

***Whither African, Caribbean and Pacific Group (ACP)-United Kingdom
(UK) relations post Brexit?
Considerations on the future of ACP-UK development cooperation***

1. Context

In the midst of Brexit implementation discussions, that are happening at a time of prolonged volatility in the global economy, the UK pursues its geopolitical positioning as an important player on the global scene. That includes one area of its ongoing sphere of influence - development cooperation. The UK expects to maintain a strong arm in the fight against poverty and in wealth creation in developing countries, despite visceral right-wing tendencies spurred by recent migratory influxes to the UK as well as increased pressure coming from the British taxpayer to prove the value-addition of its development policies. Watchwords for UK development cooperation worldwide are “ending aid dependency” while “seeking the biggest possible impact on the ground”.

The ACP Group, many of whose Members have been historically within the UK’s sphere of influence, does not have an institutionalised bilateral relationship with the UK, but rather relates to the UK within the institutional framework of the EU. As such, most of the UK’s support for the Group has unfolded within the context of its bilateral relations with individual ACP Member States, mainly Commonwealth countries. The UK’s entry into the European Community (EC) in the 1970s and advocacy for inclusion of its developing-country allies, former colonies, led to enlargement of the European Development Fund (EDF), lengthening of its list of beneficiaries, and the modification of successive frameworks for the distribution of that aid. Evolutions within the EC also led to new paradigms within the United Nations setting as it related to carving out new frameworks for conducting development cooperation and disbursing Overseas Development Aid (ODA). This legacy is currently being rewritten.

Today, development cooperation itself is facing a number of challenges in an era of change and global financial instability including *inter alia*, changes in the classification of aid beneficiaries, new modalities for financing development being set up by the international community at Addis Ababa, evolutions in the definition of development as determined by the Sustainable Development Goals (SDGs), international economic and financial crises, and the constant citizen outcry for greater value for money spent outside of their borders.

The ACP itself is seeking to refashion itself, but in a way that would require external financial support. A basis for a revamped ACP configuration engaging with the UK is partially provided in the report of the Eminent Person’s Group (EPG Report), where reflection is conducted on the financial model of the ACP Group post 2020. According to R21 b), *The ACP Group should aim to attain financial sustainability in the medium-to-long term and will need to ... mobilize partner resources (building on the EDF experience) through, inter alia, trust funds to finance the expanding core programme budget.* However, is this framework sufficient to engage the UK, in light of the UK’s own goals for its development

cooperation? Are there other means of harnessing UK's development cooperation potential while developing a real ACP-UK relationship beyond 2020?

2. What we do know about UK development cooperation and ACP countries

Development finance cooperation: Bilateral and multilateral cooperation

The UK is currently the third largest contributor to the European Development Fund (EDF), behind Germany and France. It contributed nearly 15% of the 11th EDF, a total of nearly €4.5 billion. The UK also is a major contributor to the EU's Development Budget (more general than the EDF), over €8 billion. It also contributes to and supports specific operations in some ACP regions. For example, the UK provides support to African Union-led peace-keeping operations in African countries such as Somalia and also under the African Peace Facility (also supported under the EDF).

The Department for International Development (DFID) is the development cooperation arm of the UK government and has been the source of 'additional' development cooperation support to ACP Member States, bilaterally or regionally. Examples include £2.5m contributed by DFID to the Sustainable Energy for the Eastern Caribbean Programme in 2015, co-financed by the EU and CDB as well as the £300m grant-financed UK-Caribbean Infrastructure Fund.

The UK is the first G7 country to meet the target of 0.7% of GNI on international development and in 2014 it disbursed the second largest amount of development assistance (net) among OECD DAC countries, with Africa being the largest recipient of its ODA (over £2.5bn). It is the OECD's 5th biggest donor proportional to its GNI.

With this track record, it must be stated that nearly 60% of the UK's official development aid has been provided in recent years through bilateral means. This is in keeping with the UK's vision of global relevance in the developing world. The remaining 40% is channelled through multilateral agencies or partners, such as the EU or the World Bank. Interestingly, the majority of EU Member States are bigger multilateral contributors than bilateral because their contributions to the EU budget are higher than what they give in the context of bilateral cooperation.

Africa gets the lion's share of the UK's development aid. On the opposite side of the spectrum, the Pacific region has consistently received the smallest share of UK bilateral funds, amounting to approximately 0.5% or £10m annually.

Table 1 Top 20 beneficiaries of UK development aid

Rank	Country	£m
1	Ethiopia	322

2	India	279
3	Pakistan	266
4	Sierra Leone	238
5	Nigeria	237
6	Bangladesh	208
7	Afghanistan	198
8	South Sudan	167
9	Congo, Dem. Republic	167
10	Tanzania	149
11	Kenya	135
12	Syria	130
13	Somalia	124
14	Nepal	112
15	Zimbabwe	104
16	Zambia	91
17	Mozambique	84
18	West Bank & Gaza Strip	83
19	Uganda	82
20	Yemen	82

Source: DFID Statistics on International Development, 2015

Table 1 indicates the top 20 beneficiaries of UK bilateral development aid in 2014, of which the majority (12) are African countries. In that period, the total country-specific bilateral ODA provided by the UK amounted to £4,033 m. 80.8% of total UK bilateral ODA was provided to the top 20 recipients (£3,258 m) and the proportion of bilateral aid provided to LDCs and Low-Income countries in the top 20 category was 69.5%.

Table 2 Top 20 Recipients of UK Core Funding to Multilateral Organisations (multilateral ODA), 2014

Rank	Multilateral org	ODA £m	% share of total
1	International Development Agency	1,641	33.5%
2	European Commission – Development Share of Budget	816	16.7%
3	European Commission - EDF	328	6.7%
4	Global Fund to Fight AIDS, Tuberculosis and Malaria	285	5.8%
5	Strategic Climate Fund	274	5.6%
6	Global Alliance for Vaccines and Immunisation	269	5.5%
7	African Development Fund	207	4.2%
8	Clean Technology Fund	112	2.3%
9	Private Infrastructure Development Group	74	1.5%
10	Central Emergency Response Fund	69	1.4%
11	International Finance Facility for Immunisation	66	1.3%
12	United National Development Programme	55	1.1%
13	Global Environment Facility Trust Fund	53	1.0%

14	International Fund for Agricultural Development	51	1.0%
15	Asian Development Fund	50	1.0%
16	World Food Programme	50	1.0%
17	United National Children's Fund	48	0.8%
18	UNITAID	40	0.8%
19	CGIAR Fund	38	0.8%
20	United Nations Relief and Works Agency for Palestine Refugees in the Near East	37	0.7%

Source: DFID Statistics on International Development, 2015

According to the 2014 DFID Statistics report, most of the UK's multilateral ODA was spent by DFID, which accounts for 86.2% of total UK multilateral ODA (7.7% of which was attributed to the EU). Other multilateral aid was provided by Extending Agencies such as its Department of Energy and Climate Change and the Foreign and Commonwealth Office. The non-DIFD sources of ODA represented 13.8% of total UK ODA. In 2014 these agencies' own contributions to the EU Commission accounted for 9% of total UK multilateral aid.

3. Considerations for ACP-UK relations in the case of the realisation of Brexit

Development Cooperation policy and approach

Of interest is the **international development approach** outlined in the position put forward by the new UK Secretary of State for International Development, Hon. Priti Pattel who clearly stated that UK development aid will be invested in the UK's national interest, *"while keeping the promises we've made to the world's poorest people. Successfully leaving the European Union will require a more outward looking Britain than ever before, deepening our international partnerships to secure our place in the world by supporting economic prosperity, stability and security overseas."* The UK has a direct presence in 28 countries across Africa, Asia and the Middle East and also three regional programmes in the Caribbean, Africa and Asia. As such, DFID's international departments will be reinvigorated with the aim of strengthening the UK's bilateral ties.

UK development cooperation and especially financing (policy and practice) will be differentiated along the lines of 'countries most in need' or LDCs, and vulnerable countries, and will be based on its national priorities and interest, much similar to current EU policy approaches. Many middle-income countries will continue to benefit from UK bilateral cooperation even though the lion's share will remain with LDCs.

The UK can be expected to continue to **work closely with trusted regional and multilateral partners**, and will prefer the bilateral approach on specific policy areas, as is currently the case. These respond to the UK's national strategy of global relevance and game changer as it relates to the implementation of the SDGs. In the Caribbean DFID works closely with CDB and CARICOM, in Africa,

with the African Union, the Tripartite, ADB, other RECs as well as with UN Agencies and the World Bank on wider policy issues for all regions. Aid is also channelled through NGOs in a number of African countries, as an extension of UK development cooperation arm and promoters of UK shared values.

Policy areas that have been the trademark of UK development cooperation will continue to be promoted to the extent that they have direct bearing on the UK's vision of itself as a global player and where the UK believes that it has greater expertise and can have the best impact. For the Caribbean these include security and good governance, climate change and disaster risk reduction, poverty reduction, education and wealth creation. Current areas of focus under the Africa Programme are climate change, SDGs, humanitarian aid, governance, wealth creation, extractive industries and migration. Migration has often been tackled within the EU cooperation policy framework. It remains a sore point and one of the areas whose coordination the UK does not want to share with the EU. Any future relations between the UK and ACP would however have to take account of the major issue of migration.

Financing for Development

The UK is the first bilateral contributor to development aid in the Caribbean and in Africa. Under the 11th EDF this counts for €1bn. It is therefore in the UK's interest to maintain strong oversight, alongside the EU, of the use of 11th EDF funds and to ensure their effective delivery.

The reduction or loss of any UK contribution to the EU development cooperation budget post 2020, coupled with the spectre of budgetisation of the EDF will affect wider intra-ACP cooperation because of the limited or reduced availability of development finance from that source. The ACP Group must also be mindful of the possibility of the reduction in UK ODA to certain ACP regions or countries, due to cost-cutting efforts, and the impact that may have on wider ACP-UK cooperation.

In the immediate post-referendum period the UK suspended certain payments to previously agreed funds such as under the European Regional Development Funds (ERDF), a gesture which was not welcomed by its own regional entities. This action may not affect EU cooperation with the ACP Group but it advises that close attention should be paid to similar cost-cutting endeavours on the part of the UK as it seeks to narrow its sphere of focus with respect to development cooperation. Reduced UK contributions coupled with the budgetisation of the EDF might affect ACP development finance on the whole. (It is not clear whether UK contributions to various ACP regions will increase given its savings made from no longer needing to honour EDF or similar EU budgetary commitments.)

However, the new Agreement that will define the new relationship between the UK and the EU (if any?) may focus on a number of areas of cooperation. If one of these areas is development cooperation (with ACP countries that maintains the status quo) then the UK may remain a major contributor in the future to the redefined EU-ACP partnership in the post 2020 period.

Questions remain though as to what format that new relationship between the UK and ACP could take and what modalities would govern that relationship.

An ally lost?

The UK has been a longstanding ally on a number of policy issues of interest to most ACP countries, including Sustainable Development Goals, climate change, SIDS, financial services and graduation both within the EU institutions and the UN agencies.

The UK's absence from the EU negotiating tables may well be strongly felt. The UK was a vital ally of many ACP Member States within the EU on issues such as climate change and also the attainment of the 0.7% GNI as ODA. Though the UK can be expected to maintain its strength of support within the UN system, however, the gap left by its absence within the EU will be sorely felt as other aggressive, competitive EU countries make their voices heard with respect to the EU's support to ACP countries.

Despite this setback, the track record of development cooperation between the United Kingdom and many ACP countries, may suffice to strengthen the ACP as a group to seek to harness the dynamism that Brexit presents, in their favour. There is much to build upon from the history of joint cooperation and the will to work towards a modern and flexible partnership.

There may be fear somewhat among Commonwealth MICs and UMICs that certain EU Member States will capitalise on Brexit to do away with (EU) policies that they consider to be preserving vestiges of colonialism for which they have no sympathy. The ACP Group would therefore be required to enhance its advocacy role to ensure that such ACP Members are not disadvantaged in future ACP-EU development cooperation policies and their implementation.

4. Going Forward with the UK as a partner

Hereunder are a few suggestions of areas where the ACP could focus its relations with the UK going forward for a more effective and far-reaching partnership:

a) Maintain strong ties with the UK

- ACP Member States that already have historical ties with the UK should seek to ensure that these are maintained and strengthened so as to ensure sympathetic support in bilateral and multilateral fora.
- These countries should however be mindful of conditionalities that beleaguer any future development cooperation framework with the UK.

These often take the shape of human rights obligations or the creation of linkages between aid and trade agreements.

- It is essential that the difference in realities among ACP Member States in terms of their relations with the UK (or lack thereof) should not become a point of division among ACP States. The ACP Group may wish to develop itself as a platform for discussion with the UK on a number of specific policy issues when concrete results can arise to the benefit of the entire Group and to the UK as well.
- A Memorandum of Understanding could be developed between the ACP Group and the UK to allow leveraging of EU funds, both in the immediate and longer term, the promotion of transfer of technology or sharing of experiences between beneficiaries of UK aid and non-beneficiaries, etc.
- In the current context of many developing countries including the Small Islands of the Eastern Caribbean where needs overwhelm the capacity to finance those necessities, it has become increasingly important to seek or stimulate additional development financing. This was reiterated at the Addis Ababa Conference on the financing of the Sustainable Development Goals in July 2015, which appealed to innovative financing mechanisms, to support the 2030 Development Agenda and the commitments coming out of the 21st Conference of the Parties (COP 21) in Paris. These commitments found an echo in bilateral talks with the UK and therefore must be pursued at regional levels, and also within the ACP SIDS Forum so that non-Commonwealth SIDS can also benefit from support provided across the spectrum.

Recognize the complexity of negotiating any new relationship or agreement with the UK.

- Advocate for the inclusion of development cooperation as a chapter in any new Agreement that may be forged between the UK and the EU so that gains obtained thus far not be lost or minimized.
- The ACP Group could also consider using its diversity as an advantage and empower specific groups within its midst to lobby for specific support from the UK as part of a wider ACP advocacy mission.
- Determine which areas of development cooperation that can be considered of mutual interest to the ACP and the UK.

b) Encourage and acquire UK support within relevant multilateral fora where policies relative to development cooperation are debated and determined

- These include the UN and its agencies, OECD (DAC committee, as well as other configurations), World Bank, G7

c) Seek confirmation or validation from the EU of no change in its development cooperation post Brexit

- It is essential to highlight the necessity and content of future dialogue with the EU on its development cooperation with the ACP Group going forward, in light of its own reflections on the future of EU-ACP relations as well as its review of its development cooperation model, without the UK.
- The UK was very active in the development of the Joint Africa-EU Partnership Strategy and equally active in making inputs in the Joint Caribbean-EU Partnership Strategy. These strategies set the agenda for political dialogue and cooperation with the EU beyond the expiry of the Cotonou Agreement (though a major difference is that they lack the legally binding nature of the CPA). Many of the joint actions, especially in the case of the Caribbean Strategy, are already being undertaken by the UK in the region and in some cases include joint action with the UK Overseas Countries and Territories in the region. Though these strategies were not negotiated within the ambit of the ACP Group (but rather at regional level), an ACP wide review of these strategies may provide information on how the regions may be affected by Brexit and its impact on EU development cooperation with the ACP Group and its regions and provide additional content for an ACP-wide strategy ensure predictable EU development cooperation support post Brexit.

d) Develop a Public Diplomacy strategy directed at the European Parliament

- Consider, develop and implement a political strategy for engaging with the European Parliament. Since the Lisbon Treaty, the European Parliament has increased decision making powers (called co-decision with the Council of the European Union) in several areas including the EU budget. Another area where the Parliament exercises considerable power is on the adoption of all other legislative proposals submitted by the European Commission, including on social and financial issues affecting the Union. The Parliament has also increased jurisdiction as regards EU external affairs and must validate all international agreements signed by the EU, on trade and on development.
- The ACP Group is therefore well placed in Brussels to deploy such an advocacy or lobbying strategy whether through its Joint ACP-EU Parliamentary Assembly meeting quadri-annually or through the relevant EU Parliamentary Committees where specific issues relating to development cooperation are debated. It is up to the ACP Group to tactically inform MEPs of what is at stake with Brexit in a post 2020 era. Areas of interest to the ACP on which MEPs could seek to influence EU decision-making could include the future financial framework for development cooperation, advocacy for their vulnerability, poverty reduction in the context of the SDGs and challenges with financing for development.

e) Pursue the development of a new development cooperation model

- Although the EDF has been hailed as the most successful means of effectuating development cooperation between the EU and ACP countries, Brexit and the expiry of the ACP-EU Cotonou Partnership Agreement in 2020 (which just might happen simultaneously) call for the establishment of a new model of development cooperation both with the EU and with the UK.
- The ACP is the largest transnational group of developing countries capable of making a formidable geopolitical statement in the arena of economic and political titans. The European Union is mindful of that and the United Kingdom may be aware of the appeal that the Group presents. Even though there are among the ACP Group countries that may have not had longstanding relations with the UK, as a unified entity the ACP presents tremendous advantage and potential to its development partners. This potential can be gauged in terms of greater value for money, the possibility of a wider domino effect of development strategies and policies, and a partnership based on mutual advantage.

5. Conclusion

The ACP Group cannot afford to adopt the wait-and-see approach to Brexit but in line with their own vision for growth and prosperity, as a region and as an institution, they must implement a well-thought out strategy for ensuring that the UK becomes a strong partner that supports the ACP goal of sustainable development for all its peoples.