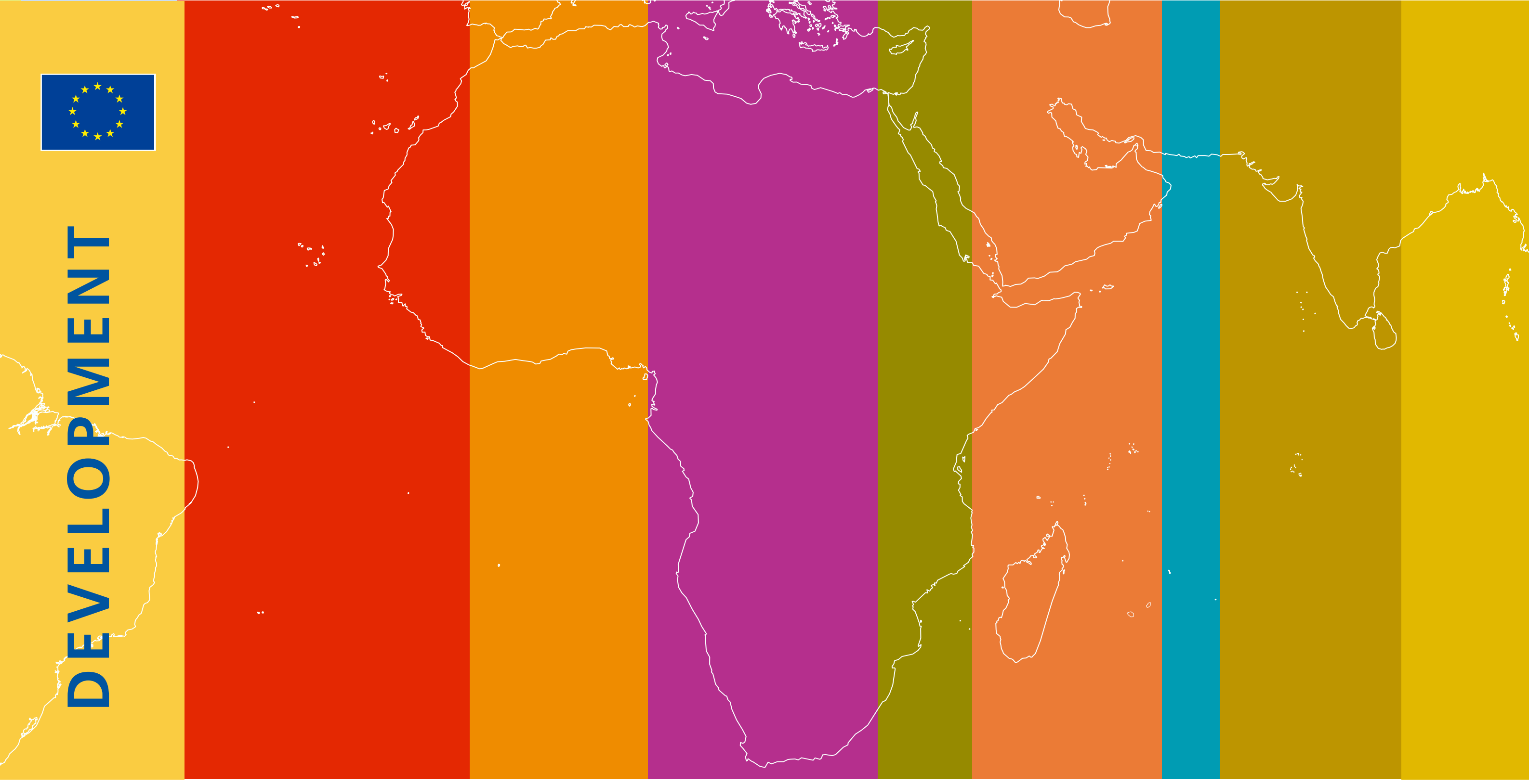
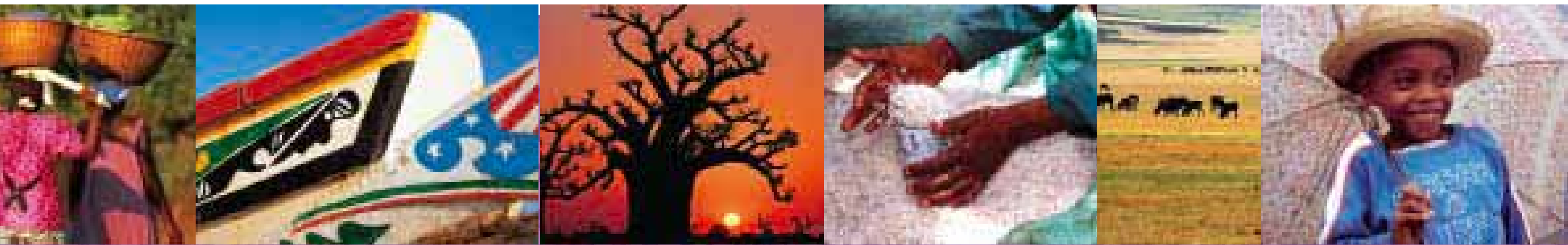
DEVELOPMENT



Africa

and the European Union



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FOREWORD

EU-AFRICA – THE NEW PARTNERSHIP

Poul Nielson
Commissioner for Development

For Europe, co-operation with Africa is a priority, deeply rooted in history. However, political dialogue development on a continental basis is a relatively recent phenomenon. In Cairo in April 2000, the group of European Heads of State and Government met their African counterparts for the very first time. The novelty in Cairo was not what was said or who participated, for they have numerous opportunities to meet each other in other contexts or within different groups. What was different was the opportunity to tackle the problems of African development, to identify the issues of common concern to the whole continent, and the leaders' call for the strongest possible determination to solve them.

Africa has changed since Cairo. With the birth of the New Partnership for African Development (NEPAD), and the African Union, a charter and an ambitious institutional structure that places governance and freedom at the heart of development have been created.

Europe itself has also changed. It is now more integrated, with the common currency and the progress made in the areas of foreign and security policy, as well as justice. It has embarked on decisive stages to prepare its next enlargement phase for 10 new member countries. With the Convention, work has started on the updating of its institutions with a view to enlargement and the extension of the areas covered by the Treaties.

Our world has changed since Cairo. New conflicts and instability affect many regions. Despite these difficulties important international conferences have followed one another since 2000 (Doha, Monterrey, Johannesburg), which have resulted in constructive commitments. Unfortunately, it is already clear that for a number of countries, particularly in Africa, the Millennium Development Goals will not be achieved by 2015.

The EU-Africa dialogue must embrace all the priorities and concerns that exist on both sides.

To succeed, dialogue must be open to all. One of the highest profile successes in Cairo was managing to bring together all the African and EU states concerned with collectively finding a way around disagreements and divisions that sometimes go back a long time. What was achieved in Cairo – a symbol of trust between partners and a guarantee of sincerity – must be preserved in all future dialogue.

With its ambitious goals, dialogue between the EU and Africa must find its true place among the multilateral discussions and the range of specific co-operation instruments that exist between the two continents. If it results in greater understanding, it will influence both continents. Together, Europe and Africa can fight poverty and build peace. This is our challenge for the future.

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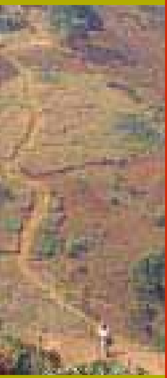
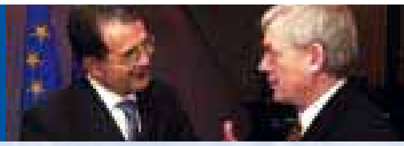


The European Union



United in peace and prosperity

The process of European integration has been marked by constant progress and change ever since the European Coal and Steel Community (ECSC) was founded in 1952. The ECSC was designed to be the foundation for lasting peace and prosperity in a continent divided by its diversity as well as different political and economic systems.

The EU is the result of a process of deep regional co-operation and integration that began in 1951 among the Benelux countries (Belgium, the Netherlands and Luxembourg) and grew to include Germany, France and Italy. During these 50 years of political, economic and social co-operation, the EU expanded to include 15 Member States. Today, 10 countries from central and Eastern Europe as well as the Mediterranean are about to join the EU.

The institutions

The EU is governed by five main institutions: The Commission proposes, the Parliament advises and shares with the Council of Ministers the power to legislate, the Council takes the final decision, the Court of Justice rules and the Court of Auditors ensures transparency.

As the EU responsibilities have broadened, the institutions have grown larger and more numerous. They work closely together in constructive co-operation for the benefit of all citizens and are supported by: the Economic and Social Committee, the Committee of the Regions, the European Central Bank, the European Ombudsman and the European Investment Bank (EIB).

The single currency

The Euro is the official currency of European Union Member States, with the exception of the UK, Denmark and Sweden. On 1st January 2002, Euro coins and notes came into circulation. The currency is the anchor of the Economic Union and completes the Single Market.

The advantages of a single currency include:

- increased transparency;
- no costly exchange rate fluctuations;
- lower transaction costs;
- simplified accounting procedures;
- simplified cost-price comparisons;
- reduced multiple currency cost management;
- more intra-EU competition, which creates a more favourable business environment.

The EU single market, unified by a single currency, brings with it reduced trade barriers, reduced risk and a more competitive market environment.

The Common Foreign and Security Policy

Global and regional crises and challenges, coupled with developments within the EU, have made new demands on the region's external activities. As a result, in 1993 the EU laid the groundwork for a Common Foreign and Security Policy (CFSP), further building upon Europe's solidarity.

A Common Security and Defence policy has been added to the CFSP framework. Its objectives are: preserving peace and strengthening international security in accordance with the principles of the UN Charter, promoting international co-operation and developing democracy and the rule of law, as well as respect for human rights and fundamental freedoms.

The European Commission

As the EU's executive body, the European Commission works in close partnership with the other European institutions and Member State governments. The Commission has the right of initiative, however, all the major decisions on important legislation are taken by the Ministers of the Member States in the Council of the European Union, in co-decision or consultation with the democratically elected European Parliament.

The Commission's task is to ensure the EU is attaining its goal of creating an ever-closer union of its members. It must also ensure that the benefits of integration are balanced between countries and regions, business and consumers and among European citizens. It works closely with the EU's two consultative bodies, the Economic and Social Committee and the Committee of the Regions.

It proposes legislation, acts as the guardian of the EU treaties to ensure legislation is correctly applied and functions as the executive body responsible for implementing and managing policy. It also manages the Union's annual budget, which amounted to some €97,5 billion in 2003 and provides Regional and Structural Funds, whose main purpose is to even out economic disparities between the richer and poorer Member States or regions. It also negotiates and implements trade and co-operation agreements with third countries and groups of countries.

The European Commission consists of a President chosen by the EU Heads of State and 19 Commissioners nominated by the governments of the EU Member States with the approval of the Commission President and subject to a collective vote of approval by the European Parliament. There are 39 Directorates-General (DGs), Specialised Services and Offices with specific portfolios. The Commissioners are responsible for the DGs, which report to them, with each Commissioner having the responsibility for one or more.

European Union Member States

Austria
Belgium
Denmark
Germany
Greece
Finland
France
Ireland
Italy
Luxembourg
Netherlands
Portugal
Spain
Sweden
United Kingdom

New Member States

Cyprus
Czech Republic
Estonia
Hungary
Latvia
Lithuania
Malta
Poland
Slovakia
Slovenia

Applicant countries

Bulgaria
Romania
Turkey

The EU on the international stage

Europe has reached a turning point in the way it relates to the rest of the world and as a result, is determined to achieve its potential to be a meaningful force for positive global change.

EU national governments are powerful stakeholders in the G8, the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank and in the United Nations Security Council (permanent and temporary members).

The European Commission plays a key role in implementing the EU's foreign and other policies, working through its 128 Delegations and Offices around the world. They are gradually being strengthened so that EU external assistance can be delivered more effectively.

The EU is also determined to create an environment in which civil society can flourish. This involves collaborating with the civil society and the social and economic actors in all areas of external co-operation to realise development objectives. Ownership, partnership and accountability are at the core of its development programme. It is supporting governments in developing poverty reduction strategies and is strengthening the voice of developing countries in international institutions.

Working in partnership

The European Commission and the EU Member States are the largest provider of Official Development Assistance (ODA) in the world. In 2000, the EU disbursed more than €27 billion in ODA to developing countries, representing 50% of all aid contributed by the OECD's Development Assistant Committee members.

In Monterrey (Mexico, March 2002), EU Member States committed to strive to increase their individual contributions so that collectively an EU average of 0.39% of GNI (Gross National Income) is reached. This will further consolidate the EU's position as the largest contributor of ODA in the world.

Total EU disbursements to Africa amounted to €8.1 billion in 2000, representing 67% of all DAC members' ODA to Africa. In 2001, European Commission aid commitments to Africa alone (as distinct from the EU Member States' bilateral programmes) amounted to €2.6 billion, representing 41% of the total European Commission's ODA.

The potential for increased aid transfers is considerable. Resources available for new commitments over the period 2002-2006 should amount to some €17 billion (from the EU budget and the European Development Fund, including Africa's share in the Investment Facility, managed by the European Investment Bank). This represents an average of €3.4 billion per year.

The EU spends €6.8 billion annually in assistance and is also the largest donor of humanitarian aid in the world.

The developing countries' main trading partner is the EU. It represents the single biggest market for imports and exports, more than twice the trade between developing countries and the US, Japan and Canada put together.

Within the Commission's external relations architecture, the Directorate-General for Development closely co-operates with other Commission services, in particular Directorate-General for External Relations, the External Assistance Co-operation Office (EuropeAid) and the European Community Humanitarian Aid Office (ECHO). It has also very close links

Largest trading block in the world

The EU's single market, comprised of 374 million consumers with more purchasing power than the US, makes it the largest trading block in the world.
The Euro has made this trading block more competitive and stronger both economically and politically on the global stage

The EU determines the legal framework for international trade

- Domestic and international trade laws
- Tariffs
- Competition law, acquisitions and mergers
- Product standardisation
- Environmental regulations
- Intellectual property rights – patent, trademark
- Bookkeeping, accounting rules, financial disclosure

	Population	Area (Km^2)	Gross Domestic Product (GDP)	Human Development Index (HDI)		Capital City
EU Members			per capita US$	Value	Rank	
Austria	8 169 929	83 858	27 700 (2002)	0.926	15	Vienna
Belgium	10 274 595	30 510	29 000 (2002)	0.939	4	Brussels
Denmark	5 368 884	43 094	29 000 (2002)	0.926	14	Copenhagen
Finland	5 183 545	338 150	26 700 (2002)	0.930	10	Helsinki
France	58 892 000	551 500	25 700 (2002)	0.928	12	Paris
Germany	83 251 851	357 021	26 600 (2002)	0.925	17	Berlin
Greece	10 645 343	131 960	19 000 (2002)	0.885	24	Athens
Ireland	3 883 159	70 270	28 500 (2002)	0.925	18	Dublin
Italy	57 715 625	301 340	25 000 (2002)	0.913	20	Rome
Luxembourg	448 569	2 586	44 000 (2002)	0.925	16	Luxembourg
Portugal	10 084 245	92 391	18 000 (2002)	0.880	28	Lisbon
Spain	40 077 100	505 990	20 700 (2002)	0.913	21	Madrid
Sweden	8 876 744	449 964	25 400 (2002)	0.941	2	Stockholm
The Netherlands	16 067 754	41 526	26 900 (2002)	0.935	8	Amsterdam
United Kingdom	59 778 002	244 820	25 300 (2002)	0.928	13	London
EU Acceding Countries						
Cyprus	767 314	9 250	1 500 (2001)	0.883	26	Nicosia
Czech Republic	10 273 300	78 870	15 300 (2002)	0.849	33	Prague
Estonia	1 415 681	45 226	10 200 (2002)	0.826	42	Tallinn
Hungary	10 197 000	93 030	13 300 (2002)	0.835	35	Budapest
Latvia	2 372 000	64 600	8 300 (2002)	0.800	53	Riga
Lithuania	3 695 000	65 300	29 200 (2002)	0.808	49	Vilnius
Malta	397 499	320	17 000 (2002)	0.875	30	Valletta
Poland	38 650 000	323 250	9 500 (2002)	0.833	37	Warsaw
Slovakia	5 422 366	49 010	12 200 (2002)	0.835	36	Bratislava
Slovenia	1 938 917	20 273	1 800 (2002)	0.879	29	Ljubljana

Sources :
CIA Factbook 2002 /
Le Nouvel Observateur -
Atlas économique et politique mondial, 2003 /
UNDP Human Development Reports 2002

with the Directorate-General for Trade. The EU development co-operation is co-ordinated with Member States' policies and, as far as possible, with major international donors, such as the World Bank.

The ACP-EU Conventions (such as the Lomé Conventions and the ACP-EU Partnership Agreement, the Cotonou Agreement) are an innovative model of international co-operation based on equal partnership and a contractual relationship, aid and trade, mutual obligations and joint institutions to ensure a permanent dialogue.

	Population	Area (Km²)	Gross Domestic Product (GDP)	Human Development Index (HDI)		Capital City
African Countries			per capita US$	Value	Rank	
Algeria	32 277 000	2 381 740	5 600 (2001)	0.697	106	Algiers
Angola	10 593 700	1 246 700	1 330 (2001)	0.403	161	Luanda
Benin	6 272 000	112 620	1 040 (2001)	0.420	158	Porto-Novo
Botswana	1 602 000	581 730	7 800 (2001)	0.572	126	Gaborone
Burkina Faso	12 603 185	274 200	1 040 (2001)	0.325	169	Ouagadougou
Burundi	6 807 000	27 830	600 (2001)	0.313	171	Bujumbura
Cameroon	16 184 748	475 440	1 700 (2001)	0.715	135	Yaoundé
Cape Verde	441 000	4030	4 033 (2001)	0.512	100	Praia
Central African Republic	3 717 000	622 984	1 300 (2001)	0.365	165	Bangui
Chad	8 997 237	1 284 000	1 030 (2001)	0.365	166	N'Djamena
Comoros	558 000	2 230	710 (2001)	0.511	137	Moroni
Congo	2 958 448	342 000	900 (2001)	0.511	136	Brazzaville
Democratic Republic of the Congo	50 948 000	2 345 410	590 (2001)	0.431	155	Kinshasa
Djibouti	632 000	23 200	1 400 (2001)	0.445	149	Djibouti
Egypt	70 700 000	1 001 450	3 700 (2001)	0.642	115	Cairo
Equatorial Guinea	457 000	28 050	1 970 (2001)	0.679	111	Malabo
Eritrea	4 097 000	117 600	740 (2001)	0.421	157	Asmara
Ethiopia	64 298 000	1 104 300	700 (2001)	0.327	168	Addis Abeba
Gabon	1 230 000	267 670	550 (2001)	0.637	117	Libreville
Gambia	1 445 842	11 300	1 770 (2001)	0.405	160	Banjul
Ghana	19 306 000	238 540	1 980 (2001)	0.543	129	Accra
Guinea	7 415 000	245 860	1 980 (2001)	0.414	159	Conakry
Guinea-Bissau	1 199 000	36 120	2 100 (2001)	0.349	167	Bissau
Ivory Coast	16 804 784	322 460	1 550 (2001)	0.428	156	Yamoussoukro
Kenya	30 092 000	580 370	900 (2001)	0.513	134	Nairobi
Lesotho	2 035 000	30 355	2 450 (2001)	0.535	132	Maseru
Liberia	3 130 000	111 370	1 100 (2001)	xxx	xxx	Monrovia
Libya	5 370 000	1 759 540	7 600 (2001)	0.773	64	Tripoli
Madagascar	15 523 000	587 040	870 (2001)	0.462	147	Antananarivo
Malawi	10 701 824	118 480	660 (2001)	0.400	163	Lilongwe
Mali	11 340 480	1 240 190	840 (2001)	0.386	164	Bamako
Mauritania	2 828 858	1 030 700	1 800 (2001)	0.438	152	Nouakchott
Mauritius	1 186 140	2 040	10 800 (2001)	0.772	67	Port Louis
Morocco	31 168 000	440 550	37 00 (2001)	0.602	123	Rabat
Mozambique	19 607 519	801 590	900 (2001)	0.322	170	Maputo
Namibia	1 820 916	824 290	4 500 (2001)	0.610	122	Windhoek
Niger	10 832 000	1 267 000	820 (2001)	0.277	172	Niamey
Nigeria	129 934 911	923 768	840 (2001)	0.462	148	Abuja
Rwanda	8 508 000	26 340	1 000 (2001)	0.403	162	Kigali
São Tomé and Príncipe	148 000	960	1 200 (2001)	0.631	119	São Tomé
Senegal	10 589 571	196 720	1 580 (2001)	0.431	154	Dakar
Seychelles	81 230	455	7 600 (2001)	0.811	47	Victoria
Sierra Leone	5 641 743	71 740	500 (2001)	0.275	173	Freetown
Somalia	8 778 000	637 657	550 (2001)	xxx	xxx	Mogadishu
South Africa	43 647 658	1 221 040	9 400 (2001)	0.695	107	Pretoria
Sudan	37 090 298	2 505 810	1 360 (2001)	0.499	139	Khartoum
Swaziland	1 123 605	17 360	4 200 (2001)	0.577	125	Mbabane
Tanzania	37 187 939	945 090	610 (2001)	0.440	151	Dodoma
Togo	5 285 501	56 790	1 500 (2001)	0.493	141	Lomé
Tunisia	9 815 000	163 610	6 600 (2001)	0.722	97	Tunis
Uganda	24 699 073	241 040	1 200 (2001)	0.444	150	Kampala
Zambia	10 089 000	752 614	870 (2001)	0.433	153	Lusaka
Zimbabwe	12 627 000	390 580	2 450 (2001)	0.551	128	Harare

Sources :
CIA Factbook 2002 /
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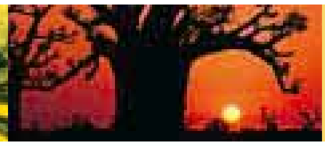
THE EU-AFRICA DIALOGUE



The EU-Africa relationship is deeply rooted in history. Today, these relations are maintained through a network of contractual arrangements that provide the partners with a solid foundation of predictability and security.

All African countries but one – Libya – have entered into partnership agreements with the EU. The 48 countries of Sub-Saharan Africa are signatories to the Cotonou Agreement, signed in 2000, and implemented since April 2003.

The four North African countries (Algeria, Egypt, Morocco and Tunisia) belong to the Euro-Mediterranean Partnership concluded in Barcelona in 1995. Each has signed a bilateral agreement with the EU to govern trade and co-operation links.

In 2000, South Africa and the EU concluded an ambitious Trade, Development and Co-operation Agreement (TDCA).

These agreements take into account the levels of development and national particularities of the EU's partners, however, they are all based on a comprehensive partnership founded on three pillars – political dialogue, preferential trade relations and significant resources devoted to development and economic co-operation.

Cairo: the beginning of a process

The EU-Africa dialogue was launched in April 2000, when African and European Heads of States met in Cairo. All Heads of States subscribed to the Cairo Declaration and the Cairo Plan of Action, a roadmap for the EU-Africa dialogue until now.

One year after the Cairo Summit, both Africans and Europeans decided to focus on eight priority issues: external debt, the return of stolen cultural goods, conflict prevention, human rights, democracy and good governance, regional integration, HIV/AIDS, food security, and the environment.

The stages of the dialogue

Since the Cairo Summit, Africans and Europeans have regularly met at senior official and ministerial levels. The first EU-Africa Ministerial Conference involving 53 African and 15 European ministers took place in Brussels in October 2001 and was a political success.

Ministers from both continents confirmed their political will to 'work towards a new strategic dimension for the comprehensive partnership between Africa and Europe', thus taking into account the new international context. They also adopted a Joint Declaration on Terrorism and declared their support for New Partnership for Africa's Development (NEPAD).

The second EU-Africa Ministerial Conference took place in November 2002 in Ouagadougou, Burkina Faso. Broad discussion on the eight priority themes led to progress on the issues of peace and security, governance, the plan of action on human trafficking and the question of cultural goods, which are now the new themes of co-operation.

Common positions were agreed to and follow up actions outlined on issues of ongoing co-operation such as trade and regional integration, environment, food security and HIV/AIDS. However, no agreement was reached on the issue of debt.

The African Union

The African Union (AU) is an ambitious initiative that replaced the Organisation of African Unity (OAU). The decision to establish AU was taken at the Extraordinary OAU Summit of September 1999 in Syrte, Libya. At the Durban Summit in July 2002, the Constitutive Act of the AU replaced the OAU Charter of 1963. It provides for the creation of a Pan-African Parliament (without legislative powers), an African Central Bank and an African Court of Justice, in addition to the existing, former OAU-bodies, which are the Assembly of the Heads of State and Government, the Executive Council of Foreign Ministers and the Commission.

The major goals of the AU, as stated by the President of South Africa and Chairman of the AU, Thabo Mbeki[*] , are the following:

- to achieve unity, solidarity and co-operation among the African peoples and states;
- to mobilise all segments of civil society as well as the private sector to act together in order to maximise the impact of the African continent in global affairs;
- to make everyone accept that dialogue and the peaceful resolution of conflicts are the only ways to guarantee enduring peace and stability;
- to work for the spread of democratic principles and institutions.

To this end, a socio-economic development programme, NEPAD, was called into being. It contains concrete measures to implement the major AU goals.

NEPAD – a New Partnership for Africa's Development

NEPAD is a vision and a strategic framework for Africa's renewal. The leaders of the five initiating states (Algeria, Egypt, Nigeria, Senegal, and South Africa) spearheaded it in response to a mandate given to them by the Summit of the then-Organisation of African Unity (OAU). NEPAD was adopted in July 2002 by the African Heads of State at the AU Inaugural Summit as its socio-economic development programme.

NEPAD, a holistic, comprehensive and integrated sustainable development initiative, is designed to address the current challenges facing the African continent:

- to reduce poverty;
- to place African countries, both individually and collectively, on a path of sustainable growth and development;
- to halt the marginalisation of Africa in the globalisation process;
- to accelerate the empowerment of women;
- to fully integrate Africa into the global economy.

NEPAD is based on the principles of African ownership and leadership, as well as participation by all sectors of society. The redevelopment of the continent is to be anchored to the resources and resourcefulness of the African people. It is intended to accelerate regional and continental integration and to build the competitiveness of African countries and the continent.

(*)
See box (page 8) including Thabo Mbeki statement at Durban Summit, July 2000

UN Millennium Development Goals

Agreed in 2000 and to be implemented by 2015

1. Eradicate extreme poverty and hunger

2. Achieve universal primary education

3. Promote gender equality and empower women

4. Reduce child mortality

5. Improve maternal health

6. Combat HIV/AIDS, malaria and other diseases

7. Ensure environmental sustainability

8. Develop a global partnership for development

NEPAD is about forging a new partnership with the industrialised world based on mutual respect and accountability, replacing the unequal donor/recipient relationship. Its objectives are linked to the Millennium Development Goals. Its priorities are to:

- establish the conditions for development by ensuring peace and security, democracy, good governance, regional co-operation and integration as well as capacity building;
- bring about policy reforms and increased investment in the NEPAD priority sectors: agriculture; human development (health, education, science and technology, skills development), infrastructure (ICT, energy, transport, water, sanitation), environment;
- mobilise resources: domestic savings and investments, foreign direct investment, capital flows through debt reduction and increased Official Development Assistance (ODA);
- improve management of public revenue and expenditure;
- improve Africa's share in global trade.

The African Union

By forming the Union, the peoples of our continent have made the unequivocal statement that Africa must unite! We as Africans have a common and a shared destiny! Together, we must redefine this destiny for a better life for all the people of this continent.

The first task is to achieve unity, solidarity, cohesion, co-operation among peoples of Africa and African states. We must build all the institutions necessary to deepen political, economic and social integration of the African continent. We must deepen the culture of collective action in Africa and in our relations with the rest of the world.

Our second task is that of developing new forms of partnerships at all levels and segments of our societies, between segments of our societies and our governments and between our governments. We must mobilise all segments of civil society, including women, youth, labour and the private sector to act together to maximise our impact and change our continent for the better.

As Africans, we have come to understand that there can be no sustainable development without peace, without security and without stability. The Constitutive Act provides for mechanisms to address this change which stands between the people of Africa and their ability and capacity to defeat of poverty, disease and ignorance.

Together we must work for peace, security and stability for the people of this continent. We must end the senseless conflicts and wars on our continent which have caused so much pain and suffering to our people and turned many of them into refugees and displacees and forced others into exile.

We must accept that dialogue and peaceful resolution of conflicts are the only way to guarantee enduring peace and stability for our people. The Constitutive Act provides for such mechanisms.

Together we have made one statement against terrorism. As Africans, we must put our resources together to defeat terrorism with all its manifestations in the interest of peace and security for our people.

In the spirit of the Constitutive Act of the Union we must work for a continent characterised by democratic principles and institutions that guarantee popular participation and provide for good governance. Through our actions, let us proclaim to the world that this is a continent of democracy, a continent of democratic institutions and culture. Indeed, a continent of good governance, where the people participate and the rule of law is upheld.

Let us today, re-dedicate ourselves to those fundamental principles we have adopted of human and people's rights, of gender equality, of worker's rights and the rights of the child. (…)

The time has come that Africa must take her rightful place in global affairs. Time has come to end the marginalisation of Africa. We call on the rest of the world to work with us as partners.

Thabo Mbeki
President of South Africa,
Chairman of the African Union

New context, new *raison d'être*, new added value

The birth of the AU, the launch of its new institutions in Durban July 2002 and the adoption of NEPAD, created a new pan-African level of governance and gave a new *raison d'être* to the EU-Africa dialogue.

As recognised by the first EU-Africa Ministerial Conference and confirmed by the second, this new context offers a more appropriate and structured framework for the EU-Africa dialogue. Dialogue in the past was not properly anchored in an African institutional and strategic framework and as a result, had been rather tedious and slow.

The EU-Africa dialogue is not meant to duplicate existing fora within the framework of ongoing co-operation agreements. The intention is to create 'a space for dialogue' for issues concerning the whole of Africa and the EU.

The pan-African context

More recently there has been a need for political dialogue at continent level. Since Cairo, NEPAD has raised considerable interest on both sides of the EU-Africa table. Because of its pan-African nature and its broad membership that cuts across all regions, this initiative has become essential to the EU-Africa process.

In recent years, the EU has increasingly engaged in conflict prevention activities in Africa. It has also supported post-conflict demobilisation and reconstruction programmes. In most cases, this assistance has supported Africa's mediation efforts entrusted to regional or pan-African bodies, such as the Lusaka Peace Process, the Inter-Congolese Dialogue, and the Ethiopia/Eritrea Mission.

The regional dimension

Given the nature of many political and security issues and the EU's evolution towards a Common Foreign Policy, dialogue is increasingly taking place within a regional context. The Euro-Mediterranean dialogue, launched in 1995, is an example of this dynamic.

The Southern African Development Community (SADC) and the EU signed a 'Declaration' in Berlin, Germany on 6 September 1994.
The overall objective of the Berlin Initiative is to contribute to peace, democracy and sustainable development in Southern Africa. The purpose of the Declaration was to further the development of relations between the two regions and to establish a comprehensive dialogue. Since this Berlin Initiative there has been an active dialogue within the SADC. More recently a high-level political dialogue between the EU and the Economic Community of West African States (ECOWAS) has been initiated.

The 'fundamentals'

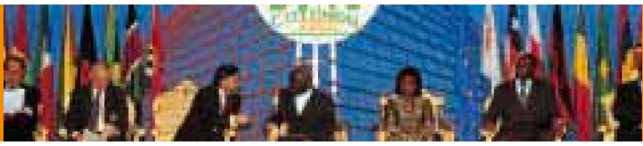
Peace and security as well as the quality of governance, both considered prerequisites for economic and social development, are core activities for the AU. These issues are fully acknowledged and reflected in EU-Africa agreements.

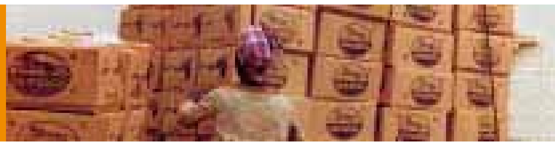
All agreements outline provisions for a structured political dialogue and include a definition of the 'essential and fundamental elements' that correspond precisely to NEPAD's priorities: strengthening democracy, protecting human rights, promoting the rule of law and good governance. They are common principles and objectives that underpin the political dialogue between Europe and Africa.

Political dialogue traditionally takes place at country level and is actively pursued under Cotonou, the Euro-Mediterranean and the EU-South Africa agreements. It deals primarily with promoting respect of the essential elements, but also with foreign policy and security issues of common interest.

Instruments of co-operation

The Cotonou Agreement





The ACP group

Founded in 1975 with the signing of the Georgetown Agreement, the ACP group is made up today of 79 African, Caribbean and Pacific countries.

Institutions

The Council of Ministers: the supreme body with decision-making power. Member States are represented at ministerial level. The Council defines the broad outlines of the Group's policies and examines ACP-EU co-operation as well as intra-ACP matters.

The Committee of Ambassadors: composed of the ACP Ambassadors to the EU or their representatives, it assists the Council of Ministers and supervises the implementation of the Cotonou Agreement.

The ACP General Secretariat: co-ordinates the activities of the ACP institutions. Located in Brussels.

Following 25 years of four successive Lomé Conventions, the Cotonou Agreement, which entered into force in April 2003, is an innovative framework for a deeper partnership between ACP countries and the EU. The objective is to facilitate economic development and to address – together – the major challenges of poverty, conflict and war, environmental degradation and the risk of economic and technological marginalisation.

The Cotonou Agreement represents a milestone in the objectives, the ways and means to achieve them and the nature of the partnership. It makes a clear association between the political dimension, partnership, trade and development, based on clearly defined performance criteria. Under the European Development Fund (EDF), the EU provides assistance to 77 African, Caribbean and Pacific (ACP) countries and to 20 Overseas Countries and Territories (OCTs).

ACP-EU development co-operation is being pursued through integrated strategies that incorporate economic, social, cultural, environmental and institutional elements that should be locally owned. It thus provides a coherent enabling framework of support to the ACP's development strategies, ensuring complementarity and interaction among the various elements.

The trade regime envisaged by the Cotonou Agreement represents a radically different perspective for ACP partners. To promote sustainable development and poverty eradication, the ACP countries and the EU have agreed to conclude Economic Partnership Agreements (EPAs), the negotiation of which started on 27 September 2002. EPAs will be WTO-compatible trade agreements; they will progressively remove barriers to trade between EU and ACP sub-regions, and enhance co-operation in all relevant areas.

EPAs are designed to foster the regional integration process in Africa. In this respect, they are, above all, instruments for building markets and with this, offer an appropriate contribution to the objectives of the African Union and NEPAD. The negotiations of the EPAs should be concluded by December 2007 at the latest, and the agreements are supposed to enter into force by 1st January 2008.

Fighting poverty

Fighting poverty is the central objective of EU development policy. To promote ownership, a close dialogue with the African countries and regions presides over the allocation of aid.

This multi-annual programming exercise gives African partners the opportunity to set their own priorities, spell out policy objectives, and define the focal sectors to which European Commission aid should be targeted. EU Member States are increasingly associated to this process in order to maximise complementarity of co-operation. This enables the European Commission to focus its support on a limited number of sectors.

The ACP-EU partnership is centred on the objective of reducing and eventually eradicating poverty, consistent with the objectives of sustainable development and the gradual integration of the ACP countries into the world economy.

Political dialogue and reinforced participation

Dialogue is a key element in the success of development co-operation activities and is at the heart of the ACP-EU relationship. It is conducted within and outside the institutional framework at national, regional or ACP level. Its aim is to encourage participation, integrating the private sector and civil society organisations into the mainstream of political, economic and social life.

Respect for all human rights and fundamental freedoms, democratic principles, good governance and the rule of law are essential elements of the partnership. A participatory approach, by including civil society and economic and social actors in the ACP-EU partnership, helps define strategies and priorities that were previously under the exclusive jurisdiction of national authorities.

A new spirit of development co-operation

The Cotonou Agreement defines a general strategic framework reflecting international commitments and simultaneously taking into account the political, economic, social, cultural and environmental components of development.

Under past Lomé Conventions trade co-operation was based on generous preferential tariffs. The Cotonou Agreement aims to support the mutually reinforcing effects of economic and trade co-operation and development aid. The objective of integrating the ACP countries into the global economy involves enhancing production, supply and trading capacity as well as increasing ACP capacity to attract investment, to formulate strong trade and investment policies, and to handle all issues related to trade.

Under the Cotonou Agreement, EPAs will progressively remove barriers to trade between the ACP and the EU and enhance co-operation in a wide range of trade-related areas.

The EU's development co-operation emphasises regional integration and co-operation. This approach is to foster economic and social development, to raise and lock-in improved governance as well as to promote stable and peaceful relations among nations. It also enables countries to meet cross-border challenges, particularly in the areas of the environment and management of natural resources.

The EU's political and financial weight enables it to participate in improving the macroeconomic framework of ACP partner countries. This involves policies and institutional framework for fiscal balance, debt sustainability and external economic and trade balance as well as for encouraging competition and private sector development.

Specific provisions and measures have been foreseen to support Least Developed Countries (LDCs) and Landlocked and ACP Island States. In regard to the latter, they are directed at supporting them in their efforts to overcome the natural and geographic difficulties hampering their development.

Conflict prevention and peace building

As the 21st century unfolds, Africa still witnesses wars, rebellions, coups d'état and ethnic conflicts, which not only annihilate development gains in the countries concerned but put at risk the prosperity and sustainable development of neighbouring nations and entire regions.

In the context of the momentum created by the new pan-African initiatives and by the emergence or consolidation of an important number of peace processes (Angola, Sudan, Democratic Republic of Congo, Sierra Leone), the international community and the EU face the immediate challenge of living up to their commitment to mobilise adequate support to conflict prevention and peace building activities.

This approach is based on the notion of ownership, as experience has shown that conflict prevention and resolution in Africa is best carried out by African nations themselves. Relevant activities shall also include, support for mediation, negotiation and reconciliation efforts, as well as for effective regional management of shared, scarce natural resources.

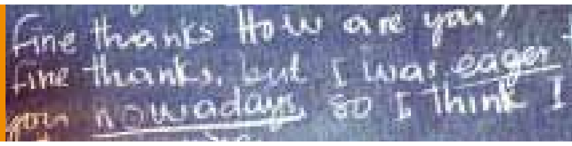
National and Regional Indicative Programmes

The Cotonou Agreement has rationalised the wide range of instruments that existed under previous Lomé Conventions. Available grant resources to support long-term development are channelled through National and Regional Indicative Programmes.

Development finance co-operation is implemented on the basis of objectives, strategies and priorities established by the ACP partners at national and regional levels. This co-operation will promote local ownership and a partnership based on mutual rights and obligations. It recognises the importance of predictability and security in funding and is flexible enough to address individual situations.

Each ACP country and region receives an indication from the EU of the volume of resources available over a five-year period to finance activities included in the National or Regional Indicative Programmes (NIPs and RIPs). The access of non-state actors to these funds has improved and the resources available form part of the allocation granted to each ACP country or region.

Once a Country (or Regional) Support Strategy has been agreed, in consultation with stakeholders, the EU Member States and bilateral as well as multilateral donors, it is implemented through a work programme. This programme serves as a blueprint for all ongoing and intended EU activities in the country or region, broken down by sector and by instrument and following a defined timeline.



Priority sectors, emerging from the ongoing programming of the 9th EDF's €13.5 billion for the ACP countries over the coming five years reflect a stronger focus on a limited number of sectors consistent with those identified under NEPAD and the EU-Africa dialogue. Based on data available from programming already completed, the priority sectors of co-operation for 2002-2006 period will be:

- infrastructure, mainly transport (24%);
- budget support in the framework of Poverty Reduction Strategies (14%);
- specific support for the education and health sectors (14%);
- private sector development (12%, including the Investment Facility managed by the EIB);
- governance, democracy, human rights (10%);
- other: including agriculture, environment, water, humanitarian aid, and multi sector programmes (26%).

Support is provided through sectoral programmes, budgetary support, investments, rehabilitation, training, technical assistance and institutional support. This approach funds programmes that support decentralisation to foster the emergence of efficient systems of local governance, local development initiatives and political and social dialogue.

Recognising the important role of markets and of the private sector as engines of economic growth, the Cotonou Agreement provides for an integrated approach that involves the private sector in most areas of co-operation. Emphasis is placed on capacity building of representative private sector organisations to engage in this dialogue. Domestic and foreign investment is promoted through a support package in linked forms of investment: promotion at national and regional levels, finance and support, guarantees and protection.

Technical co-operation assists ACP partners in developing national and regional human resources and the development of institutions vital for development success.

Trade related assistance is also gaining much importance in the different National Programmes. It is most often incorporated in a broader field of intervention, such as in the fields of capacity building or institutional reforms. In the Regional Indicative Programmes, economic integration and trade constitute around 50% of total allocations.

To help alleviate the debt burden of ACP countries and their balance-of-payment difficulties, resources are provided to contribute to debt relief initiatives agreed to at international level. Support is provided for macroeconomic and sectoral reforms. Within this framework, the parties ensure that adjustment is economically viable as well as socially and politically feasible.

The agreement on additional support in case of fluctuations in export earnings recognises a partner's vulnerability resulting from high dependence on export earnings from the sectors of agriculture and/or mining, and this support is used to finance the national budget. Eligibility is linked to whether the loss jeopardises overall macroeconomic stability.

Financial resources of the ACP-EU Partnership Agreement

The European Development Fund (EDF), to which all EU Member States contribute, finances projects and programmes in the ACP states and the Overseas Countries and Territories (OCT)

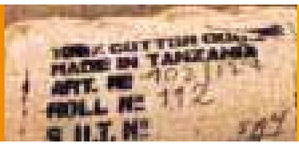
The European Commission, with the exception of risk capital, which is managed by the European Investment Bank (EIB), administers the EDF. Each EDF is supplemented by EIB loans.

Through the €13.5 billion of the 9th European Development Fund (EDF) covering the Cotonou Agreement's first five years, the EU is supporting ACP governments:

• Long-term allocation:	€10 billion
• Regional allocation:	€1.3 billion
• Investment Facility:	€2.2 billion

In addition:

• Remaining balances from previous EDF:	€9.9 billion
• EIB resources:	€1.7 billion



Economic and trade co-operation

The special trade relations between ACP countries and the EU have a long history. Since 1975, they have been based on non-reciprocal trade preferences that grant duty free access to the European market for nearly all products originating in ACP countries. However, trade preferences have not halted the increasing marginalisation of ACP markets in world trade nor in trade with the EU. Neither has the high dependence of the ACP countries on a few commodities been overcome.

The Cotonou Agreement aims at smoothly integrating the ACP States into the world economy by strengthening their production, supply and trading capacity. This involves increasing capacity to attract investment, formulating strong trade and investment policies and handling all issues related to trade.

Economic Partnership Agreements (EPAs)

As part of the drive to achieve these objectives, non-reciprocal trade preferences will be replaced EPAs. Negotiations started in September 2002 on an all-ACP level, preparing negotiations on a regional level from September 2003. EPAs enter into force in 2008 and will be based on four principles:

- Partnership. The EU will tackle the major barriers to trade and work with the ACP in overcoming export hurdles, however, ACP states are to implement the appropriate policies to strengthen supply capacities and reduce transaction costs.
- Regional integration and progressive liberalisation. EPAs will build on and deepen ACP regional integration initiatives and will progressively lead to free trade areas with the EU.
- Differentiation and flexibility. This is in accordance with the level of development, with special attention for Least Developed Countries.
- Compatibility with multilateral trade rules.

EPAs will be closely associated with development assistance (including Trade Related Technical Assistance) and will take a comprehensive approach. They will focus on market access for goods as well as pay special attention to important global issues such as services, intellectual property, competition rules, standardisation, sanitary and phyto-sanitary measures, labour standards, and the environment.

EPAs are composed of several elements, to be negotiated and implemented progressively beginning in 2008 according to the integration process of the ACP sub-regions.

- The primary building block of EPAs is the establishment of a free trade area, which progressively abolishes substantially all tariffs between the parties, as well as all non-tariff measures, such as quotas and measures having an equivalent effect.
- In this context and to increase economic efficiency, EPAs will also aim at simplifying all requirements and procedures related to imports and exports, drawing on the highest international standards.
- Free trade should not only extend to trade in goods, but also to trade in services. Indeed, the importance of trade in services in world trade is increasing and there are many examples of sectors where ACP countries have a comparative advantage. Services are therefore potentially a significant source of growth for the ACP countries. In addition, the service sector is increasingly becoming an important input to trade in goods and is a key determinant for a country's competitiveness.
- The simple removal of border measures will not be sufficient. In particular, the potential gains from trade liberalisation will not be fully realised unless other factors causing segmentation of markets are removed. EPAs will therefore address all areas relevant to trade.

Facts and figures

Between 1976 and 1999
- ACP's share in world exports fell from 3.4% to 1.1%.
- The ACP's share in total EU imports fell from 6.7% to 2.8%.

In 1999
- 10 African countries represent 61% of total ACP exports.
- Nine products represent 57% of total ACP exports.

Preparation for EPAs

A €20 Mio EU facility has been put in place to help ACP countries to prepare and conduct negotiations. Capacity building activities are well under way and include:

- Specific study work, seminars and workshops aimed at developing negotiating positions.
- Training in negotiating techniques for ACP officials leading negotiation teams.
- Technical assistance to ACP countries and regional economic groups in the area of trade policy.
- Targeted technical assistance to ACP countries and regional groupings aimed at consolidating economic integration initiatives.

Trade.Com

A new €50 Mio all ACP bridge fund has been earmarked under the 9th EDF that will be operational by early 2004. This Facility will capitalise on experience gained so far. It intends not only to continue assisting the ACP in preparation of their trade negotiation positions but also to assist them in assessing their broader trade capacity needs, designing strategies to meet these needs, mainstreaming trade in their development policies, and in providing capacity building assistance to kick-start the implementation of these trade policies at the institutional level.

At the same time, endogenous trade research capabilities will be developed and regional networking enhanced to ensure sustained ACP participation in the international trade system beyond the Doha Development Agenda and EPA negotiations and to ensure additional funding is found at national or regional level for mainstreamed trade development activities.

Dealing with WTO issues

The EU is also providing funds to help ACP States deal with WTO issues (€10 Mio). More substantial support is forthcoming through the national and regional support programmes.

Boosting ACP's presence

The funding in January 2002 (€1.45 Mio) of a Geneva-based office to help ACP countries boost their WTO presence is an important step towards fulfilling the EU's commitment to put development issues at the heart of multilateral trade negotiations.

Support to the HIPC initiative

The European Commission participates actively in the debt burden reduction effort under the enhanced Highly Indebted Poor Countries (HIPC) initiative, both in its role as creditor by providing direct debt relief to HIPC countries as well as in its role as donor in support of the HIPC Trust Fund.

It has so far pledged more than €1.3 billion to the initiative. Of this, the sum of €734 Mio has been transferred to the HIPC Trust Fund, representing the single biggest contribution to the HIPC Trust Fund (or 27% of pledged amounts). To ensure the European Commission can meet its obligations as a creditor, the sum of €485 Mio has been pledged. The EU will also grant to African Least Developed Countries participating in the HIPC initiative 100% relief from their special loans, when they reach completion point.

Support for the private sector

The EU and its African partners consider that the private sector should play a more important role in sustainable development by contributing to growth and employment creation.

To this end, the EU has developed a comprehensive strategy, tackling issues at all economic levels: macro, meso (intermediary), and micro (enterprise) levels. Its strategy and instruments to support private sector development are complemented by the EIB's sizeable level of credit activity in Africa.

EU-ACP Business Assistance Scheme (EBAS)

This facility aims to increase the competitiveness of ACP enterprises and to strengthen the capacities of the private financial and non-financial intermediaries. It uses a matching grant scheme that encourages enterprises and intermediaries to use short-term consultancy services to improve their competitiveness. Grants of €70,000 are available to enterprises and there is no limit to the size of grants to intermediaries. The total EBAS budget is €20 Mio.

PRO€INVEST – Promotion of foreign direct investment

The programme, open to all ACP countries, promotes on a regional basis, environmentally friendly investment and inter-enterprise co-operation agreements in key sectors. This includes strengthening the role of Investment Promotion Agencies, intermediary private organisations and providers of investment-related business services (INTERPOWER). The Southern African Development Community (SADC) benefits from a specific Europe-SADC Investment Programme (ESIP) which predates, and was in many ways the model for PRO€INVEST.
It focuses on those sectors and EU-ACP investments and partnerships that will contribute to the attainment of wider social objectives of ACP countries (INVEST€TECH). Operational since the beginning of 2001, it has a budget of €110 Mio available over a period of seven years.

Highlights of the new ACP-EU Agreement

The major innovations aim to:

- Refocus development policies on poverty reduction strategies.
- Enhance the political dimension.
- Promote participatory approaches.
- Explicitly address corruption.
- Involve civil society in the reforms and policies to be supported by EU.
- Base the allocation of funds not only on an assessment of each country's needs but also of its policy performance.
- Create an Investment Facility to support the development of the private sector.
- Rationalise instruments and introduce a new system of rolling programming; allowing the EU and the beneficiary country to adjust regularly their co-operation programme.
- Decentralise administrative, and in some cases financial, responsibilities to local level with the aim of making co-operation more effective.
- Improve the policy framework for trade and investment development.
- Enhance co-operation in all areas important to trade, including new issues such as labour standards and the linkages between environment and trade.

Performance criteria:

- Progress in implementing institutional reforms.
- Country and regional performance in the use of resources.
- Effective implementation of current operations.
- Poverty alleviation or reduction.
- Sustainable development measures.
- Macroeconomic and sectoral policy performance.

The role of the European Investment Bank

CDE – a positive impact on Small and Medium-sized Enterprizes

For 25 years, the Centre for the Development of Enterprise (CDE), formerly the Centre for the Development of Industry, has been providing technical assistance to the manufacturing sector. CDE was set up as a jointly staffed and managed ACP-EU institution and provides a high level of expertise to companies across a wide range of sectors. It focuses on SMEs with at least €80,000 turnover or investment and a minimum of five employees as well as companies developing new projects. Assistance includes pre-feasibility/feasibility studies, market and technology advice, finance and environmental studies.

Each year, the CDE works with more than 100 companies in the key sectors of wood, minerals, agro-food and garments. Between 1977 and 2001, it has provided support to about 500 local companies for more than €18 Mio, of which €12 Mio were from its own resources.

The centre manages the PRO€INVEST programme, designed to facilitate and support investment in the ACP private sector. CDE has a comprehensive network of representatives and co-operating institutions in both ACP and European countries. The five-year budget is €90 Mio.

The Investment Facility

The Investment Facility, set up under the Cotonou Agreement, will stimulate regional and international investment, reinforce the capacity of local financial institutions, strengthen local financial and capital markets, encourage foreign investment and the private sector by financing projects and commercially viable enterprises and companies.

It will achieve these objectives by providing risk capital in the form of equity participation, quasi-capital assistance to ACP enterprises or guarantees and other credit enhancements both for foreign and local investors or lenders. Beneficiaries will be small businesses, local financial institutions and enterprises undergoing privatisation.

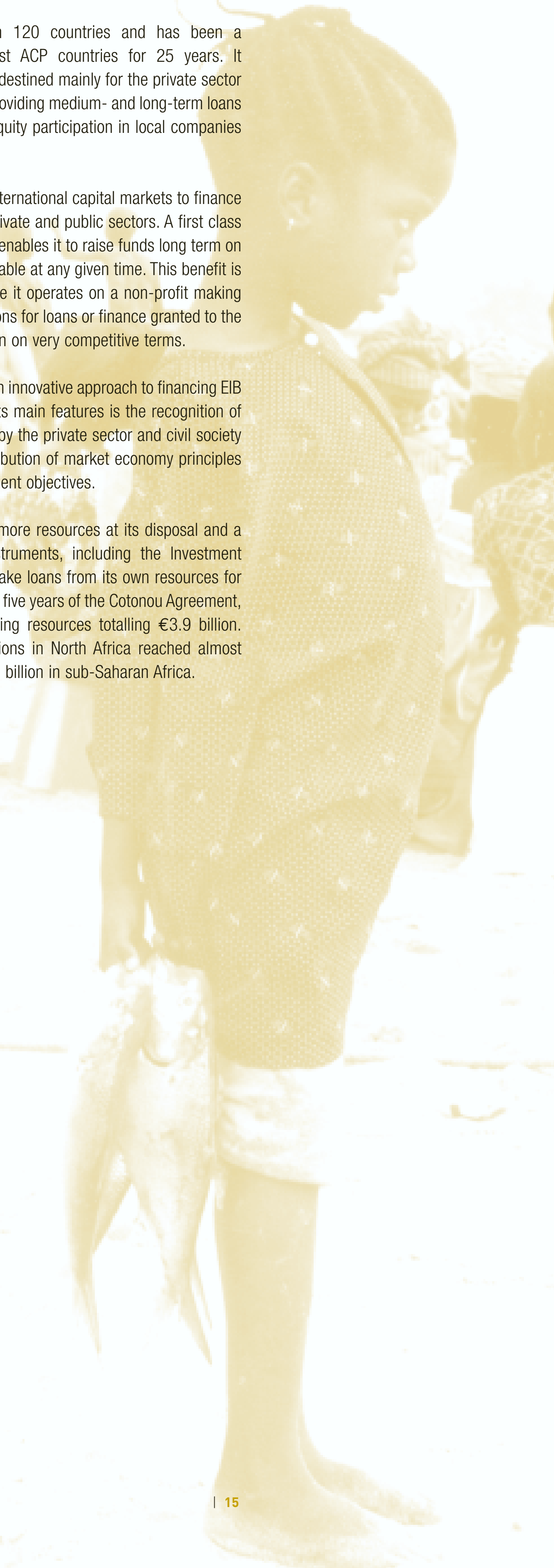
Managed by the EIB as a revolving fund in all sectors, the Investment Fund aims to be financially sustainable. It was launched using €2,200 Mio from the 9th EDF.

The EIB works in more than 120 countries and has been a development partner with most ACP countries for 25 years. It manages part of the EDF funds destined mainly for the private sector in ACP countries and OCTs by providing medium- and long-term loans or by taking direct or indirect equity participation in local companies or financial institutions.

EIB also uses funds raised on international capital markets to finance larger operations, both in the private and public sectors. A first class international credit rating (AAA) enables it to raise funds long term on the best market conditions available at any given time. This benefit is passed on to borrowers because it operates on a non-profit making basis. In both cases, the conditions for loans or finance granted to the private or public sector are given on very competitive terms.

The Cotonou Agreement takes an innovative approach to financing EIB managed investments. One of its main features is the recognition of the complementary role played by the private sector and civil society in all its forms and of the contribution of market economy principles to the achievement of development objectives.

The EIB will have considerably more resources at its disposal and a broader range of financial instruments, including the Investment Facility. It will also be able to make loans from its own resources for up to €1.7 billion during the first five years of the Cotonou Agreement, which means it will be managing resources totalling €3.9 billion. During 1997-2000, EIB operations in North Africa reached almost €5.4 billion and exceeded €1.5 billion in sub-Saharan Africa.



MEDA, EPRD
and other trade instruments

Support for Africa is further financed through region specific envelopes, such as the Mediterranean Agreement (MEDA) for North Africa, and the European Programme for Reconstruction and Development (EPRD) for South Africa.

Thematic envelopes are available for all developing countries to support democracy and human rights, NGO co-financing, food security and humanitarian assistance, among other issues.

The method used for allocating programmable aid between countries and regions is very close to what an enhanced partnership scheme would suggest, particularly for sub-Saharan Africa. Basic country allocations are determined on the basis of objective criteria, such as population, GDP per capita, geographical or structural factors. They are, however, topped up depending on performance.

MEDA – Euro-Mediterranean Partnership Programme

MEDA underpins the Barcelona Process with a budget of €5.3 billion for 2000-2006. It funds bilateral and regional programmes. Bilateral programmes focus on supporting economic transition and contributing to strengthen the social impact. Regional programmes support the objectives of the Barcelona Declaration. For example, under the political and security partnership, the regional programme finances the EuroMesCo network.

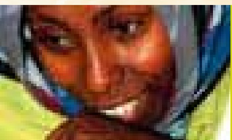
Under the economic and financial partnership, the regional programme supports networking among chambers of commerce and employers' organisations, as well as providing funds for regional action programmes in specific areas, such as the environment. In the social and cultural area, regional programmes fund actions in the area of audio-visual co-operation, promotion of exchanges among youth, and preserving and maintaining the cultural heritage in and around the Mediterranean Basin.

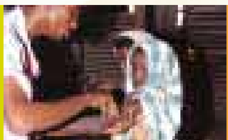
MEDA's interventions are co-ordinated with those of other partners, including the EIB, the World Bank and EU Member States' bilateral programmes. The EIB has allocated loan funds of some €7.4 billion to the region for the 2000-2006 period.

Streamlining decision-making and programming

In 2000, the MEDA II regulation was adopted to streamline decision-making and programme implementation. In December 2001, the European Commission adopted a series of bilateral strategy papers and indicative programmes for 2002-2004 for Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, and Tunisia, as well as for the region as a whole.

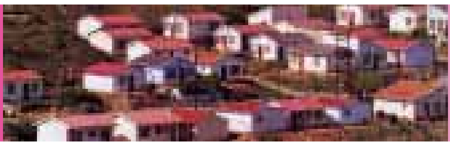
In collaboration with the partners, the EIB and EU Member States, these plans outline the long-term goals of EU co-operation, the medium-term objectives, guidelines, and priorities, and the resources needed to implement them. The Regional Indicative Programme for 2002-2004 is budgeted at €93 Mio. Indicative figures for the partners are: Algeria (€150 Mio), Egypt (€351 Mio), Jordan (€42 Mio), Lebanon (€80 Mio), Morocco (€426 Mio), Syria (€93 Mio), and Tunisia (€48.7 Mio).





Additional funding through horizontal budget lines

- Co-financing with European NGOs, operations in developing countries and operations to raise European public awareness.
- Decentralised co-operation.
- Environment in the developing countries and tropical forests.
- North-South co-operation schemes in the campaign against drug abuse.
- Aid for poverty-related diseases (HIV/ AIDS, malaria and tuberculosis) in developing countries.
- Aid for population and reproductive health care.
- Community participation in actions concerning anti-personnel mines.
- Co-operation with third countries on migration.
- Rapid Reaction Mechanism.
- European Initiative for Democracy and Human Rights.
- Support for activities of the International Criminal Tribunals and the setting-up of the International Criminal Court.



EPRD - The European Programme for Reconstruction and Development

In 1986, when the international community was increasing pressure on the South African apartheid regime, the EU launched the Special Programme for the Victims of Apartheid. The programme targeted civil society, focusing mainly on the struggle against apartheid, and supported 744 projects for a total of €443 Mio.

Since the democratic elections in April 1994, this co-operation has evolved towards a more traditional development approach, supporting the new South African government's reconstruction and transformation policy under EPRD. In 1997, South Africa acceded to the Lomé Convention and has renewed it through membership of the Cotonou Agreement. It has no access to the EDF, but is represented in all the ACP-EU institutions.

The aims and priorities of the EPRD, as defined by the TDCA are to 'contribute to South Africa's harmonious and sustainable economic and social development through programmes and measures designed to reduce poverty and encourage economic growth, which benefits the poor, and to its continued integration into the world economy. And to consolidate the foundations laid for a democratic society and a State governed by the rule of law in which human rights and fundamental freedoms are fully respected'.

To this end, an amount of €885.5 Mio has been set aside for the period 2000-2006. Today, the combined EC support, EU Member States' bilateral assistance and EIB interventions represent about 70% of total aid flows to South Africa.

Multi-annual Indicative Programmes

Implementation of the EPRD is done through jointly agreed Multi-annual Indicative Programmes (MIP). The new programme for 2003-2006 resulted from negotiations with South African authorities, co-ordination with the EU Member States, and consultations with civil society.

Its main objective is to support the South African government's policies and efforts to reduce poverty and mitigate the impact of HIV/AIDS. In many respects the programme is a continuation of the previous MIP and focuses on four major areas of co-operation:

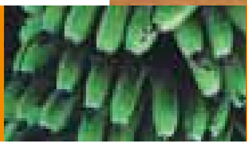
- equitable access to and provision of social services;
- equitable and sustainable economic growth;
- deepening democracy;
- regional integration and co-operation.

Geographically, the programme concentrates (although not exclusively) on the three most disadvantaged provinces in the country: Eastern Cape, KwaZulu-Natal and Limpopo.

Implementation increasingly takes the form of direct support to government programmes and policies, whereas an indicative share of 25% of the funds will benefit non-state actors.

Implementation of the programme has progressed steadily. A global amount of about €970 Mio has been committed during the period 1995-2002, of which €485 Mio or 50% have been disbursed. Annual disbursement figures have risen steadily and in the last three years (€105 Mio, €110 Mio and €117 Mio respectively) almost matched the average commitment figure. This improvement in disbursement is the result of joint efforts to move away from the project approach to the sector support approach, to reduce the number of interventions, and to improve the quality of programme design.

The EIB's Memorandum of Understanding, signed in early 2001, complements the support in the form of grants and provides for loans averaging €115-120 Mio annually.



Other Commerce instruments

Trade relations

Africa is progressively diversifying its trading partners, however, trade with Europe remains extremely important. In 2000, 45% of Africa's foreign trade was with the EU, representing a volume of €144 billion (imports and exports). By contrast, intra-African trade was only worth €29 billion. Volume with Europe is heaviest with North Africa, where it represents 50% of total trade flows, followed by ACP countries of sub-Saharan Africa (31%) and 19% in South Africa.

Within the World Trade Organization's Doha Development Agenda (DDA), the two basic pillars of international trade, further trade liberalisation and updating of the WTO rules to the realities of today, are strongly pro-development and pro-sustainable development. The EU is fully committed to make significant progress during upcoming ministerial meetings and to ensure that the development and sustainable dimension are mainstreamed in all negotiation subjects. To succeed, participation of developing countries, and more specifically of African countries is of crucial importance to obtain results that fully reflect their concerns.

This is why the EU and African countries have regular dialogue on WTO matters. WTO rules are particularly important for medium- to long-term sustainable development. They provide guarantees of predictability, transparency and non-discrimination.

In the DDA negotiations, the EU takes full account of the preferential trading relations it has developed with Africa, in a way that the multilateral trading system and the bilateral trading agreements are complementary and mutually supportive. This is of particular importance in areas such as market access, agriculture, Trade-Related Aspects of Intellectual Property Rights (TRIPS) and access to medicines or Special and Differential Treatment, as well as in the so-called Singapore issues (investment, competition, trade facilitation and transparency in government procurement).

EU-Africa preferential trading relations are governed by the Cotonou Agreement with the ACP countries, the Euro-Mediterranean partnership within the Barcelona process and the agreement with South Africa. These three agreements share the same objectives: greater regional integration between African countries, stronger economic and trade links with Europe and the gradual integration of Africa's countries into the world economy. In these agreements, trade and development are strongly inter-linked in a global strategy to achieve the central objective of the EU's development policy: eradication of poverty.

Even more than in a multilateral context, these bilateral relations between Africa and Europe take into account the specific needs, as well as the economic, environmental and social constraints of African countries. This deepends the development dimension of the DDA. In the context of these agreements, the EU notably supports the definition and establishment of sound environmental, social and economic domestic and regional policies, and provides development assistance to implement the flanking policies necessary to accompany trade reforms.

However, to take full benefit of the preferential agreements with Europe and of the ongoing multilateral trading negotiations, African countries must put in place the right domestic and regional policies to strengthen their institutions, to diversify their economies and increase competitiveness. This requires enhanced capacities, especially for many sub-Saharan African countries to deal with trade matters. This is why the EU has substantially increased its trade-related assistance, particularly in collaboration with the Regional Economic Communities in Africa, but also with the individual countries.

African countries are also beneficiaries of the Generalised System of Preferences (GSP) and for Least Developed Countries, the Everything But Arms initiative, which grants unrestricted access to the EU market.

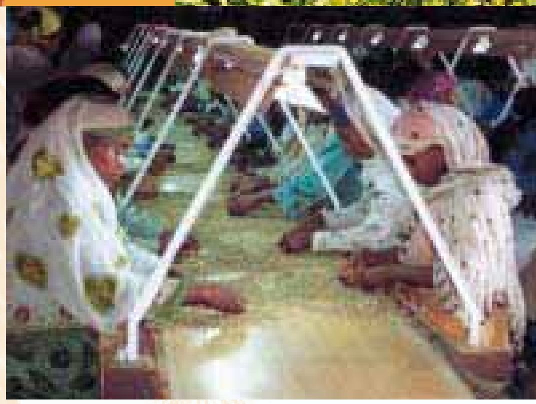
An ambitious network of trade preferences

The EU market is by far the most open to African exports. Since 1975, the EU has built an ambitious network of trade preferences with Africa. These schemes offer duty-free and quota-free access for all industrial products – with a limited number of exceptions for North and South Africa – and for four-fifths of agricultural products. For example, 96% of imports from sub-Saharan Africa enter duty- and quota-free.

For ACP countries, these preferences are authorised within the WTO by the ACP-EU waiver and will continue to be non-reciprocal until 2008, when they will be replaced by the new trade arrangements negotiated under the Economic Partnership Agreements. For North African countries and South Africa, free access to the EU market has been negotiated through asymmetrical Free Trade Areas (FTAs), thus ensuring full-WTO compatibility.

A common feature of the trading arrangements, which makes them more favourable than other unilateral preferential schemes, is that they have been negotiated with African governments and accommodate their specific concerns.

Because they are enshrined in international treaties and notified to the WTO, the EU access regimes are very stable and predictable over the long term, which should make African countries more attractive to investors. The coverage of EU trade preferences, both product- and country-wise, is nearly complete (with the exception of Libya) and is not reserved to specific countries.



EU trade agreements with Africa are carefully designed to enhance mutual trade and regional economic integration. This is accomplished primarily through rules of origin that allow for cumulation between African countries to reach the minimal processing required to qualify for the trade preference.

Origin rules determine the national/ territorial provenance of goods for trade purposes. Preferential rules, which are often stricter, are defined by members of regional free trade areas or other countries that have signed up to preferential trade agreements. This ensures that only those goods that genuinely originate in one of the member countries enjoy the low tariffs or other benefits laid down in the agreement.

The concept of cumulation is an important element of preferential origin rules. It allows inputs originating in preferential terms in one party to a preferential agreement to count as originating in another when those goods are used in further processing. Full cumulation of origin has been in place under the Cotonou Agreement and within the Euro-Med area. Cumulation is also being gradually established between South Africa and ACP countries in Africa. This feature, which corresponds to NEPAD's regional integration objectives, should be retained in future EPA negotiations and adapted if necessary to African integration plans.

Under the market access initiative, NEPAD points to developed countries' agricultural subsidies as an obstacle to development and to the need for trading partners to remove other non-tariff barriers (NTBs). The EU fully acknowledges NEPAD's concerns and is committed to pursue its own internal reforms, which have already led to a gradual decline in the level and scope of farm subsidies allowed by the EU budget. It has also been agreed that trade distorting agricultural subsidies be addressed in a comprehensive manner in future WTO negotiations.

Technical assistance and capacity building

Both NEPAD and the DDA emphasise the need for increased technical assistance and capacity-building support in the area of trade. The EU and its Member States are in the forefront of these efforts. European support is channelled primarily through bilateral Trade-Related Technical Assistance (TRTA), capacity-building programmes and Trade-Related Capacity Building (TRCB) with individual African countries and regional organisations. Trade-related technical assistance and capacity building encompasses assistance for:

- participation in the WTO, including having a better representation at the WTO-headquarters in Geneva;
- implementation of trade agreements, including WTO agreements. This can take the form of training officials, assistance for domestic legislation, equipment;
- preparation for trade negotiations, in the WTO or regionally, involving training of officials, analysis for identification of interest and subject matter, including strategy;
- building institutional capacity at central government or regional level, to allow countries to better participate in trade, including support for customs authorities or veterinary authorities, for instance by providing laboratories with the technological skills to help meet sanitary and phyto-sanitary requirements.

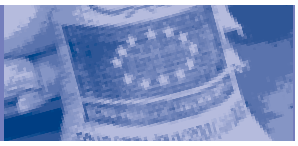
Everything but Arms Initiative

In 2001, the EU adopted the Everything but Arms (EBA) initiative under the GSP framework, extending duty free and quota free access to all products originating in the Least Developed Countries, except arms and ammunition.

In addition to all industrial products (already liberalised), EBA completes the liberalisation of all agricultural products including sensitive items like meat, dairy, cereals, fruits and vegetables. Only for three products (bananas, rice and sugar) will full access to the EU market be phased in before full liberalisation in 2006 (bananas) and 2009 (rice and sugar).

This initiative is of particular interest to sub-Saharan Africa, as 34 of the 49 Least Developed Countries are African. LDCs benefit from the open access granted under both EBAs and the Cotonou Agreement, allowing their exporters to choose the most favourable scheme depending on the nature of the product.

Humanitarian aid – targeting the most vulnerable



ECHO's operations in Africa

Democratic Republic of Congo
(conflict/volcanic eruption)
€37 Mio

Southern Africa excl. Angola
(food crisis/refugee support)
€36.5 Mio

Angola
(conflict/post-conflict)
€10 Mio

Tanzania
(refugees from the Great Lakes crisis)
€27 Mio

Burundi
(conflict)
€17.5 Mio

Sudan
(conflict/drought)
€17 Mio

Sierra Leone, Liberia, Guinea
(conflict/post-conflict)
€17 Mio

Western Saharan refugees in Algeria
(forgotten crisis)
€15 Mio

Eritrea, Ethiopia, Somalia
(conflict/post-conflict/drought)
€10 Mio

Other countries
€5.3 Mio

(Funds earmarked up to 1st August 2002)

The European Commission Humanitarian Aid Office (ECHO) has funded relief worth more than €5 billion to millions of people affected by natural disasters and man-made crises outside the EU. ECHO's primary goal is to fund humanitarian assistance that saves and preserves life, reduces or prevents suffering, and safeguards the integrity and dignity of affected populations.

To help people return to self-sufficiency, ECHO actively builds links between relief, rehabilitation and development, works to strengthen co-operation with other donors, promotes an integrated approach to solving humanitarian crises and helps vulnerable populations prepare for future shocks.

ECHO works with more than 200 operational partners, primarily organisations that have signed a framework partnership agreement with the European Commission. Its partners include experts, UN agencies, the Red Cross and NGOs .

ECHO is one of the biggest sources of humanitarian aid in the world, providing €538 Mio of funding in 2002. Since it was set up, ECHO has supported projects in more than 100 countries. The funds are spent on providing goods and services such as food, clothing, shelter, medical provisions, water supply systems, sanitation, emergency repairs and mine clearing. ECHO also funds disaster preparedness projects in regions prone to natural catastrophes.

In 2002, more than 40% of ECHO's budget was spent in Africa.

ECHO Flight: an airborne lifeline for Africa

ECHO Flight is a vital partner to most humanitarian agencies operating in Eastern Africa and Great Lakes region, transporting personnel and supplies to dozens of remote locations that would otherwise be cut off from the outside world.

From its base in Nairobi and satellite hubs in Mogadishu and Hargeisa (Somalia), Mandera (Kenya) and Goma (DRC), ECHO Flight provides free air transport capacity to aid agencies operating relief and development programmes in Somalia, north-eastern Kenya, and the Democratic Republic of Congo (DRC).

Personnel and cargo are flown aboard scheduled flights using a fleet of five light aircraft. Since its launch in May 1994, the service has clocked up over 50,000 missions and carried more than 200,000 aid workers and 6,000 tonnes of food and medical supplies to some of the world's most desperate populations. The service has also carried out more than 200 emergency medical or security evacuations.

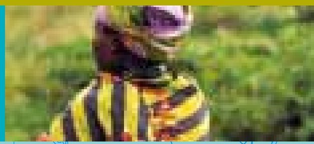
Most ECHO Flight operations are concentrated in Somalia, however operational flexibility has enabled the service to react immediately to humanitarian disasters throughout the region. During its eight-year long history, ECHO Flight has provided support to relief operations during the Rwandan genocide, the refugee crises in Uganda, Ethiopia and Sudan, and the volcanic eruptions in Goma.

Today, ECHO Flight stands tall as a life-saving vehicle for EU-funded and other humanitarian action throughout Eastern Africa and the Great Lakes region (DRC, Uganda, Burundi, and Rwanda). With planned overall funding of €8.4 Mio for 2003, ECHO Flight continues as a concrete expression of Europe's humanitarian commitment to the region.

ECHO funding decisions to regions in Africa 1999-2002 (€Mio)

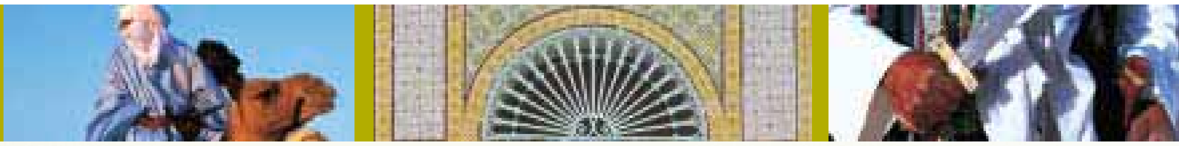
Year	North Africa	West Africa	Great Lakes/ Central Africa	East Africa	Southern Africa	Total/year
1999	7.850	5.185	80.610*	27.970	14.410	136.025
2000	14.235	17.702	63.630	45.263	33.733	174.563
2001	16.328	23.150	88.150	39.500	13.240	180.368
2002	14.340	21.425	82.900	36.620	49.500	190.445
Total	**52.753**	**67.462**	**315.290**	**149.353**	**110.883**	**695.741**

*1999: figures include a regional contribution of €55.610 Mio




TUNISIA
MOROCCO
ALGERIA
LIBYA
EGYPT
Western
Sahara
MAURITANIA
CAPE VERDE
NIGER
ERITREA
SENEGAL
MALI
GAMBIA
GUINEA-BISSAU
BURKINA
FASO
CHAD
SUDAN
DJIBOUTI
GUINEA
NIGERIA
TOGO
BENIN
IVORY
COAST
GHANA
SIERRA LEONE
LIBERIA
CENTRAL
AFRICAN REPUBLIC
ETHIOPIA
CAMEROON
UGANDA
KENYA
SOMALIA
SÃO TOMÉ
& PRINCIPE
EQUAT.
GUINEA
EQUATOR
CONGO
GABON
DEM. REP.
OF CONGO
RWANDA
BURUNDI
TANZANIA
SEYCHELLES
COMOROS
MALAWI
ZAMBIA
ANGOLA
ZIMBABWE
MOZAMBIQUE
MADAGASCAR
MAURITIUS
NAMIBIA
BOTSWANA
SWAZILAND
LESOTHO
SOUTH AFRICA

NORTH AFRICA



Euro-Mediterranean Association Agreements

Algeria	>	2002
Egypt	>	2001
Israel	>	2000
Jordan	>	2002
Lebanon	>	2002
Morocco	>	2000
Palestinian Authority	>	1997
Tunisia	>	1995

The MEDA programme, with a budget of €5.3 billion for 2000-2006 for bilateral and regional initiatives, is the principal financial instrument for implementing the Euro-Mediterranean Partnership.

Meeting in Barcelona in 1995, the EU and its Mediterranean partners adopted the Barcelona Declaration, which marked the beginning of a new stage in relations and set out three objectives for the renewed partnership :

- Establish a common Euro-Mediterranean area of peace and stability based on fundamental principles including respect for human rights and democracy (political and security partnership).
- Create an area of shared prosperity through the progressive establishment of a free trade area between the EU and its partners and among the Mediterranean partners themselves, accompanied by substantial financial support for economic transition and for the social and economic consequences of this reform process (economic and financial partnership).
- Develop human resources; promote understanding between cultures and rapprochement of the peoples in the Euro-Mediterranean region as well as to develop free and flourishing civil societies (social, cultural and human partnership).

On the bilateral front, the EU and most partners have negotiated Euro-Mediterranean Association Agreements, the primary contractual agreements between the EU and its partners. Once ratified, the agreements replace co-operation agreements concluded in the 1970s. The agreements cover the three main areas included in the Barcelona Declaration – political dialogue, economic relations, and co-operation in social and cultural affairs.

On the multilateral front, partners meet regularly in the Euro-Mediterranean Committee, the main steering body for the multilateral and regional dimensions of the Barcelona Process. Comprised of officials from EU Member States, the European Commission, and the 12 Mediterranean partners, it meets on average three times during each Council Presidency. The Council Presidency chairs the Committee.

Working towards peace and stability

Senior Foreign Ministry officials regularly meet with the Euro-Mediterranean Committee to pursue the political and security dialogue. Achieving the aims of peace and stability is inevitably affected by conflict in the region. Nevertheless, the Euro-Mediterranean Partnership remains the only forum that brings all partners in the region together on a regular basis to discuss issues of common concern.

Recent work has focused on the fight against international terrorism. A good example of the partnership's regional work is the Euro-Mediterranean Study Commission (EuroMesCo). This network of about 40 foreign policy institutes, set up in 1996, conducts research and analysis on political and security issues. The pilot project on disaster management, which promotes co-operation among civil protection authorities in the region, is another example.

Creating an area of 'shared prosperity'

To achieve the objective of creating an area of 'shared prosperity', programmes are tailored to meet each partner's needs. Work on fostering regional trade is ongoing. Trade links in the region will be strengthened by the Euro-Mediterranean Association Agreements, which include commitments to liberalise trade between the EU and each partner.

Regional programmes support harmonisation and infrastructure interconnection for transport, energy, telecommunications, and environmental protection. A major environmental initiative was launched in 1997. SMAP (the Short- and Medium-term Action Programme for the environment) provides a framework for policy orientations and funding both at regional level and at national level and focuses on five priority areas:

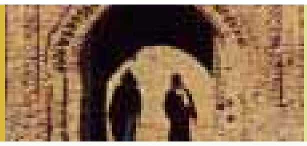
- integrated water and waste management;
- environmental hotspots (covering both polluted areas and threatened bio-diversity elements);
- integrated management of coastal zones;
- the fight against desertification.

The social, cultural and human dimension

'The participants recognise that the traditions of culture and civilisation throughout the Mediterranean region, dialogue between cultures and exchanges at human, scientific and technological level are an essential factor in bringing their peoples closer, promoting understanding between them and improving their perception of each other.'
Barcelona Declaration

Activities in this area include cultural, youth, and audio-visual programmes, involving civil society organisations. Programmes also exist in the areas of justice and home affairs.

MEDA also supports youth exchange programmes as well as other initiatives designed to foster contacts between civil society actors. For example, the Euro-Mediterranean Parliamentary Forum, launched in 1998, brings together parliamentarians from all 27 partners, and provides a space for civil society to debate the goals and priorities of the Barcelona Process.



Humanitarian aid

The EC's largest humanitarian operation in North Africa benefits the 155,000 Sahrawi refugees living in the region of Tindouf in Algeria. The refugees, largely women and children, are totally dependent on international humanitarian aid for survival.

ECHO is the main source of support to Sahrawi refugees, having provided almost €96 Mio in aid since 1993. Over the past three years, ECHO has almost doubled the amount of assistance. The aim of this aid is to guarantee acceptable living standards and to cover the refugees' basic needs, thereby creating an environment conducive to a peaceful resolution of the conflict in the Western Sahara.

Case studies

> Vocational training (MANFORM) in Tunisia

The MANFORM project aims to support reform of the vocational training system, launched in 1995. This €45 Mio programme is the first generation of demand-led vocational training projects financed by MEDA and its framework has been adopted and upgraded in other countries. Its are fully in line with Tunisia's ambition to join the free trade zone and to implement the Association Agreement:

- helping enterprises to both identify their skilled demands and to manage human resources with a view to improving competitiveness;
- reorienting vocational training delivery to the skill demands of the enterprises;
- improving the quality management of the vocational training centres and responsible institutions.

About 170 enterprises have been surveyed and received support with the results disseminated to professional organisations. Eleven vocational training centres are undergoing restructuring and are being re-equipped with the modern methodological instruments needed to identify how to meet the growing labour demand of enterprises.

> Dealing with privatisation in Algeria

In 1990 the Algerian government introduced new laws and regulations offering foreign investors the most advantageous opportunities in the Mediterranean area, including guaranteed protection of investments.

The EU is supporting these national efforts with a €38 Mio MEDA programme that began in 2001 with the arrival of a team of experts. That same year, the policy context for privatisation advanced further with the creation of a separate ministry for privatisation and the streamlining of the overall privatisation process.

Project activities include institutional support to the Ministry of Privatisation and the Ministry of Industry, as well as strategic policy advice, technical assistance for privatisation transactions, communication and public relations.

External monitoring in November 2002 concluded that the project has significantly contributed to paving the way for privatisation. The project is still in its initial years, however, several important results have been achieved. With the support of the EU experts, the Ministry of Privatisation has prepared a list of enterprises to be privatised and created four one-stop shops for potential investors.

> Health sector reform in Egypt

In the mid 1990s, the Egyptian government recognised the urgent need to restructure its health care system. Reforms aimed a providing all citizens with higher quality care through improving and strengthening the public and private health care sectors. The objectives of the programme include reducing infant and maternal mortality rates, improved family planning, dealing with public health and sanitation issues, and reducing overall illness and mortality rates.

The European Commission, World Bank, and USAID supported the government's 1995 reform initiative. The EU contributed €110 Mio over seven years. The pilot reform plan is designed to develop sufficient experience and knowledge in the Governorates of Alexandria, Menufiyya and Sohag. Its objectives are:

- to improve the health status and conditions of the overall population in a minimum of three Governorates through establishing a financially sustainable basic package of essential prevention, curative and public health services;
- to strengthen the Ministry of Health's policymaking, planning, monitoring and regulatory role within a client-driven and decentralised operational framework.

Close collaboration with other major donors and joint support to develop the health sector is ongoing, led by the Ministry of Health. In addition, a cost-effective model of primary care, which includes public and private health service providers, is accessible to the rural population. A Family Health Centre model has been successfully implemented in 30 pilot sites in the three Governorates. Based on this experience, the model is being extended to 300 centres in six Governorates.

Libya

The EU has no contractual relations with Libya, however, the country does have observer status at the following meetings under the Barcelona Process: Ministers of Foreign Affairs, senior officials and the Euro-Med Committee.

In 1999, the EU agreed that Libya could become a full member of the Barcelona Process as soon as UN Security Council Resolutions have been lifted and that it accepts the Barcelona acquis in its entirety.

Euro-Mediterranean partnership

Maghreb
Algeria
Morocco
Tunisia

Mashrek
Egypt
Israel
Jordan
Palestinian Authority
Lebanon
Syria

Cyprus
Malta
Turkey

Libya is not a member, but has observer status at certain meetings.

REGIONAL PROFILE

CENTRAL AFRICA

The Central African Region comprises Sâo Tomé and Principe and the six members of the Central African Economic Community (CEMAC): Cameroon, Central African Republic, Chad, Congo Brazzaville, Equatorial Guinea, and Gabon.

CEMAC is a monetary and customs union that aims at further regional integration. All seven Central African countries also belong to the Economic Community of Central African States (CEEAC), which hosts four additional neighbouring states and is one of the regional building blocks, recognised by the AU.

Taken together, the seven countries cover an enormous geographical area – some 14% of the total area of sub-Saharan Africa. However, their population of 30 million people represents just 5% of the sub-continent's population. The countries differ in size, population, economic prosperity, poverty levels, and resource base – five are oil producers and two are not. Two of the countries are landlocked. The core of the region is situated in the second largest tropical forest area in the world.

Located in the middle of Central Africa, the Democratic Republic of Congo (DRC) – huge in size and rich in natural resources with a relatively small population – is strategic to several regional interests. A former member of the Economic Community of the Countries of the Great Lakes (CEPGL) and of COMESA (Common Market for Eastern and Southern Africa), DRC is now an active member of the Southern African Development Community (SADC). DRC is not a member of the Central African region however, it maintains a positive relationship to Central African Regional organisations such as CEMAC and CEEAC.

Addressing regional challenges

The Central African region (excluding DRC) is economically weak: the GDP is €33.4 billion. At the same time, the economies are very open to the world market, with exports representing almost 40% of the regional GDP.

The political situation remains fragile and progress toward further democratisation is slow. Most of the countries have been slowly improving internally, however, regional stability greatly depends on unpredictable developments in the Central African Republic, the Sudan, and in particular, the Great Lakes region. For these reasons, CEEAC has recently received a mandate to implement a conflict prevention and crisis management mechanism.

The countries have a long history of co-operation, beginning in the colonial period and have embarked upon integration several decades ago. Under CEMAC's leadership, they are increasingly committed to economic integration as a key development strategy.

The common currency and macroeconomic dialogue have had positive impacts on the economic and political stability of the countries. The legal framework is fairly complete, however, a challenge remains in its implementation by Member States that lack the capacity to do so. A major impediment to intra-regional trade is the inadequacy of the transport network as well as transit rules.

The rural livelihood of the populations depends to a great extent on proper management of the natural resources, in particular, the tropical forests. Both conservation and regulated use of these resources is essential to help alleviate poverty. For example, wood represents 40% of the regional non-oil exports.

National programmes

All countries have finalised and signed 9th EDF National Indicative Programmes. Preparation for individual actions is underway from the total budget of €592 Mio.

About half (52%) of the 9th EDF national funding is directed towards the transport sector to complete national road networks as well as the key regional artery. Transport is a key sector of intervention in all countries but Equatorial Guinea. One fifth of the assistance (21%) will be in the form of macroeconomic support to Cameroon, Chad and Central African Republic. The bulk of activity in the non-focal sector (10%) will be directly or indirectly related to supporting governance, democratic structures, and the rule of law.

Countries will also benefit from an important envelope of non-programmable country allocations for emergency and humanitarian needs of €188 Mio.

Official co-operation with DRC was formally suspended in 1992. This excluded the country from benefiting from EDF regional funds. The Commission, in co-operation with NGOs, implemented rehabilitation programmes for about €200 Mio, however, some programming has been suspended due to conflicts in 1996-1997 and 1998. The major breakthrough in EU-DRC relations was the re-launch of co-operation on 21st January 2002 with the signing of the 8th EDF National Indicative Programme.

Key regional programmes underway

CEMAC and the CEEAC are mandated to negotiate, implement and monitor the 9th EDF Regional Indicative Programme (RIP). The €55 Mio RIP was signed in Libreville in January 2003 and preparations for key programmes are underway.

EU assistance strives to help the region implement poverty reduction policies and to integrate into the world economy. Support to strengthening the institutional capacity of CEMAC to implement region's economic integration strategies and programmes are at the core of the co-operation. Synergies will be realised by reinforcing the region's capacity to negotiate EPAs. This initiative includes Sao Tomé and Principe, which joined CEMAC to form a negotiating region. Directly linked to further regional integration is the completion of the key transport network, which entails applying and enforcing existing legislation throughout the entire region.

The livelihood of the poorest segments of the populations is directly dependent on the natural resources, in particular forests. Efforts over the last 10 years of conserving the resource and enforcing its rational and efficient management will be continued also during the next five years.

Given the region's proclivity to frictions and conflict, co-operation will include support to the region's political processes with a view to conflict