partner to Europe on the African continent and on a global level. Building on shared values and mutual interests as well as profound cultural links, the EU and South Africa have developed a multifaceted, comprehensive partnership based on the “Trade, Development and Cooperation Agreement” (TDCA) between South Africa, the European Community and its Member States.

Today, however, relations between South Africa and the EU require more coherence, clear objectives, and a shared forward-looking political vision with a view to strengthening joint political action. The partnership needs to clearly spell out what both sides can expect from one another on the domestic, regional, continental and global fronts, and do justice to South Africa’s and the EU’s unique positions in the new, globalised world.

The purpose of this Communication on a Strategic Partnership with South Africa is therefore to propose a comprehensive, coherent and coordinated long-term framework for political cooperation with the Republic of South Africa, one which is mindful of South Africa’s traumatic past, of its role as an anchor country in the region and of its unique position on the continent and on the global scene.

1. The post-apartheid South Africa

Twelve years after the end of apartheid, which had a profound impact on all aspects of society, South Africa is still struggling with its recent traumatic past, yet has achieved remarkable progress.

Domestically, since 1994 the government has set out to dismantle the social relations of apartheid and create a democratic society based on equity, non-racialism, respect of the rights of religious, cultural, linguistic and indigenous communities. New policies and programmes have been put in place to improve the quality of life of the vast majority of the people, including the provision of basic social services and positive discrimination through the policy of Black Economic Empowerment (BEE).

Achievements to date include:

- a constitutional multi-party political system,
- a functioning parliamentary democracy,
- a prevailing sense of constitutionalism and of the rule of law,
- mechanisms for accountability, transparency and information in public administration,
- an independent judiciary.

Economically speaking, the country's most striking feature is the dual economy inherited from apartheid, based on racial divides, with close to half of the population living below the poverty line.

Since the end of apartheid, the country has done well in bringing about internal and external macroeconomic stability. Public expenditure has remained at an overall sustainable level, with a budget deficit of less than 3% of GDP. However, the growth of the formal economy needs to develop further to enable decisive economic "take-off" and job creation and integration of the "informal" economy. The outlook for the coming years is more positive, and the government's new ASGISA policy (Accelerated and shared growth initiative for South Africa) is aimed at combating poverty and reducing inequality by promoting economic growth and employment.

The major social challenge facing the country is undoubtedly the wide social and economic disparities that affect the whole of society. This is further illustrated by two dramatic issues that stand out because of their potential harmful effect on society as a whole:

- the alarmingly high prevalence of HIV/AIDS with the estimated number of people infected nearing 6 million. This represents an estimated adult prevalence rate of 21.5%. The medium- to long-term consequences of the pandemic will be very high social and economic costs following a reduction in the total population, reduced life expectancy and the loss of economically active people, coupled with a drastic increase in the number of orphans⁽⁵⁹⁾;
- the level of both ordinary and organised crime and violence affecting in particular women and children, linked to international trafficking of human beings in the Southern African region.

South Africa is facing important environmental challenges. Access to agricultural and drinking water, soil erosion and desertification, waste management and pollution, all have an impact on food security, long-term welfare and economic development of the poorest, especially of the rural population. In addition, climate change is likely to exacerbate many of these environmental concerns and bring new challenges. South Africa needs to tackle the increase in greenhouse gas emissions from the transport sector and in particular from the energy sector, where electricity generation is based primarily on coal and likely to remain so.

In the **Southern African region**, South Africa with Botswana, Lesotho, Namibia and Swaziland forms the Southern African Customs Union (SACU). Since 1994, it has been a member of the Southern African Development Community (SADC), the regional economic community of Southern Africa, comprising 14 countries. South Africa plays a key role in the region. It contributes 50% of the GDP of sub-Saharan Africa, and close to 75% of the GDP of the SADC. South African investment in the rest of Southern Africa represents 49% of the region's FDI, and 80% of trade in Southern Africa is with South Africa. Most of this consists of South African exports to the rest of the region. In addition, South Africa's business expansion into the region is gaining momentum, and there is a long history of regional labour migration to the country. Furthermore, South Africa's capacity in science and technology represents a significant resource for the region in general.

(59) It is estimated that there will be about 1.5 million children orphaned by HIV/AIDS by 2010.

On the continental scene, South Africa is the key representative of the emerging South. It plays a crucial role within the African Union and is one of the initiators and driving forces of NEPAD. In the area of peace and security, it has played a constructive role on the African continent as a mediator and peace-keeper, for example in Rwanda, the Democratic Republic of Congo, Burundi, Liberia, Sudan and Côte d'Ivoire. It continues its efforts to bring the Zimbabwe crisis closer to a solution.

On the global level, South Africa is one of the leading members of the Non-Aligned Movement. It is a member of the WTO and the Commonwealth of Nations and plays a very active role in these organisations. In the Doha talks, as a member of the G20 and the Cairns Group, South Africa seeks to foster common approaches with other developing countries through strategic alliances and coalitions in order to strengthen the development dimension in the WTO negotiations and to promote greater integration of developing countries into the multilateral trading system. South Africa also plays an important role in the reform of the UN. In addition, it has recently joined Brazil, Russia, India and China in the group of emerging donor countries (BRICS) and is likely to develop its role as a donor on the African continent. Finally, South Africa is also adopting a higher profile in the discussions on further multilateral action on climate change.

2. EU-South Africa relations

South Africa and the EU share **political, social and ethical values** such as democracy, human rights, respect of the rule of law and good governance, tolerance, equality, a commitment to fight poverty and social exclusion and the promotion of sustainable development.

They agree on the **basic economic principles** of the social market economy, free trade and an equitable international economic order.

They are both actively committed to an agenda of **peace and stability, governance, democratisation and combating poverty** throughout the African continent. They both believe in multilateral solutions to international conflicts and have an interest in making sure that the voices of developing and emerging countries are heard on the international scene.

The Trade Development and Cooperation Agreement (TDCA) is the legal basis for overall relations between South Africa and the EU. It covers political dialogue, trade, development cooperation, economic cooperation as well as cooperation in a whole range of other areas. South Africa is also a party to the Cotonou Agreement, but has no access to its financial instruments or preferential trade regime.

2.1. Political dialogue

Political dialogue has been ongoing ever since the end of the apartheid regime, through informal talks at Head of Mission level in Pretoria and through visits by politicians and senior officials in both directions.

Structured and formal political dialogue as mentioned in Article 4 of the TDCA has been launched in the margins of the “Cooperation Council”, the joint body that oversees EU-South Africa relations in their entirety. Since 2004, the Cooperation Council has met at ministerial level followed by a ‘troika’ meeting on political issues.

The two partners consider political dialogue as an essential component of their partnership. It offers an opportunity for exchanging views on a broad range of domestic, regional, continental and global issues, including HIV/AIDS, Zimbabwe, NEPAD and the African Union, peace-keeping operations in Africa and the African Peace Facility, the European Union’s enlargement, developments within the United Nations, the Middle East peace process, and international terrorism.

2.2. Trade

The EU is South Africa's main economic trade partner, accounting for approximately 32% of its exports and 41% of its imports. South Africa is also the EU's largest trade partner in Africa. The EU's exports to South Africa have risen by an average of 9.5% annually since the entry into force of the TDCA.

The trade provisions of the TDCA have been in effect since the year 2000, and cover about 90% of bilateral trade between the two partners. They have had a positive effect on trade relations between the two partners and are the basis for the Free Trade Area (FTA) to be completed by 2012. The introduction of the FTA is asymmetrical in that the EU is opening its market faster and to more products than South Africa.

2.3. Development cooperation

The EU is by far the most important donor: the Commission and the Member States together provide about 70% of total donor funds, which amount to about 1.3% of the government budget and 0.3% of GDP.

Development cooperation in the shape of the "European Programme for Reconstruction and Development" (EPRD) amounts to nearly €130 million a year and is financed from the Community budget. It focuses primarily on the promotion of economic activity and growth and on social services. In the latter field, substantial support has gone to the provision of water and sanitation, to education and to capacity building in the health sector as a contribution to the fight against HIV/AIDS in the country.

The European Investment Bank also has a Memorandum of Understanding with South Africa and provides loans under Community guarantees for an average amount of €120 million per annum.

Evaluations have concluded that EU-South Africa development cooperation is relevant to the policies, strategies and development priorities of South Africa. However, programme-wide efficiency could be improved by focusing on fewer interventions.

2.4. Cooperation in other areas

South Africa has a separate Science and Technology Agreement with Europe. Its performance in the Framework Programmes for Research and Technological Development is improving steadily, with successful participation by South African research organisations in several of the thematic priorities of the Sixth Framework Programme. South African research institutions have largely facilitated international scientific cooperation (INCO) between European and Sub-Saharan African researchers.

The European Community and South Africa have also signed separate Agreements on Trade in Wine and Spirits.

Other areas – mostly limited and ad hoc – where cooperation with Europe has developed include sanitary and phyto-sanitary (SPS) measures and food safety, customs, wine and spirits, etc. In the field of Information Society, dialogue is ongoing in order to identify areas of cooperation at the policy and regulatory levels.

In education, South African universities participate in several international partnerships funded under the Erasmus Mundus programme. A small number of South African students have received grants to study for master's degrees in Europe. Fellowships have also been awarded under the Marie Curie Actions of the Sixth Research Framework Programme.

3. Towards an EU-South Africa Strategic Partnership

Meeting in the Joint Cooperation Council, South Africa, the European Commission and the Member States have acknowledged that recent changes in EU–South Africa relations call for a more coherent strategic framework. They adopted “Joint Conclusions” at the 23 November 2004 meeting and a “Joint Report” in November 2005, and agreed that “new steps need to be taken to ensure that South Africa-EU relations develop into a truly strategic partnership that (...) would do justice to the role of South Africa as an anchor on the continent and a key player on the international scene”.

The proposed Strategic Partnership seeks to implement this process

- **by bringing the Member States, the Community and South Africa together in a single and coherent framework, with clearly and jointly defined objectives, covering all areas of cooperation and associating all stakeholders;**
- **by moving from political dialogue to strategic political cooperation and shared objectives on regional, African and global issues;**
- **by enhancing existing cooperation, developing stronger and sustainable economic cooperation, fully implementing the TDCA provisions on trade-related areas and extending cooperation to the social, cultural and environmental fields.**

In addition, the Strategic Partnership must build on the “MDG Package”, “The European Consensus on Development” and the “EU Strategy for Africa” by putting at the heart of political dialogue the progress towards attaining the MDGs along with governance issues and peace and security at both domestic and international level.

3.1. Bilateral relations – a new strategic approach to cooperation

3.1.1. Political cooperation

The most important element of the proposed Strategic Partnership consists in moving from mere political dialogue to active political cooperation. The South Africa–EU Partnership must become a meeting place for building bridges between two consensus-seeking representatives of the North and the South. Its main purpose must be to enable the two parties to actively seek common

ground on issues of mutual interest, support each other's political agendas and take joint political action at regional, African or global level.

As indicated in Article 4 of the TDCA, political dialogue must cover all aspects of the partnership: domestic, regional, continental and international issues. The same must apply to active political cooperation, which is therefore an element that cuts across all levels of cooperation: bilateral, regional, continental and global.

3.1.2. Promoting trade

Trade relations can be developed not only by considering further reciprocal liberalisation of trade in goods and by creating larger markets, but also by including trade in services and WTO-plus commitments in several new regulatory areas.

The free-trade agreement foreseen in TDCA must be developed to include the harmonisation of trade regimes and new commitments on matters such as services, government procurement and investment.

Both parties must also seek to develop cooperation in several trade-related areas: customs cooperation, rules of origin, the fight against fraud and irregularities in customs and related matters, competition policy, intellectual property rights, consumer protection, food safety, sanitary and phyto-sanitary measures, technical barriers to trade, and standards and norms, both from a domestic application and an export promotion point of view. Air transport plays an important role in economic development, regional integration and the promotion of trade. The EU and South Africa need to create a sound legal framework for further development of air services and technical cooperation in this sector.

Finally, some of the trade provisions – e.g. concerning safeguards and dispute settlement – may need to be reviewed in the light of future relations between the TDCA and the Southern African EPA process.

3.1.3. Towards an innovative economic, social and environmental partnership

The TDCA provisions on economic and other cooperation open up a wide area of potentially fruitful cooperation that could benefit both parties. One particular area where this form of cooperation could be beneficial to South Africa and

complementary to development cooperation is **regional policy** and social cohesion. South Africa has shown a keen interest in Europe's experience in implementing regional policy and in operating the Structural Funds. It considers that these policies could be a model for South Africa's efforts to deal with the wide social and economic disparities between the provinces and regions of the country. The EU is ready to share its experience in the field of regional policy and social cohesion in order to help meeting the challenge of South Africa's imbalances and disparities.

Due to the economic importance of South Africa in the region and internationally, it will also be important to develop a reinforced exchange on economic cooperation including a regular economic dialogue and exchanges in the field of macro economic and finance.

Concerning cooperation in science and technology, the potential exists to strengthen EU-South Africa cooperation in the framework of existing agreements. In addition, every effort should be made to promote the practical and industrial application of scientific exchanges so as to ensure an immediate impact on economic growth and employment.

A provisional list of promising new areas for cooperation is in Annex I and needs to be further developed.

3.1.4. Development cooperation – a new Country Strategy for 2007-2013

South Africa is a middle income country (MIC) that generates substantial budget resources of its own and Europe's development aid, though significant, is small in comparison to the country's budget. Yet development money has provided the resources for sector-wide budget support programmes, best practice initiatives, capacity building and international exposure. In addition, and as stated in the European Consensus on Development Policy, "many lower MICs (...) are confronted with striking inequalities and weak governance, which threaten the sustainability of their own development process. Many MICs have an important role in political, security and trade issues, producing and protecting global public goods and acting as regional anchors".

The 2007-2013 development cooperation programme needs to take this into account, examine South Africa's need for ODA and focus on the added value of Europe's contribution. It must ensure the protection of the natural resource base and be environmentally sustainable. It needs to be fully in line with South

Africa's economic and social policies and respond to its priorities, in particular by addressing the bottlenecks in social service delivery and taking account of the “developmental”, more interventionist economic policy of the South African government, which focuses on economic growth, employment and addressing the wide income disparities and inequalities.

3.2. South Africa as a regional anchor

Representing close to 75 % of the total GNP of the SADC region, South Africa is the political, economic, financial, human-resources and trade hub of the region. The role it decides to play will be of crucial importance for the implementation of the SADC's Regional Indicative Strategic Development Plan and indeed for regional integration in Southern Africa. SADC remains the major engine for regional political cooperation and the “natural” alliance in the region, while SACU plays an important role with respect to trade.

The EU Strategy for Africa considers Regional Economic Communities as prime building blocks for EU-Africa relations. In the case of the Southern African region, the EU and South Africa, as strategic partners, must engage in more intense and substantive dialogue and political cooperation on the complex regional context and its political challenges. They must define more clearly their respective roles in the region, taking into account the emergence of new economic powers.

A major dimension of cooperation at regional level is security and peace-keeping. South Africa and the EU must work with SADC to further the Strategic Indicative Plan for the Organ on Politics, Defence and Security Cooperation (SIPO), the Early Warning System and the SADC peace-keeping capacity.

The EC-SADC EPA negotiations will have to address questions raised by the coexistence of the TDCA and the future EPA, bearing in mind that the EPA objectives are to develop a more predictable and rules-based regional market for goods and services, with a view to fostering regional integration, to harmonise trade rules within the region and vis-à-vis the EC and to create a simple trading framework between the countries in Southern Africa and with the EC. This may require further adjustments to the TDCA.

3.3. South Africa as a key player on the Continent

South Africa is a key player on the continental scene. It is one of the driving forces behind the African Union and NEPAD. Through its commitment to the African Peer Review Mechanism, it promotes good governance on the continent. The country is also a striking example of the transformation of an unjust political regime into an open, democratic society that promotes tolerance and reconciliation. It is also an increasingly important investor in Africa, both in financial terms and in terms of the transfer of know-how and best practices. Finally, South Africa is active in conflict prevention, mediation and conflict resolution in several African countries and strongly supports the AU efforts in this field.

Political and diplomatic cooperation on African issues must become an area of stronger *entente* between South Africa and the EU. Cooperation should not be limited to financing the AU and funding peace-keeping missions, but should become an element of a strengthened partnership. The EU must explore ways with South Africa to define a common African agenda and to support each other's objectives in Africa.

Such an *entente* does not diminish existing EU relations with other African countries, nor does it affect cooperation with the African Union and the Regional Economic Communities. On the contrary, it is intended to bring the Africa strategy down to national level with a view to involving other countries in stronger links with the EU.

3.4. International cooperation on global issues

South Africa occupies a unique position on the international scene. On many occasions, it speaks on behalf of the emerging and the developing world. Its authority in international fora is remarkable and surpasses its economic weight. Although South Africa and the EU do not always take the same positions on international issues, they agree on many. Like Europe, South Africa is committed to countering the proliferation of weapons of mass destruction, to the recognition of the jurisdiction of the International Criminal Court, to the abolition of the death penalty and to combating terrorism. Both share a strong belief in the multilateral system of collective security of the United Nations and in the prime responsibility of the UN Security Council for the maintenance of international peace and security. Both also share a strong commitment to tackling the causes and impacts of climate change and have confirmed their interest in deepening their dialogue on these and other environmental concerns.

These issues are on the agenda of political talks between the EU and South Africa, but must also lead to concrete action. The EU must seek joint positions and effective cooperation with South Africa in all of these areas and defend mutual interests at international level.

Similarly, the EU must seek to launch mutually beneficial cooperation on the environment, energy security and sustainable use of energy resources, migration, the fight against the international drugs trade, money laundering, tax fraud and avoidance, corruption, maritime and aviation security, trafficking in human beings, in particular children, small arms and organised crime.

Finally, both partners favour a stronger representation of developing and emerging countries in international organisations. To that end, they need to promote stronger political coordination, cooperation in the IFIs and international fora, including UN bodies, and joint action.

4. Conclusions

South Africa and the EU share much common ground as bridge-builders between North and South, between West and East, between civilisations, peoples and religions. Europe believes it can perform this function better in a partnership with South Africa. However, such a strategic partnership is not built overnight; it is the result of a dynamic development. The EU is ready to engage in this dynamic process, primarily through in-depth and uninhibited political dialogue and cooperation with South Africa at all levels.

The current organisation of political dialogue is based on exchanges with the EU Heads of Mission in Pretoria, regular visits by Ministers and senior officials in both directions and the annual Cooperation Council. In addition, exchanges between the European Parliament and South African Parliament are held through the EP Delegation for South Africa, and South Africa is an active participant in the ACP-EU Joint Parliamentary Assembly. This institutional setup has been considered satisfactory in the past, but needs to be reviewed in the light of the strategic nature of the EU-South Africa partnership.

The Commission invites the Council, the European Parliament and the European Economic and Social Committee to endorse the main thrust of this Communication. On the basis of these broad principles, the Commission will draft an action plan for implementing the Communication, which will be submitted to the Joint EU-South Africa Cooperation Council later this year and should lead to a Joint Declaration by the partners.

Depending on the discussion in the Council, the European Parliament and the Economic and Social Committee as well as on the South African views, such an action plan could focus on

- strengthened political dialogue, leading to common political positions and joint action,
- active joint involvement in regional and global issues,
- implementation of a jointly drafted Country Strategy Paper in line with this Communication,
- revision and full implementation of the TDCA according to the above priorities.

Annex I

Broad lines of a joint Action Plan to implement the EU-South Africa strategic partnership

On the basis of the outcome of the discussions in the Council, the European Parliament and the European Economic and Social Committee, the Commission intends to draw up a draft Action Plan for the implementation of the Communication on a strategic partnership with South Africa. The draft Action Plan will be then be submitted to the Joint EU-South Africa Cooperation Council, which is expected to meet towards the end of the year. It is hoped that the partners will then adopt a Joint Declaration endorsing the Action Plan.

Such an action plan needs to be further developed but could focus on

- Strengthened political dialogue, leading to common positions and joint political action,
- Active joint involvement in regional and global issues,
- Implementation of a jointly drafted Country Strategy Paper in line with this Communication,
- Revision and full implementation of the TDCA according to the above priorities.

1. Political strategy and cooperation

As indicated in the Communication, stronger political dialogue, leading to common political positions on subjects of mutual interest and to joint political action where appropriate, forms the very backbone of the Strategic Partnership. This dialogue should be frank, open and uninhibited and exclude none of the domestic, regional, continental and global issues.

Possible themes for enhanced political and economic cooperation that could be included in the action plan are:

Domestic South African and European issues

- Economic and financial policy and Foreign Direct Investment
- HIV/AIDS
- Health and food security
- Crime
- Countering racism and xenophobia
- Land reform
- Governance, democracy and human rights
- Employment, economic growth, redistribution of wealth
- EU enlargement, neighbourhood policy
- Decent work, including employment, social safety mechanisms, social dialogue, rights at work, gender mainstreaming
- Social inclusion and cohesion
- ...

Regional issues

- Social cohesion; regional integration
- See below, point 2

African matters

- EU–AU relations
- The EU–Africa summit
- The African Union

- Peace-keeping and mediation on the African continent
- The African Peace Facility
- APRM
- NEPAD
- ...

International and global issues

- The MDGs
- Countering the proliferation of weapons of mass destruction
- Recognition of the jurisdiction of the International Criminal Court
- Abolition of the death penalty
- Combating terrorism
- Global environmental issues, including climate change
- Migration
- Energy security and sustainable use of energy resources
- The fight against the international drugs trade, money laundering, tax fraud and avoidance, corruption and organised crime
- Trafficking in human beings, in particular children
- ILO
- Ratification, implementation and enforcement of core labour standards
- Social dimension of globalisation
- Small arms and light weapons

- WTO and the DDA
- The reform and role of the United Nations
- Multilateralism and representations in International Financial Institutions
- The Middle East peace process
- Iraq
- Iran and nuclear non-proliferation
- ...

2. Joint involvement in regional issues

Because of their topicality and particular interest, regional issues merit a special place in political dialogue and in joint action, trade cooperation, economic cooperation and development cooperation. Indeed, the regional context in Southern Africa is particularly complex and requires a sustained cooperative effort from all parties, including South Africa and Europe. The challenges the region is facing are manifold.

AIDS is hitting Southern Africa harder than any other region in the world. The impact of the pandemic on society, on the health infrastructure and services, on human resources and on the economy of the region as a whole will be hugely destructive over the coming years.

Politically speaking, the SADC region will have to come to terms with important shifts in power patterns as new regional powers are likely to emerge. In addition, it will have to find a solution to the political stalemate in the Zimbabwe crisis.

A major short-term challenge to the region is untangling the knot of regional cooperation and integration. Implementing the SADC Regional Indicative Strategic Development Plan, agreeing on the right recipe for EPA negotiations, clarifying the relationship between the SADC, SACU and the TDCA are issues to be dealt with urgently.

As the prime mover in the region, South Africa needs to assume its leading role in these matters and must be able to count on Europe's support.

3. Country Strategy Paper 2007-2013

At the moment, the Commission, nine Member States, and the South African authorities are jointly drafting a new 2007-2013 Country Strategy Paper. Care will be taken to ensure that the drafting and approval of this CSP runs parallel to the discussion and adoption of the Communication and its subsequent Action Plan and that the CSP truly translates the broad political lines set out by the Communication.

The subsequent implementation of the CSP along these lines will form part of the Action Plan.

4. TDCA review

In recent months, the review of the TDCA has led to informal contacts between the Commission and South Africa and has enabled the two sides to

- tentatively identify those provisions that may need amending (revision);
- suggest priorities for those provisions that have not been implemented yet.

As regards the provisions that have not been implemented yet, there seems to be a strong interest in deepening cooperation in the following areas: trade and trade-related areas, intellectual property rights, customs, competition policy, regional policy, sanitary and phyto-sanitary measures, technical barriers to trade, maritime and air transport and security, energy, information and communication technologies, mining, tourism, consumer policy, social and employment policy, science and technology, education and training.

Among the promising areas of cooperation that can be developed, are

- The environment, with particular emphasis on Climate Change
- Economic co-operation
- Information society, where promising opportunities have been identified in research and education, but also at the policy and regulatory levels as well as on activities related to the World Summit on the Information Society follow-up

- Education and training, including student, teacher and academic exchanges and a “South Africa” window in the Erasmus Mundus programme
- Industrial, maritime and air transport including safety and security aspects, mining, energy in particular in promoting energy efficiency policy and technologies as well as clean coal technologies, and the environment, where there is a clear interest in exchanging the rich experiences of both
- Justice, where exchanges of information and cooperation on extradition could be developed
- Employment and social protection; gender equality and the promotion of women's rights, labour law and dialogue between social partners, with a view to promoting productive employment and decent work for all ⁽⁶⁰⁾
- Youth, exchange of approaches, experience and best practice
- Enhanced cultural cooperation, which would offer both sides an opportunity to promote, strengthen and exchange their rich cultural diversity, taking into account the recently adopted UNESCO Convention on the protection and promotion of the diversity of cultural expressions
- Cooperation in press and information, to improve mutual understanding and visibility

The Action Plan should contain concrete steps for implementing cooperation in these fields.

5. Institutional architecture

The Action Plan should also include proposals for institutional arrangements for political dialogue at various levels, in accordance with the ambitions of the Communication.

(60) COM(2006) 249: Promoting decent work for all – The EU contribution to the implementation of the decent work agenda in the world.

Governance in the European Consensus on Development

Towards a harmonised
approach within
the European Union

**Communication from the Commission to
the Council, the European Parliament,
the European Economic and Social Committee
and the Committee of the Regions**

COM(2006) 421 final

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Introduction

Poverty reduction and the Millennium Development Goals (MDG) will not be achieved without decisive progress in the areas of economic, social, environmental and political governance. Development, human rights, peace and security are indivisible and mutually reinforcing. In an increasingly globalised and interdependent world, peace and security hang to a great extent on the political will and ability of governments and institutions to pursue policies geared to the rule of law, the protection of human rights, democratic governance, eradicating poverty, promoting sustainable development and reducing the inequalities that lie at the root of the main challenges facing the world.

The European Consensus on Development sets out the EU's approach and contribution to this approach, identifying good governance, democracy and respect for human rights as integral to the process of sustainable development and as major objectives of EU development policy. The substantial increase in the volume of aid expected over the next few years demands the establishment of governance that will guarantee the efficiency and effectiveness of this new EU aid. The MDGs cannot, however, be achieved by financial resources alone.

Community policies, each having an external dimension, need also to contribute to good governance. Means that the EU has at its disposal are various, including political dialogue, conflict prevention measures, cooperation with regional and international organisations, thematic programmes, electoral observation, as well as national development programmes, subject to multi-annual joint programming.

The political dialogue and development aid programming addressed in this communication are two pivotal moments in EU relations with developing countries; they provide an opportunity together to take stock of the situation and the need for reform, to encourage change and to adopt the requisite support measures. They also serve to highlight governance issues with international implications.

The principles on aid effectiveness adopted in March 2005's Paris Declaration and approved by the Council in April 2006 must be applied fully to governance. The Community and the Member States must therefore work with each other and with the other donors and international organisations to provide complementary and harmonised support for the partner countries' efforts in this area.

Accordingly, the Commission proposes that the Community and the Member States agree practices and principles for dialogue and cooperation with developing countries on governance. The objective is gradually to develop a coherent common approach to promoting all aspects of democratic governance. This will reinforce the concept of governance, which was the subject of a communication and Council conclusions in 2003⁽⁶¹⁾, and give it a new place in development policy. The Commission is also proposing innovative implementing arrangements for cooperation with the ACP States, reiterating a number of priorities proposed for the Caribbean and Pacific countries and launching a special initiative for Africa, as announced in the European Council's conclusions of December 2005, "The EU and Africa: Towards a strategic partnership", to which the Member States are invited to sign up.

This communication is divided into three parts. The first sets out the ways of approaching governance and supporting the processes of democratic governance in development cooperation. The second outlines their application in Africa and in the ACP countries. The third describes the Community's approach to democratic governance in the cooperation with other countries and regions.

The communication takes account of the conclusions and recommendations of an evaluation report, finalised in March 2006, on European Community support for good governance, which deserves to be widely debated with a view to improving Community action in this area⁽⁶²⁾.

It adds to work under way on, for instance, the EU's approach to promoting democracy in external relations and could be followed up by other initiatives, such as the establishment of a framework of action for good financial, fiscal and judicial governance in the EU's external action.

(61) COM(2003) 615 "Governance and Development". Governance concerns the state's ability to serve the citizens. Governance refers to the rules, processes, and behaviour by which interests are articulated, resources are managed, and power is exercised in society. The way public functions are carried out, public resources are managed and public regulatory powers are exercised is the major issue to be addressed in that context. Governance is a basic measure of the stability and performance of a society. As the concepts of human rights, democratisation and democracy, the rule of law, civil society, decentralised power sharing, and sound public administration gain importance and relevance, a society develops into a more sophisticated political system and governance evolves into good governance.

(62) See impact assessment SEC(2006) 1021.

1. A stronger, innovative approach to democratic governance

1.1. The many facets of governance

Governance has become a priority in many donors' development policies and aid programmes. It lies at the heart of many partner countries' development strategies. Achieving the MDGs calls for proper delivery of public services and sustained economic growth based on the development of the private sector; these things are possible only in a climate of good governance. At a time of rising aid budgets, commitments to ensure the effectiveness of international aid and growing economic and financial interdependence, the emergence in the developing countries of a level of governance commensurate with the expectations of their citizens and the international community is now high on the agenda.

There is a growing consensus on the relevance of a broad approach to governance in development cooperation, an approach based on the universal principles⁽⁶³⁾ and objectives and the common aspirations that must inform the main functions of government, all areas of state intervention and the interaction of public institutions and citizens.

A broad approach

There is no particular institutional model for democratic governance, which simply affirms the rights of all citizens on the road to sustainable development. It includes: respect of human rights and fundamental freedoms (including freedom of expression, information and association); support for democratisation processes and the involvement of citizens in choosing and overseeing those who govern them; respect for the rule of law and access for all to an independent justice system; access to information; a government that governs transparently and is accountable to the relevant institutions and to the electorate; human security; management of migration flows; effective institutions, access to basic social services, sustainable management of natural and energy resources and of the environment, and the promotion of sustainable economic growth and social cohesion in a climate conducive to private investment.

(63) These principles have been developed by the adoption by the international community of a considerable number of international conventions and normative acts.

The different levels of governance (local, national, international) are also important. The key role that local authorities can play in achieving the MDGs has to be underlined. But account must also be taken of the cooperation expected at international or regional level to resolve global problems.

Governance is more than just tackling corruption

Good governance means more than tackling corruption. Though the EU takes an extremely firm stance on this matter, viewing corruption as a major obstacle to achieving development goals, it nevertheless sees it as a symptom of poor governance and of a lack of transparent, accountable management and control systems. Tackling corruption must not be addressed in isolation but integrated into development and poverty reduction strategies and into support for the processes of democratic governance. This means strengthening the role of civil society and the media, protection for multiparty democracy and electoral competition, a transparent system for financing political parties and support for parliamentary oversight and for other public and judicial institutions.

The multidimensional nature of governance in cooperation programmes

Democratic governance is to be approached holistically, taking account of all its dimensions (political, economic, social, cultural, environmental, etc.). This multidimensional nature must be reflected in development cooperation practice. Accordingly, the concept of democratic governance has to be integrated into each and every sectoral programme.⁽⁶⁴⁾

A compartmentalised approach to governance must be avoided: political, economic, social and environmental factors are often very tightly interwoven. For instance, good governance by government institutions, especially those responsible for public finances, and respect for the rule of law help create an environment conducive to sustainable economic growth and private investment. By the same token, poor governance of natural and energy resources in countries with resources such as diamonds, oil, timber and fish can lead to violations of human rights and the rule of law and, ultimately, to armed conflict. Efforts to promote decent work, especially through social dialogue and the effective implementation of ILO conventions, are often accompanied by measures facilitating access to essential social services and have a positive impact on social cohesion, economic performance and poverty reduction.

⁽⁶⁴⁾ The principle of mainstreaming governance, democracy and human rights is enshrined in the European Development Consensus.

The staff working paper contains specific examples of governance support programmes⁽⁶⁵⁾: support for electoral processes, civil society, parliaments, decentralisation, judicial reform, the security sector, the management of public finances, etc.

1.2. Ownership, dialogue and measuring progress

The European Community supports the processes of democratic governance under a partnership-based approach, through dialogue with partner countries' governments and, as a donor, through its various financial instruments. To maximise its impact, it needs to combine the means of action available to it more effectively and thereby strengthen its role as an agent for change, with due regard for the principles of partnership and ownership.

New opportunities for enhanced dialogue on governance

New opportunities have arisen in the dialogue between development partners. There is now a political desire for change in many countries.

There is also a growing awareness on the part of all donors that they need to promote innovative and more effective cooperation methods, even in fragile states, and to coordinate their approaches better. The importance attached to democratic governance in the broad sense itself demands new methods and practices, changes in "aid governance", based on the concept of mutual commitments.

Lastly, as states grow ever more interdependent, dialogue on the consequences and responsibilities arising from interdependence must help identify the impact on a country's partners of its policies in, for instance, the financial and fiscal spheres, where the degree of interdependence is high.

Ownership rather than conditionality

The processes of democratic governance based on the universal principles cited above cannot be imposed from outside. In relations between the partner country and donors, it is vital that ownership of the reform processes be respected. Only the countries concerned can decide and implement their

(65) SEC(2006) 1020.

reforms. If there is no political will inside the country, outside support is unlikely to deliver results. The donors do, however, have an important role to play by developing incentive-based approaches.

Respecting this ownership also means respecting the pace and schedule of reform processes, which are intrinsically complex and long-term, as they go to the very heart of the organisation of a state and a society. However, this can never justify non-compliance with international agreements and acts ratified on “essential elements” or a lack of ambition or credibility in the achievement of the expected reforms.

Dialogue rather than sanctions

Dialogue must be the preferred means of encouraging countries to embark on reforms. Unilaterally imposing new conditions must be avoided. Dialogue must have a substantial preventive dimension and permit the discussion of often politically sensitive issues such as respect for human rights, democratic principles and the rule of law, the reform of security systems, economic and financial governance, the management of natural and energy resources and matters of social governance. Sanctions may nevertheless prove necessary in serious cases. In such instances incentive approaches must also be developed to remedy the problems identified.

The EU must enhance the performance of its various mechanisms for dialogue and current guidelines by tightening their operational relationship with programming, monitoring and dialogue on cooperation programmes⁽⁶⁶⁾.

Assessing governance

The dialogue must cover the evaluation of governance and the progress made, along with appropriate action in the event of bad governance. The main purpose of assessing the state of a country's governance is not to establish a ranking but chiefly to help identify the most appropriate reforms and support measures.

(66) EU guidelines on human rights dialogue, adopted by the Council in December 2004 (doc. 15810/104). Structured dialogues (with China and Iran), dialogues based on the Cotonou Agreement (Articles 8, 96 and 97), association agreements with Mediterranean countries, trade and cooperation agreements (e.g. Philippines, countries of the Caucasus and Central Asia) and ad hoc decisions (e.g. Russia, Vietnam, Pakistan and India).

All development partners must be able to assess the quality of governance in a country and gauge the ambition, relevance and credibility of a government's reform commitments on the basis of suitable indicators. The indicators must be adaptable to the specific circumstances of fragile and post-conflict states. For support to be effective, the local context and political systems need to be analysed in depth and factors and agents for change identified.

This analysis and the indicators used must be the subject of a regular, transparent dialogue in order to track trends and developments.

Measuring progress in democratic governance has recently proved to be feasible. This development, which must not lead to a mechanistic approach, is politically important in that it permits the development of useful indicators to help identify the reforms needed and compare countries at international level. Having both national and international/global indicators is useful because they serve different purposes. The international indicators permit comparison at world level. National indicators help establish national standards based on the country's priorities for improving governance. The indicators developed by the partner country itself have a greater incentive effect in that they encourage politicians to be accountable to citizens and institutions and enable civil society and the media to get involved in a monitoring process. The different types of indicator must not be seen as competing but as a set of complementary tools to be used according to the situations or problems that arise.

Encouraging participatory evaluations

It is important to encourage governments, politicians, independent public bodies and civil society to develop their own tools and capabilities for identifying the reforms needed and for gauging the situation and the progress made. These national indicators must comply with the principles of ownership, participation and transparency and permit the necessary reforms to be identified⁽⁶⁷⁾. This approach is likely to stimulate demand for reform and thereby reinforce the processes of democratic governance.

(67) The METAGORA project described in the working paper illustrates this process.

Gradual approaches

Support for governance must be tailored to each country's situation. Faced with problems of bad governance or analysis showing a need for reforms, the EU's approach must be progressive, proportionate, transparent and dialogue-based with a view to raising standards gradually. This applies not only to the political and institutional⁽⁶⁸⁾ elements but also to the social, environmental and economic aspects of governance.

1.3. Addressing the dual problem of political legitimacy and capacity building

Many developing countries need a lasting solution to the gap between the lawfulness of the state's institutions and their legitimacy in the eyes of the citizens. Whereas democratic lawfulness depends on free elections, legitimacy hinges above all on the government's capacity to keep its election promises and meet citizens' needs. In this context, the internal processes of dialogue and interaction between the different stakeholders in partner countries are crucial. The EU is backing the gradual establishment of participatory approaches by governments when they design their development strategies. Promoting the active involvement of a broad range of civil society stakeholders (associations, grassroots organisations, non-governmental organisations, media, employers and trade unions), political movements and institutions representing citizens (parliaments, local and decentralised authorities) applies the principles of democratic governance and favours the viability of reform programmes.

Budget support, a preferential arrangement

A fairly extensive range of development cooperation instruments can be used to deliver appropriate responses and the requisite support to partner countries' efforts to reform. The growing trend towards instruments based on dialogue and led by the partner countries' demands (programme approach/SWAp, general or sectoral budget support) opens up real scope for promoting democratic governance.

Alignment on the partner countries' development strategies and increasing use of budget support reinforce the role of the national democratic institutions, e.g.

(68) The dialogue on the essential elements of the Cotonou Agreement is described in Annex I to the working paper.

parliaments, directly involved in the relevant decision-making processes under national law. Due account must also be taken of decentralisation strategies when implementing these instruments, otherwise they might lead to further centralisation.

The international community should also give greater thought to more predictable aid mechanisms, permitting long-term support for change, which are particularly relevant in this context. Regular, coordinated monitoring of developments in governance processes must be based on the sharing of information, evaluations and analyses, which must in turn be underpinned by transparent dialogue between partners on the priorities for reform. The processes and criteria for allocating aid according to developments in the governance situation must be transparent for the partner country.

A preventive approach to fragile states

New, complementary approaches must nevertheless be explored, especially in fragile states.

In fragile states, especially difficult partners, a lack of political legitimacy is often compounded by very limited capacities. Addressing governance in these states demands a step-by-step approach aimed at gradually raising standards. Many countries must first achieve basic stability and a minimum of institutional development before they can start implementing a long-term development policy. If EU aid to fragile states is to be made more effective, lessons must be learned from past mistakes: “stop and go” financing decisions based on a government’s short-term performance leading to fluctuations in aid flows and uncertainty as to future financing; the imposition of conditions linked to past performance in matters of governance; inadequate harmonisation between donors; the marginalisation of certain fragile states; a lack of coherent external action in matters of governance, security and development.

Post-crisis situations also call for integrated transition strategies to rebuild institutional and administrative capacities, infrastructure and basic social services, increase food security and deliver lasting solutions with regard to refugees and displaced persons and, more generally, the security of citizens. The need to prevent states becoming fragile and a concern not to marginalise the most vulnerable countries and peoples are an integral part of the EU’s approach; this is as much in the interests of solidarity as of international security and aid effectiveness.

1.4. Harmonising approaches within the EU and with other international players

Today most donors consider governance a priority. It is important that each should share its analytical tools with the others and avoid engaging in one-on-one dialogues with the partner country in unilateral, uncoordinated support of certain reforms. The Paris Declaration on aid effectiveness and the Council conclusions on the same subject⁽⁶⁹⁾ must be applied fully to governance. The Member States and the Commission have pledged to move towards joint programming, to develop operational principles for applying the principle of complementarity and division of labour and to facilitate cofinancing operations.

The aim is not to impose standardised approaches. This would be neither realistic nor desirable. All donors should nevertheless be involved in an open dialogue with the country concerned and agree on operations and responses to priority issues in the matter of governance. External support must be founded on national priorities and programmes and make use of existing national or regional structures. The drafting processes for poverty reduction strategies, joint assistance strategies and the African Peer Review Mechanism can provide a springboard in many countries.

Emerging players

A dialogue on governance in development cooperation should also be initiated with emerging political and financial players⁽⁷⁰⁾. This issue could be raised in the bilateral dialogue between the EU and the countries concerned. It should also figure prominently in efforts to involve them in the multilateral agenda for aid effectiveness in the relevant organisations and forums⁽⁷¹⁾.

(69) GAER Council meeting of 11 April 2006.

(70) BRICS: Brazil, Russia, India, China and South Africa.

(71) See the DAC's "Options for differentiated engagement with non-DAC donors", DCD/DAC (2006)31/rev1.

2. Governance initiative: the ACP countries and the strategy for Africa

2.1. ACP countries: dialogue on governance and aid programming

The EU expects ACP partners to embark on the reforms necessary for development aid and international cooperation to bring lasting benefits. Though governance is already systematically included in the regular political dialogue with the ACP countries, it will play an even more strategic role in the future, especially when programming the 10th EDF. A new incentive-based approach will be followed. An in-depth dialogue will be established; structured around parameters for gauging progress and performance, it will include the Member States and other donors. The tools developed for analysis and dialogue in the programming process – tools which include the political dimension of partnership while addressing the many facets of governance – should in their turn inform political dialogue under Article 8 of the Cotonou Agreement.

€3 billion for governance

When preparing new cooperation strategies with the ACP countries, the Commission will propose granting additional financial support to countries adopting or ready to commit themselves to a plan that contains ambitious, credible measures and reforms.

This innovative approach translates into operational terms the principles set out in the first part of this communication; based on dialogue and incentives, it is aimed at bringing real change and decisive progress in democratic governance.

Part of the financing allocated to ACP countries under the 10th EDF will be set aside for incentives. A sum of €2.7⁽⁷²⁾ billion has been earmarked for this purpose in the national packages; there will also be regional funding. Access to these incentives will depend on the outcome of an enhanced dialogue between the Commission and the country concerned on that country's governance plan.

The governance profile presented in the staff working paper⁽⁷³⁾ is aimed at facilitating this dialogue and detailed assessment. On the basis of a series of simple questions, it provides an overview of the situation in a partner country for the

(72) The 10th EDF totals €22.6 billion for the period 2008-2013.

(73) SEC(2006) 1020, Annex 2.

purposes of guiding dialogue on current or planned reforms, identifying the main difficulties or weaknesses and facilitating the identification of areas for cooperation. It addresses governance from the political, economic, institutional, financial, fiscal and judicial standpoint and in terms of the management of natural resources and of migration flows. Aware of the need both to avoid creating new aid conditions and to harmonise donors' approaches as far as possible in the obvious interests of effectiveness, the European Commission has based the profile on existing indicators and studies⁽⁷⁴⁾, complementing them with certain components specific to EU policy, and in particular components derived from the political dialogue with partner countries on human rights, democracy and topics such as security and migration.

Considering the value and the importance of the evaluation processes conducted by the countries themselves under participatory and transparent approaches, the Commission will take account of any such "self-assessments" that may exist. Where, for instance, peer reviews have been carried out under the APRM, the resulting reports will be used as a basis for the profile.

SIX STEPS FOR DETERMINING ACCESS TO THE INCENTIVE RESERVE AND MONITORING OF RESULTS

1. Assessment of the state of governance and trends

The situation will be assessed on the basis of (i) indicators identified in the profile and their trend over time and (ii) international indicators. These two sets of indicators will inform a discussion between the Commission and the Member States present in a given partner country in order to reach a quantitative assessment of the state of governance in that country and the trend. The international indicators provide a benchmark in that any significant deviation from the profile must trigger an in-depth discussion for the purposes of explaining and justifying the deviation observed. There is no pre-established weighting of the different indicators used: all nine categories identified in the profile have to be taken into account.

2. Assessment of the main weaknesses

The Commission and the Member States present in the country will use the set of indicators in the profile to identify weaknesses calling for reforms. The relative importance of these weaknesses will also be assessed.

(74) Especially the governance indicators monitored by the World Bank Institute for 204 countries since 1996.

3. Programming dialogue and identification of government's main reform commitments (the country's governance plan)

In the dialogue initiated, the government will be invited to present its plan of current and future reforms. This plan will be discussed in the light of the weaknesses identified in the profile shared with the government. This dialogue is intended to encourage the government to commit itself to taking the measures necessary to remedy the weaknesses identified. The list of commitments given by the government in the wake of this dialogue will be annexed to the CSP.

4. Assessment of the government's commitments: relevance, ambition, credibility

The Commission and the Member States will assess the extent to which the commitments given by the government address the main weaknesses identified and are relevant, ambitious and credible. The aim is to avoid unrealistic promises and partial measures that fail to address the problems raised.

5. Decision on access to the incentive tranche

The decision to grant access to the incentive tranche and the ratio of this tranche to the initial allocation will be based on the assessment of the situation and the reform commitments given in the dialogue. The incentive effect and the encouragement given to reforms are paramount, without penalising (in relative terms) those countries that have already achieved satisfactory standards of governance. Corrective factors will be taken into consideration as a country's absorption capacity or specific situations as in the case of post-conflict countries.

6. Monitoring of performance

The governance profile and commitments will be monitored regularly and the actual results of reforms analysed by the Commission, the Member States on the ground and the partner country. On the basis of this analysis and in line with the revised Cotonou Agreement, a country's allocation may be increased annually in the event of outstanding performances. Allocations may also be increased or decreased at the time of the mid-term review (2010) and the end of term review (2012). The governance profile and commitments, which are the foundation of a new contractual approach, will thereby be taken into account at every stage of the programming cycle.

The governance profile, which will be tested during the first stage of programming the 10th EDF for the ACP countries, could be improved and adapted in the light of experience.

2.2. ACP countries: governance priorities and programmes

In the Community's country programmes, governance could be identified as a focal area or non-focal area, especially for support for institutional reform, for capacity building or for establishing the requisite conditions for budget support. In all countries, governance will be mainstreamed in focal and non-focal areas.

The Community is already active in a wide range of areas⁽⁷⁵⁾ with a view to promoting processes of democratic governance through dialogue and financial support. In the case of the ACP countries, when the 9th EDF was programmed, governance was identified as a focal sector in some twenty indicative programmes, accounting for a total of €879 million or 10% of all programmable funding, including just over €200 million in aid to non-state actors. A proportion of general budget aid must also be viewed as support for governance, especially for economic and institutional reforms.

All these activities will be continued and stepped up. New practices will also be developed and implemented according to the principles of the enhanced approach referred to above, incorporating the conclusions and recommendations of the evaluation reports and taking account of the new provisions of the Cotonou Agreement (new Annex VII, amendments to the provisions concerning the political dialogue on the essential elements) and the regional strategies recently adopted for Africa⁽⁷⁶⁾, the Caribbean⁽⁷⁷⁾ and the Pacific⁽⁷⁸⁾, which give considerable attention to governance.

(75) For further details of programmes and projects, evaluations and reports on the implementation of Community development aid, see:
http://ec.europa.eu/comm/europeaid/projects/index_en.htm
<http://ec.europa.eu/comm/europeaid/evaluation/index.htm>
http://ec.europa.eu/comm/europeaid/reports/index_en.htm

(76) "The EU and Africa: Towards a strategic partnership", Council of the European Union, doc. 15961/05 – 19.12.2005.

(77) "An EU-Caribbean partnership for growth, stability and development" – COM(2006) 86, 2.3.2006.

(78) "EU relations with the Pacific Islands – A strategy for a strengthened partnership" – COM(2006) 248, 29.5.2006.

The priority for Africa will be to support change and the implementation of governance reforms at local, national and regional level and to encourage the African countries to take part in peer-review processes. Boosting social and economic vectors at local level is a lever for economic growth and a factor for sustainable development, given the role of local authorities in providing access to services directly related to the MDGs (water and sanitation, etc.). Support for other democratic institutions, such as national parliaments, and capacity-building measures for the Pan-African Parliament will also figure among the priorities. For the Caribbean and the Pacific regions, the Community's priority will be to promote good financial, fiscal and judicial governance. These regions need to rapidly implement OECD standards on transparency and the effective exchange of information for tax purposes and to eliminate harmful tax practices. Special attention will be paid to such problems as money laundering, organised crime and terrorist financing.

2.3. Africa: support to African mechanisms

The political will to reform and progress towards good governance is consolidating in the African partner countries. The EU has pledged to support good governance programmes in these countries and to help build the capacities of the African Union and of regional and national institutions in Africa and to support African efforts to improve and monitor governance through dialogue and consultation with its African partners⁽⁷⁹⁾. Governance has now been mainstreamed in dialogue and cooperation between the Pan-African institutions and the EU.

The African Peer-Review Mechanism (APRM) offers real scope for encouraging reforms and mutual learning. Specific EU support for the APRM is proposed at three levels:

- at Pan-African level: support for the APRM secretariat, its reviews and missions;
- at regional level: support for involving regional organisations in disseminating the results of reviews (discussion of country reports, exchange and dissemination of good practice, promotion of membership of APRM, etc.);

(79) "The EU and Africa: Towards a strategic partnership", Council of the European Union, doc. 15961/05 – 19.12.2005.

- at country level: integration of aid for reforms identified by reviews into existing cooperation instruments (especially national indicative programmes). The national component of the specific aid for the APRM is aimed solely at supporting and facilitating the process in the countries (involvement of civil society, consultation and monitoring machinery); it is provided only if the country concerned requests it.

The Community contribution to the APRM should come from intra-ACP resources and be supplemented by contributions from Member States. The EU should be ready to respond to requests for financing and cover part of the APRM's budget, thereby demonstrating firm political support for the process (and respect for the principle of ownership). The Community contribution should be aimed at covering the review process at the three levels cited above (regardless of support for reform in the countries via their national indicative programmes).

For non-ACP African countries, the Community approach is part of the Neighbourhood Policy (see section 3 below).

2.4. From Community to European level

The importance attached to governance in the EU's development cooperation policy should translate into (1) a harmonised political approach at EU level and (2) additional coordinated support for partner countries' reform efforts, according to the results obtained and the credibility of commitments for the future.

In line with the above principle of harmonisation, the implementation of this approach cannot be left entirely to the Commission. There is a need to pursue EU-level implementation, which presupposes joint analysis and dialogue in the partner countries, and to work within a common programming framework. This harmonisation effort is obviously not confined to the EU: it must involve all donors and international organisations present in a given country.

Thus, at EU level the governance profile should be drawn up jointly and, in countries where joint programming is planned, serve as a basis for the joint analysis of governance issues. Where possible, Member States could also use the profile in bilateral relations with ACP countries.

In terms of financial support, the EU should collectively increase its aid for governance reform processes. There are a number of conceivable options, and these options are not necessarily mutually exclusive:

- (a) an increase of bilateral programmes, i.e. of countries' allocations, in coordination between the Commission and the Member States (joint analysis, shared criteria).

Furthermore, cofinancing and/or multidonor trust funds should be developed to channel these additional resources to back programmes in support of reforms.

- (b) extra funding (from the increase in official development assistance) that would be added to the NIPs and disbursed within the framework of the NIPs managed by the Commission.

Whichever option is chosen, these increases would be decided both when fixing countries' allocations and at the time of annual or mid-term reviews.

At regional and continental level the EU should consider contributing to trust funds to facilitate a coordinated approach to governance mechanisms and initiatives, especially the APRM described above.

3. Dialogue and programmes relating to cooperation with the other countries and regions

Governance is also a priority in EU relations with other regions, in political dialogue and in aid programming. Approaches to promoting democratic governance may vary from region to region and country to country, depending on their specific characteristics and the history of their relations with the EU, but all are holistic and take account of governance's various dimensions. This is borne out by the European Neighbourhood Policy and relations with Latin America and Asia, the specific features of which are described below.

For political dialogue, for instance, a number of structures permit a privileged dialogue on human rights⁽⁸⁰⁾. The use of incentive instruments has already been piloted with the Mediterranean partners, including the non-ACP African countries. The Neighbourhood Policy has been specially designed as an integrated set of

(80) See footnote 68.

incentive instruments aimed at promoting reform and progressively increasing the scope of cooperation. As regards financial assistance for the next financial perspective, aid programming is already well under way for the Asian and Latin American countries and for the countries concerned by the Neighbourhood Policy. Programming is based on an in-depth analysis of a country's situation, addressing, inter alia, political, economic and social issues. Though aid is not earmarked for governance from the outset, democratic governance is, depending on the country concerned, a focal or non-focal sector. The concept of governance as the sound management of public affairs is, moreover, a cross-cutting concern that determines the approach to cooperation in all sectors.

Cooperation between the Commission and the Member States is manifested in various ways, not just in formal political dialogues but also in, for instance, EU election observation missions. Coordination takes place during the programming process and continues in the identification stage of the project cycle, especially with regard to reforms of the security sector or the judiciary, which are the prerogative of the state. There are also the coordination and harmonisation arrangements between donors that accompany any budget support programme.

3.1. Governance and the European Neighbourhood Policy (ENP)

The privileged relationship with the EU's neighbours (covered by the ENP) builds on **mutual commitment** to common values, principally within the fields of the rule of law, good governance, respect for human rights, including minority rights, and fundamental labour standards, the promotion of good neighbourly relations, and the principles of the market economy and sustainable development. The degree of ambition of the EU's relationships with its neighbours will take into account the extent to which these values are indeed shared. One prerequisite is, for instance, that an association or partnership agreement should be in force.

The partner countries' priorities will be reflected by **jointly adopted action plans**. Governance in the broad sense is central to these action plans, which comprise seven chapters and focus on:

- strengthening democratic practices, respect for human rights and the rule of law, and tackling corruption;
- establishing sound economic management based on market-economy principles and transparency, and active policies *aimed at promoting*

sustainable development, including action against poverty and inequality and dialogue on employment and social policy;

- introducing reforms in the area of trade, the internal market and regulation, including reforms in the area of competition policy, intellectual property, public procurement and action against customs fraud;
- cooperation in fiscal, judicial, police and border-management matters aimed at tackling fraud and tax evasion, money laundering, and terrorism;
- cooperation in the management of migratory flows, illegal migration and fight against trafficking of human beings;
- introducing sectoral reforms (transport, energy, information society, environment, etc.) in order to improve management and encourage the authorities to account for their decisions to those they administer;
- developing contacts between communities, developing human resources and strengthening civil society.

Action plans, which offer a policy frame of reference for bilateral cooperation by the Member States and other donors, are already being implemented with seven countries covered by the ENP; another five are in the process of being adopted. Their implementation is backed up by **regular monitoring** of the progress made in the various areas of governance. Dialogue with the partner country is conducted via sectoral subcommittees (democracy and human rights, judicial system, economic and trade issues, etc.), and progress is gauged at meetings of the association or partnership committees. Note that progress is measured against the objectives laid down in the action plans, not against international indices.

The priority areas for EC financial assistance identified in a country's strategy paper are chosen on the basis of the action plans with a view to supporting improvements in governance in the broad sense: strengthening democratic practices, respect for human rights, tackling corruption, improving economic and sectoral management, strengthening the judicial system and encouraging the local authorities to account for their decisions to those they administer. Such cooperation mechanisms as twinning, TAIEX and SIGMA⁽⁸¹⁾, which were developed for the

(81) See http://ec.europa.eu/comm/enlargement/institution_building/twinning_en.htm;
<http://taix.cec.eu.int>; <http://www.sigmaweb.org>

purposes of enlargement and extended to the ENP countries, are particularly geared to governance and make it possible, inter alia, to involve the Member States in cooperation and to support the implementation of the action plans.

One factor taken into account when determining the **level of financial support** allocated to a country is the degree of commitment and implementation of reforms figuring in the partner country's action plan. Following the Commission communication of May 2003 on reinvigorating EU actions on human rights and democratisation with Mediterranean partners, a MEDA Democracy Facility was introduced in 2006. The aim of the Facility, which was a pilot project, was to support those partners that had made the most headway with democracy and human rights. Subsequently, as part of the European Neighbourhood Policy, the Commission is planning a **Governance Facility** to promote political and economic reforms in the countries covered by the ENP. The Governance Facility could take the form of additional financial support for neighbours that have made considerable headway with the implementation of action plans. The APRM will be taken into account in this context.

3.2. Latin America

Founded on a common heritage, shared values and broad agreement on the future challenges, the privileged relationship between the EU and Latin America naturally accords considerable importance to governance. This is expressed inter alia by the fundamental objectives of social cohesion and regional integration fixed by the two regions' heads of state at the 2004 Guadelajara summit and the 2006 Vienna summit. Governance is intrinsic to each of these objectives and was indeed the object of particular attention in the Commission communication to the Council and the European Parliament⁽⁸²⁾.

The particularly acute social inequalities that continue to affect most Latin American countries erode democratic legitimacy and undermine the economic performance of these emerging countries. Without tangible social progress, the burgeoning disenchantment with democracy in the region would bring political instability. Tackling exclusion and all forms of discrimination and involving all stakeholders in the process should therefore consolidate democracy and governance. In pursuit of this objective, the Commission hopes to go on mainstreaming

(82) "A stronger partnership between the European Union and Latin America" - COM(2005) 636, 8.12.2005.

the objective of social cohesion in operations carried out in partnership with the Latin American countries.

The promotion of human rights, democracy and good governance is a feature of the different political dialogues initiated between the EU and Latin America, be it under the association agreements with Mexico and Chile, the political dialogue and cooperation agreements with Central America and the Andean Community or the cooperation agreement with Mercosur.

In a similar vein, the EU strives to help democratic institutions take root and gain credibility by sending election observation missions as and when necessary (Nicaragua, Mexico, Bolivia, Venezuela, etc.).

For cooperation with Latin America, the Commission plans to pursue a policy of active support for governance in most countries, contributing support for the **modernisation of government** in areas such as: the representation of all members of society in politics, cooperation with civil society, the promotion of dialogue between social partners, access to justice, strengthening the judiciary, capacity building in the security sector, promoting the security sector's adherence to the rule of law, decentralisation and good governance, the responsible management of natural resources, tackling corruption and anti-impunity initiatives. Sectoral budget support programmes, which are the preferred option in a number of countries in the region, are also conducive to good governance (requiring reliable public spending, the strengthening of tax administrations and the implementation of long-term government policies).

The approach to governance obviously varies from country to country: it is a central issue in relations with Colombia and most of the Central American countries, which are structurally fragile, have highly unequal societies and are in many instances emerging from long **civil conflicts**. In these conditions, strengthening the rule of law, internal structures for dialogue or reconciliation and promoting participatory democracy are crucial areas of cooperation. Conversely, in stronger states like Mexico and Brazil support for governance is increasingly taking the form of a comprehensive dialogue and partnership in a number of sectors of mutual interest, including government reform.

Since it involves establishing and complying with common rules and international legal frameworks, **regional integration** is also a powerful vector for good governance (especially in economic and trade matters) and therefore a major strand in the European Commission's policy towards Latin America.

3.3. Governance in Asia

With over half the world's population, over two thirds of them poor, Asia's great political, economic, social and cultural diversity is reflected in the highly disparate nature of its countries' relations with the EU. The policy framework for EU cooperation with Asia reflects an overall commitment to supporting democracy, good governance and human rights. A battery of instruments are employed in pursuit of these objectives. They include **political dialogue** and other initiatives used to address human rights: all agreements with non-member countries include clauses on human rights. In some countries working parties on governance and human rights have been set up in the joint committees to ensure genuine political dialogue and cooperation on these issues. Dialogue is the foundation of relations with China and India, the world's most highly populated countries. Besides the structured political dialogue, relations with China take the form of more than twenty sectoral dialogues concerning economic governance and cooperation, the internal market, science and technology, the environment, etc. Over and above the sectoral policy dialogues, the key issues in dialogue with India are global governance, multilateral cooperation and peace and security issues. "IDEAS"⁽⁸³⁾ is a special initiative permitting cooperation with India as an emerging donor, dealing with governance in its turn.

In Central Asia, regional and bilateral political dialogue is conducted through the various structures introduced by those partnership and cooperation agreements that have been ratified or, in Turkmenistan and Tajikistan, on a more ad hoc basis through the EU representatives on the spot. In Central Asia, the dialogue on democratic governance and human rights is bolstered by the presence of a special rapporteur for the region. The EU has also developed a regional-level dialogue with the countries of South-East Asia: governance features in regional-level cooperation with regional bodies such as ASEAN ("APRIS II" – ASEAN Programme for Regional Integration Support) and in the informal dialogues of the Asia-Europe meetings (ASEM). The ASEAN Regional Forum also serves to promote trilateral cooperation.

When cooperation is programmed for the period 2007-2013, governance, the rule of law and human rights will be a focal sector for a number of countries, with adjustments to reflect their highly disparate needs. Cooperation with Afghanistan is a special case, distinguished by the scope of the EU's commitment, the importance of the multilateral framework and the enormous challenges in terms of

(83) Indian Development and Economic Assistance Scheme.

democratic governance and ownership by the country. Democratic governance is also an essential aspect of the EC's work in other **conflicts**, notably in Indonesia (Aceh). Governance will also be a cross-cutting issue in all cooperation activities in the Asian countries, ranging from China to the EU-India joint action plan. In Central Asia, democratic and economic governance is a priority sector, ranging from support for civil society to judicial reform and the management of public finances.

Specific projects relating to governance and the development of democratic institutions reflect the great diversity of countries in the region. Examples include reforming and building the capacity of public bodies (judicial, prison, electoral), the creation of new democratic institutions (e.g. human rights commissions) and the development of local authorities. More direct efforts to strengthen democratic processes, and in particular political parties and the electoral process, are planned in a number of countries, as are measures to facilitate access to justice for vulnerable groups, especially women, children and minorities. Building the capacity of civil society is a constant concern, be it in the form of general education and information campaigns or issue-based campaigns, against child labour for instance. Depending on the country, support for administrative reform, sound management of public finances including fiscal transparency and sound management of natural resources, and social security reform are planned, as are specific measures to tackle corruption.

As in other regions, the trend towards global and sectoral **budget support** programmes is becoming a means of strengthening governance and institutions at both central and decentralised levels in Asia, including the Central Asian countries. These programmes call for the prior establishment of an appropriate level of democratic oversight, financial management and institutional development, thereby increasing transparency and accountability to stakeholders.

Given the number of “**difficult partnerships**” in the region, thematic instruments (e.g. the EIDHR) that can be used without the government's agreement continue to play a major role in support for civil-society projects in support of democratisation and human rights. In such cases the EU can also rely on benchmarks in the area of governance, e.g. OSCE commitments. Issues relating to public management in such sectors as water, in connection with climate change, can also provide a springboard for governance dialogue, as exemplified by April 2006's EU-Central Asia conference in Almaty.

Conclusions

A concerted approach is the only way for the EU to make itself heard in the international debate on governance. The EU must make a stand on this key issue of development cooperation, basing its position on the defence of a number of principles:

- While governance and capacity building should indeed be high on the development cooperation agenda, poverty reduction and the other MDGs remain the overriding objectives of EU development policy, as laid down in the European Consensus on Development. Good governance, though a complementary objective, is basically a means towards the ends represented by these priority objectives.
- The EU's approach is based on a broad definition of governance, which it perceives as a process of long-term change, based on universal objectives and principles and common aspirations that must inform the main functions of government, all areas of state intervention and the interaction of public institutions and citizens. Democratic governance affirms the rights of all citizens, both men and women, and cannot therefore be reduced simply to tackling corruption.
- Democratic governance must be approached holistically, taking account of all its dimensions (political, economic, social, cultural, environmental, etc.). The processes of democratic governance will be supported more effectively by dialogue than by sanctions and conditions.
- Ownership of reforms by partner countries and a dialogue-based approach, encompassing capacity-building support and the prevention of state fragility, will bolster the processes of democratic governance and help legitimise institutions in the eyes of the citizen.

In order to increase the effectiveness of support for governance and to promote processes towards democratic governance in a harmonised manner, the Community and the Member States must agree practices in this area:

- Dialogue with individual partner countries on governance reforms should be conducted jointly by the Commission and those Member States represented on the ground. This dialogue should then be translated into coherent approaches to aid programming and coordinated support for governments' reform programmes.
- Via its governance initiative for the ACP countries and Africa, the EU is creating a new incentive mechanism that will give partner countries access to additional funding according to their governance commitments. Some €3 billion will be reserved for such incentives. The EU will also provide political and financial support for the African Peer Review Mechanism, with due regard for the African countries' ownership of the process.

This contribution to the design of a common EU approach to democratic governance must be viewed in the broader context of the EU's external policies, the promotion of peace, security and sustainable development, and take account of the likely substantial increase in official development assistance and the desire to ensure the effectiveness of aid, which fully justify a deeper debate on governance in development cooperation.

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