The study examined the economic relationship between the European Union (EU) and the Africa Caribbean and Pacific (ACP) group with a view to ascertaining the extent to which this relationship has facilitated development in the ACP countries. It reviewed the instrumentality of various trade protocols between the two groups to see how the development challenges of countries of the ACP group have been addressed. The theoretical framework applied in the research is functionalism, which explains the mode of cooperation existing between both groups, focusing on needs of individual countries that forge connections and foster cooperation in a bid to reducing global conflict and poverty. Analyzing descriptively from secondary data sourced to evaluate the value of the trade cooperation between the EU and ACP group, considering the fact that it is the largest conglomeration of countries aside the United Nations and still expanding with a move towards the Maghreb region. The ACP group has benefitted from the trade relation, however asymmetric the exchanges. The EU, through its various economic development instrumentalities has improved most economies of the countries in the ACP group. Therefore, the study recommended that the ACP robustly negotiate and re-negotiate the Economic Partnership Agreements (EPAs) and with strong political will explore deeply its resources and focus more on intra-regional cooperation and economic integration.

**Keywords:** Economic Development, Functionalism, Global Conflict, Poverty, Trade Cooperation, Natural Resources, Intra-regional, economic integration

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**Introduction**

The African, Caribbean and Pacific Group of States (ACP) is a group of countries in Africa, the Caribbean, and the Pacific that was created by the Georgetown Agreement in 1975. The group's main objectives are sustainable development and poverty reduction within its member states, as well as their greater integration into the world's economy, also to promote a new, fairer and more equitable world order; promote and strengthen solidarity among ACP States, and understanding between ACP peoples and governments; contribute to the development of important and close economic, social and cultural relations among developing countries and develop cooperation among ACP States in the areas of Trade, Science and Technology, Industry, Transport, Education, Training and Research, Information and Communication, the Environment, Demography and
Human Resources; contribute to the promotion of regional, inter-regional, and effective intra-ACP cooperation among ACP States, generally among developing countries, and strengthen the regional organisations of which they are members; define common positions of ACP States vis-à-vis the EEC in areas covered by the Lome Convention and on relevant issues debated in international fora, which may influence the implementation of the Lome Convention; ensure achievement of the objectives of the Lome Convention; and coordinate the activities of ACP States in the framework of the application of the Lome Convention. Therefore, those countries are granted a 48 countries status. The Cotonou agreement recognises the specific challenges faced by less developed countries, landlocked countries, and islands in their economic development. Therefore, those countries are granted a more favourable treatment than other ACP member countries. The text of the Cotonou agreement has been updated in 2005 and 2010, but the lists have not, despite the fact that the actual list of LDCs as defined by the United Nations has changed: Cape Verde has graduated from LDC status in December 2007, while Senegal has acquired the status in 2001 and Timor-Leste in 2003. The following lists should thus not be considered as the actual lists of ACP LDCs and islands (a few islands are also not listed).(ACP 2016)

Annex VI of the Cotonou agreement lists the following designations:

**Least-developed ACP states**

Angola, Benin, Burkina Faso, Burundi, Republic of Cape Verde, Central African Republic, Chad, Comoros Islands, Democratic Republic of Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger. Rwanda, Sao Tome and Principe, Sierra Leone, Solomon Islands, Somalia, Sudan, Tanzania, Tuvalu, Togo, Uganda, Vanuatu, Zambia

The Least developed OCTs are the following: Anguilla, Mayotte, Montserrat, Saint Helena, Turks and Caicos Islands, Wallis and Futuna, Saint Pierre and Miquelon.

**Landlocked ACP states**

Botswana, Burkina Faso, Burundi, Central African Republic, Chad, Ethiopia, Lesotho, Malawi, Mali, Niger. Rwanda, Swaziland, Uganda, Zambia, Zimbabwe

**Island ACP states**

Antigua and Barbuda, Bahamas, Barbados, Cape Verde, Comoros, Cuba, Dominica, Dominican Republic, Fiji, Grenada, Haiti, Jamaica, Kiribati, Madagascar, Mauritius, Nauru, Papua New Guinea, Saint Kitts and Nevis, Saint Lucia, Sao Tome and Principe, Seychelles, Sierra Leone, Solomon Islands, South Africa, Sudan, Suriname, Swaziland, Tanzania, Timor Leste, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia, and Zimbabwe

**Special designations**

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**Historical Economic Development Protocols**

Over the years, the Group has extended its range of activities beyond development cooperation with the European Union and covers a variety of fields spanning trade, economics, politics and culture, in diverse international conferences such as the World Trade Organization (WTO). (Milner et al 2007). Reminiscence was that with the signature of the first Lome Convention
in 1975, the number of signatory countries rose to 46 on the ACP side and 9 on the European side. Lome II was signed by 58 ACP States in 1980 and Lome III by 65 ACP countries and 10 European States in 1985. These three Conventions, each spanning a five-year period, were accompanied by the 4th, 5th and 6th EDFs. He further stated that these were implemented until 1990, year in which Lome IV was signed, during the negotiation of which events occurred that would rock Central and Eastern Europe as symbolized by the fall of the Berlin Wall. That ACP-EU cooperation has been able to keep the lid on non-politicization. The most notable achievement of ACP-EU cooperation is that it introduced a new type of relationship between rich and poor countries based on solidarity and partnership, an independent involvement in political arrangements which can boost bilateral relations. The Lome conventions granted non-reciprocal trade preferences to ACP countries. They included many more innovations than the Yaoundé Conventions. For example, agricultural sectoral programmes first appeared in the Lome Conventions. In addition, a compensatory mechanism was created under Stabex to offset losses in export earnings due to price fluctuations.

More so, from Lome I to Lome IV Improvements were added from one convention to the next without causing any major disruptions. Lome II saw the appearance of Sysmin, a mechanism similar to Stabex, but for mining products. The negotiation of that convention, signed in 1984, in the middle of a decade characterized by a quest for viability and efficiency, was marked by the calling into question of the effectiveness of aid. Emphasis was placed on food self-sufficiency for ACP countries. The expression "political dialogue", or policy dialogue, made its appearance in Lome III, but political dialogue would only really be introduced in Lome IV. Negotiated during the turmoil of 1989, that Convention enshrined respect for Human Rights as a fundamental clause. In the meantime, the structural adjustment established by the Bretton Woods Institutions had been supported by Europe and was therefore taken on board in Lome IV (Evrensel, 2010). The major innovation of that Agreement still remains its duration. Signed for a 10-year period, it included two 5-year Financial Protocols and the 7th and 8th EDFs. Lome IV was signed by 68 ACP countries and 12 EU Member-States. The negotiation of the second financial protocol led to more changes than had been anticipated. The European public displayed a certain lack of interest in cooperation at the end of the Cold War. The clause on respect for Human Rights and democratic principles was by then an essential aspect of cooperation, and measures for the suspension of aid made their appearance made a review of Lome IV which was signed in 1995 and that the number of signatory countries moves to 70 for the ACP and 15 on the EU side, and distinguished itself by the importance accorded to decentralized cooperation and the role of civil society. Twenty years of Europe-ACP cooperation and the consolidation of solidarity among ACP countries had forged a cohesive bond which made the breaking up of the ACP bloc or any weakening of the ACP entity quite unthinkable.

The Cotonou Package of 2000

The Cotonou Agreement was fraught with obstacles and took place in the midst of a period of global orthodoxy. The benefits and opportunities of the liberal economic system are undeniable but the constraints and lack of insight inherent in some economic policies imposed in different places have been counter-productive and resulted in the failure of the World Trade Organization's Ministerial Conference in Seattle, which enabled all involved to become more aware and to include a social agenda in economic adjustments. It is in the wake of this transformation that the Cotonou Agreement was signed by 77 ACP countries on 13 June 2000. Cuba, candidate to the Agreement was, unfortunately, unable to sign it. Nonetheless, the ACP Group decided to include Cuba, in the hope that the problems which prevented its accession to the ACP-EU partnership would be resolved in the near future. The last country to become a member of the ACP Group was Timor Leste. It is affiliated with the Pacific region. It became an ACP Member-State in 2003, shortly after its independence. By its very existence, the Cotonou agreement represents a significant success for the ACP Group. It was forged from the Group’s determination to maintain its solidarity - a solidarity which certainly convinced the ACP States’ European partners. In addition, the Agreement, despite not meeting all the ACP demands, took on board their fundamental concerns. First of all by its duration - twenty years- sufficient time to enable ACP Member-States to get onto the road to economic development and, especially, to become smoothly integrated into the global market. Indeed, the Agreement envisages the removal of non-reciprocal trade preferences granted ACP countries, but only after a long transition period. The innovations of the Cotonou Agreement apart from its relatively long duration (20 years instead of 5 years as for Lome I, II and III, and 10 for Lome IV), is derived from the fact that it incorporates civil society and the private sector as new actors on the political level. They will, therefore, no longer be mere beneficiaries of cooperation, but feature among the managers, insofar as permitted by the prerogatives of governments, which are solely responsible for determining the main development policies for their countries. The major options within the Cotonou Agreement were not imposed on the ACP Group but constitute a deliberate choice and are part of the ongoing development of the Group’s member-countries, be it the
choice of economic liberalization or a stronger affirmation of political dialogue. This involves the democratization of the countries of the ACP Group and the involvement of new actors in the implementation of cooperation. Almost all ACP member-countries had already undergone a political renewal prior to the signing of the Cotonou Agreement, and although some countries are still experiencing problems like civil war, they are increasingly few in number. The rise in democracy is seen particularly in the progressive development of the ACP-EU Joint Parliamentary Assembly, organ of cooperation between the European Parliament and parliaments of ACP countries, into a true Joint Parliamentary Assembly of democratically-elected parliamentarians, in keeping with the spirit and letter of the Cotonou Agreement.

The European Development Fund Instrumentality

Quickly the operations of the European Development Fund (EDF), Francois et al (2005) stated that it was created in 1957 by the Treaty of Rome, and first launched in 1959, the European Development Fund (EDF) is the main instrument for providing Community development aid in the African, Caribbean and Pacific (ACP) countries and the overseas countries and territories (OCTs) (European Parliament, 2006). It supports actions in the ACP countries and the OCTs in the following key areas for cooperation: economic development, social and human development, regional cooperation and integration. (Walsh,(2015).It consists of several instruments: grants managed by the Commission, risk capital and loans to the private sector, managed by the European Investment Bank under the Investment Facility, the FLEX mechanism, aiming at remediating the adverse effects of instability of export earnings. Each EDF is concluded for a period of around five/six years. Since the conclusion of the first partnership convention in 1964, the EDF cycles have generally followed that of the partnership agreements/conventions. First EDF: 1959-1964, Second EDF: 1964-1970 (Yaoundé I Convention), Third EDF: 1970-1975 (Yaoundé II Convention), Fourth EDF: 1975-1980 (Lomé I Convention), Fifth EDF: 1980-1985 (Lomé II Convention), Sixth EDF: 1985-1990 (Lomé III Convention), Seventh EDF: 1990-1995 (Lomé IV Convention), Eighth EDF: 1995-2000 (Lomé IV Convention and the revised Lomé IV), ninth EDF: 2000-2007 (Cotonou Agreement), Tenth EDF: 2008-2013 (Cotonou Agreement), Eleventh EDF: 2014-2020 (Cotonou Agreement). The European Development Fund is the main instrument for providing Community assistance for development cooperation under the Cotonou Agreement. It provides about €23 billion to ACP countries between 2008 and 2013. The Cotonou Agreement provides for a revision clause which foresees that the agreement is adapted every five years till 2020. (ACP 2015) In this line, a second revision was approved on June 2010, which was applicable from November 2010. In short the EDF has contributed over 94 billion euros since inception.

The Caribbean Region

The Caribbean region is known for its rich local cultures, beautiful landscapes and unique plants and animals; but the region is also facing serious environmental challenges. Tourism is threatened by pollution and the degradation of nature and scenic beauty. Climate change and hurricanes are a major threat, making it crucial to protect natural barriers like coral reefs and mangroves. The coral reefs of Tobago not only generate 100-130 million USD annually from tourism, but also provide shoreline protection services estimated to 18-33 million USD in potentially avoided damages.3. The importance of intact reefs in protecting shoreline will increase with rising sea level and increased storm intensity associated with warming seas. Throughout the region, many green initiatives are under way to tackle these challenges. The EU is well placed to support these efforts: the Caribbean has 16 ACP countries and several overseas territories or France, the UK and the Netherlands. EU funding can help to build green economies by developing renewable energy, reducing coastal pollution, supporting the protection and restoration of natural ecosystems, and implementing ecosystem-based adaptation to climate change.

The Guiana shield extends over 250 million hectares in the north-east of South-America, from Venezuela to the Brazilian state of Amapa. It is linked to the Caribbean -Guyana and Suriname are members of the Caribbean Community (CARICOM). The region is very rich culturally and is a treasure of the world’s biodiversity, with over 2200 vertebrate species and 1680 bird species. The Guiana shield has among the last remaining tropical forest wilderness areas on Earth. These forests are crucial for the well-being of local communities, but also for the planet: they store 50 billion tons of carbon and 10-15% of all fresh water resources. These forests are under serious threat from logging and mining, both legal and illegal. Low Carbon, Sustainable and Green Development initiatives are under way, some of them supported by the EU and member states such as Norway, France and Germany. Such efforts are crucial for the stability of the global climate and deserve being increased further. By supporting regional cooperation and green initiatives in this part of the world, the EU can support important benefits both for human well-being locally and for the stability of the global climate. He stated further that the EU investment in this part of the world makes sense: Guyana and Suriname are ACP countries, and French Guiana is a full part of the EU, meaning that the EU is directly
involved in the heart of this important region, and has a special responsibility to take concerted action with its neighbours. Africa is home to some of the Earth’s most beautiful cultures and natural landscapes, and for the last 10 years the African continent has been showing signs of economic recovery, with average growth rates of at least 5%. However, many Africans remain affected by poverty, illiteracy, malnutrition and inadequate water supply and sanitation. A key challenge is that the pressure on Africa’s natural resources has increased massively in the last decades, due to population growth (from 220 million in 1950 to 1 billion in 2009) and to the growing global demand for natural resources, food and biofuels.

The African Region

The study further revealed that the EU and African countries need to put natural capital at the heart of their dialogue on development and funding. The time is right: many African leaders fully understand the importance of natural capital to improve human well-being. This was exemplified in the Africa Consensus Statement to Rio+20 as well as the Gaborone Declaration. The Gaborone Declaration: 10 ACP nations commit to value natural capital in May 2012, the Government of Botswana hosted a “Summit for Sustainability in Africa” in partnership with Conservation International (CI). In the “Gaborone Declaration”, 10 African nations committed to put Nature at the heart of their development strategies. The text was also supported by leading development organizations and corporations such as the World Bank, the Gates Foundation, Rabobank, Unilever. All signatories committed to ensure that the contributions of natural capital to sustainable economic growth, social capital and human well-being are quantified and integrated into development and business practice. African nations are showing the way. For example Mozambique has developed a green economy roadmap in view of becoming an inclusive middle income country by 2030, based on protection, restoration and rational uses of natural capital and its ecosystem services to guarantee development that is sustainable, inclusive and efficient within the planetary limits.

The Pacific Region

The Pacific perhaps better than any other region, the Pacific demonstrates that people need nature to thrive. Many nations in the region owe their lives and livelihoods to the ocean’s natural resources. In others like Papua New Guinea, the majority of the population still lives in traditional societies and practice subsistence-based agriculture. In both cases, dependency on nature is very high. The region has 15 ACP countries and 4 EU Overseas Countries and Territories (OCTs). The EU’s Pacific strategy identifies “the sustainable management of natural resources” as one of the priorities in the dialogue with both ACP countries and OCTs in the region. In fact, environment should be the central focus of EU support to the region. Protecting tropical forests and coral reefs in the Pacific is of global significance in terms of both biodiversity and climate change, and is absolutely critical to maintain the way of life of Pacific islanders.

Economic Evaluation and Expectations

The EU is the destination for more than a quarter of all ACP goods exports, and more than 30% of all goods imported by ACP countries are of EU origin; although less than 5% of all EU goods exports are destined for ACP countries and the ACP exports towards the EU are subject to lower tariffs (often zero) than exports from other countries. (ACP 2015). The difference in the tariff is known as the preferential margin. ACP advantages include not only these tariff preferences but also non-tariff preferences such as exemption from quotas on the quantity of imported goods. Preferences under this regime, whether tariff-related or other, are non-reciprocal; ACP countries are not required to offer European goods special access to their markets. Preferences applied to farm products are often very limited. Tropical products that do not rival European farm goods are allowed into the EU tariff-free. Other productions are subject to certain restrictions (partial tariff reduction, quotas, seasonal restrictions linked to European crop seasons) as European Community preferences remain the rule. Bananas, sugar, rum and beef are the object of special “protocols”. Specified quantities (quotas) of bananas and rum can enter the European market freely, while certain amounts of beef and sugar benefit from European domestic prices, which are higher than world prices, as well as from reduced tariffs. (Abbott, 2008)

ACP goods like those from other countries are subject to non-tariff barriers of the EU as well. By far the most consequential barriers are the sanitary and phytosanitary norms (SPS). These measures are aimed at ensuring food safety and animal and plant health for the wellbeing of humans, animals and their environment. The EU has adopted very strict and specific norms which are difficult for ACP producers and ACP infrastructure to respect. Products that would otherwise enjoy free access to European markets are refused on SPS grounds. The impact of norms on individual ACP countries depends a good deal on the structure of a country’s exports, that is, how much of total exports is represented by a particular product (Richardson et al 2007). For example, Guinea Bissau exports only three products subject to norms, but together they represent 98.7% of this country’s exports while South Africa’s 583 normalized products account for
only 24.6% of its total exports.

The economies of the ACP are characterized, to a greater or lesser degree, by a high level of dependence on very few primary products or services. This makes their economies vulnerable to changing international commodity prices, declining global demand, or independent factors including climate (which can lead to crop failure, for example). Increasing vertical integration (secondary processing) is one strategy that can be employed to address declining demand for traditional exports, to pursue horizontal diversification and expand into higher-value production. However, the sector studies identified several challenges facing ACP countries seeking to diversify and add value to production. Among the major challenges are a lack of logistical capacity and a lack of physical infrastructure. If the ACP Group is to enhance its international visibility and effectiveness the mandate of the Secretariat would have to be repositioned with a view to improving its executive capacity, professionalizing its staffing and giving it additional responsibility on management, supervision and execution of projects and programmes. Several constraints impede the optimal performance of the Secretariat. These include: the human resource constraint, cumbersome decision-making processes, lack of knowledge for decision-making, poor visibility, cramped facilities at headquarters, lack of adequate empowerment for the Secretary-General, and the weak financial position of the organization in general. With staff strength of 100 people, the Secretariat lacks the capacity to renew its human capital and to reinvigorate itself for greater effectiveness. Training and capacity development need to be improved. Because of the prevailing budgetary constraint, some of the in-house staff is severely overstretched; having to do the work of two or more people at the same. There is also the question of the decision-making structures and processes which have not been significantly changed since the 1970s. There is hardly a distinction between technical matters and policy decisions, with no clear demarcation as to the role to be played by the Secretariat on the one hand, and the principal Organs on the other. The formal independence of the Secretariat also needs to be asserted so that some members of the Committee of Ambassadors do not interfere in operational matters such as staff recruitment, promotion and discipline. (World Bank, 2003)

Summary

The ACP Group is one of the most enduring institutions in the landscape of international economic diplomacy. An intergovernmental body comprising 79 member countries from Africa, Caribbean and the Pacific, united together by a shared sense of history and a common vision of the future. The EU-ACP partnership stands for much more than what some may perceive as a post-colonial relationship. It represents for many a symbol of hope in a divided world. Shared values of democracy, human rights and the rule of law; As an intergovernmental organization, it stands for solidarity, for dialogue between nations and peoples and civilizations. ACP’s comparative advantage is enormous as the Group. An unseen global economic capacity and according to Koeb et al (2010) is the largest trans-regional intergovernmental organization of developing countries in the international system. There is potential to build on this numeric strength to promote the collective cause of some of the poorest countries in the world, with opportunity to establish crucial alliances not only with Europe but with some of the emerging global players in the world economy. The collective strength of the ACP Group derives from decades of inter-regional solidarity, international trade negotiations, development finance cooperation political dialogue and relations with other international organizations are yet to be harnessed to its fullest capacity. Knowing that intra-ACP relations – the basis of how the members of the Group relate to each other and the essence of its existence is paramount. Even at the various levels these relations should be encouraged to allow for greater intra-ACP cooperation and coordination, and a more cohesive, proactive and vibrant Group. As the principal partner for European development cooperation, it could be said that the ACP’s comparative advantage is derived from its convening power, collective strength and the fact that the EU has one of the largest groups of developing countries with which it can coordinate its international policies (Laporte, 2013).

Another unique selling point of the EU-ACP system is the joint political institutions. The ACP Parliamentary Assembly, established in April 2005 in Bamako, Mali, is an affirmation of the importance of Parliamentary input into ACP and ACP-EU affairs. It is an expression of the ACP Group’s adherence to democratic input at local, regional and international level. Within the framework of the ACP-EU Joint Parliamentary Assembly (JPA), the ACP PA could monitor the application of development policies in ACP States and Regions, based on the aspirations of the populations that Parliamentarians represent. The link between the ACP PA and ACP Council and Committee of Ambassadors in respect of areas of competence and common interest, such as election observation, would need to be further reflected upon from the viewpoint of effective use of budgetary resources and coherence of approach. Currently, the activities of the ACP PA are not provided for in the budget of the ACP Secretariat. More so, that the ACP Group constitutes over a third of the membership of the United Nations, it is in an advantageous position to use its numerical strength and critical mass to form effective alliances with other countries and international organizations to advance common interests within the
framework of the United Nations and international community.

**Conclusion**

From the words of H.E Sam Kahamba Kutesa President of the United Nations General Assembly’s sixty-ninth session on 11 June 2014 posited that while some progress has been registered in this regard, it is inadequate that a Group with a combined population of over 900 million people contributes less than 5% of world trade and only 1.9% of global GDP. By contrast the EU, with a population of about 500 million people, contributes over 16% of global trade and 17% of global GDP. To be successful in the new global order, ACP countries will have to devise new and better strategies positioning the Group to be more competitive in the 21st century. It is encouraging that some work is being done to re-orient the Group with a view to making it fit-for-purpose in these rapidly changing and complex times. I would like to pay tribute to efforts of the ACP members to revitalize the activities of the Group, in terms of its legal status, functions and strategic role.

It is crucial to further enhance and deepen the level of cooperation and coordination amongst the membership of the Group, with the European Union and other partners. The prospects of the ACP Group in the new global order are bright provided it optimizes its strengths and seizes opportunities. ACP countries should enhance economic power by boosting productive capacities and competitiveness in order to increase their share of global trade. They should also further strengthen intra-ACP cooperation, taking advantage of their combined population, diversity and different levels of development. Above all, we should all work together, developed and developing countries, to improve the livelihoods of all people and to protect our planet.

The ACP group should focus on capacity building to promote sustainable development in both the private and public sectors, with an emphasis on training, research and development, and a sound regulatory framework, especially, through the establishment of an ACP Development Investment Bank (ACPIDB). Its role would be to serve as a private-sector led financing vehicle to mobilize resources from member states, the EU, other development partners and the international capital markets to provide financing in critical areas to ACP member states.

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