

TITLE II

PARTNERSHIP FOR DEVELOPMENT

ARTICLE 4

Framework for capacity building in Central Africa

The Parties affirm their commitment to promote capacity building and economic modernisation in Central Africa using the various instruments at their disposal, for example by setting up an economic and institutional framework at national and regional levels that is conducive to growth in economic activity in Central Africa, by means of trade policy instruments and development cooperation instruments as set out in Article 7.

ARTICLE 5

Priority areas for capacity building and modernisation

1. The Central African Party, in partnership with the EC Party and by means of the cooperation instruments set out in Article 7, shall promote a quantitative and qualitative increase in the goods and services produced and exported by the Central African region, particularly in the following areas:

- (a) Development of basic regional infrastructure
 - Transport
 - Energy
 - Telecommunications

- (b) Agriculture and food safety
 - Agricultural production
 - Agro-industry
 - Fisheries
 - Stock farming
 - Aquaculture and fish stocks

- (c) Industry, diversification and competitiveness of economies
 - Modernisation of businesses
 - Industry
 - Standards and certification (sanitary and phytosanitary (SPS) measures, quality, zootechnical standards, etc.)

- (d) Strengthening of regional integration
 - Development of the regional common market
 - Taxation and customs

- (e) Improvement of the business environment
 - Harmonisation of national trade policies

2. In implementing this partnership, the Parties shall refer to the joint guidance document in Annex I to this Agreement.

3. In the implementation of this Agreement, the Parties affirm their commitment to promote the modernisation of the productive sectors in Central Africa affected by this Agreement, by means of the cooperation instruments set out in Article 7.

ARTICLE 6

Business environment

The Parties consider that the business environment is an essential vehicle for economic development, and that the provisions of this Agreement are therefore geared towards achieving this common objective. The signatory Central African States, which are also signatories of the OHADA Treaty (Organisation for the Harmonisation of Business Law in Africa), undertake to apply and implement the provisions of this Treaty effectively and without discrimination.

ARTICLE 7

Development finance cooperation

1. The provisions of the Cotonou Agreement which relate to economic and regional integration and cooperation shall be implemented in order to maximise the benefits provided for in this Agreement.

2. European Community¹ financing pertaining to development cooperation between the Central Africa Party and the European Community supporting the implementation of this Agreement shall be within the framework of the relevant rules and procedures provided for by the Cotonou Agreement, in particular the programming procedures of the European Development Fund (EDF), and within the framework of the relevant instruments financed by the General Budget of the European Union. In this context, supporting the implementation of this Agreement shall be one of the priorities.
3. The Member States of the European Community collectively undertake to support, by means of their respective development policies and instruments – including aid for trade – development activities for regional economic cooperation and for the implementation of this Agreement, at both national and regional levels, in accordance with the principles of effectiveness and complementarity of aid.
4. The Parties shall cooperate in order to facilitate the participation of other donors willing to support the efforts of the Central Africa Party to achieve the objectives of this Agreement.
5. The Parties recognise the usefulness of specific regional financing mechanisms which support the implementation of this Agreement, and will support the region's efforts in this direction.

¹ Member States not included.

ARTICLE 8

Supporting the implementation of trade-related rules

The Parties agree that the implementation of trade-related rules, for which the areas of cooperation are detailed in the individual Chapters of this Agreement, shall help to achieve the objectives of this Agreement. Cooperation in this area shall be in accordance with the arrangements set out in Article 7.

ARTICLE 9

Financing of the partnership

1. The Parties agree on the creation of an EPA regional fund, set up by and for the Central African region, to coordinate support which will help to finance effectively the priority measures intended to build productive capacity in the Central African States, as indicated in Article 5, and the measures referred to in Article 10. The detailed rules for the operation and management of the EPA regional fund shall be decided by the region by the end of 2008. The EC Party shall use this period to complete its assessment of these rules.
2. The EPA regional fund shall be financed by resources secured by the Parties, for example contributions from EDF funds, contributions from European Union Member States and, potentially, contributions from other donors.

3. Notwithstanding paragraphs 1 and 2, the European Community Party undertakes to channel its support either via the financing mechanisms specific to the region or via those chosen by the countries signatory to this Interim Agreement, with due regard for the rules and procedures provided for in the Cotonou Agreement, and in accordance with the principles of aid effectiveness.
4. The Parties shall cooperate in order to facilitate contributions from other donors to the EPA regional fund.

ARTICLE 10

Cooperation on fiscal adjustment

1. The Parties recognise the challenges which the elimination or substantial reduction of the customs duties provided for in this Agreement may pose for signatory Central African States, and they agree to establish a dialogue and cooperation in this area.
2. In the light of the dismantling schedule approved by the Parties to this Agreement, the latter agree to establish an in-depth dialogue on the fiscal adjustment measures to be taken which could restore budget balance in the long term.

3. Further to paragraphs 1 and 2 of this Article, the Parties agree to cooperate, within the framework of Article 7, and undertake to implement technical and financial assistance measures in the following areas:

- (a) contribution to absorbing the net fiscal impact in full complementarity with the fiscal reforms;
- (b) support for fiscal reform together with dialogue in this area.

4. The Parties undertake to agree, within the EPA Committee and as soon as possible, on the methodology for estimating net fiscal impact. In this same context the Parties shall subsequently agree on the complementary measures and studies to be undertaken.

ARTICLE 11

Cooperation in international fora

The Parties shall endeavour to cooperate in all international fora where issues of interest to this partnership are discussed.

ARTICLE 12

Review of the partnership for development

The Parties agree to review in greater detail in 2008 the partnership for development established by this Title, including the details of its implementation.