

EDC2020: EADI Policy Forum

Fighting the global recession's storm:

Implication for European development cooperation

Residence Palace, Brussels, 27 May 2009

Selective Comments on the Commission Communication

**“Supporting developing countries
in coping with the crisis”**

Dr San Bilal



EUROPEAN CENTRE FOR DEVELOPMENT POLICY MANAGEMENT
CENTRE EUROPÉEN DE GESTION DES POLITIQUES DE DÉVELOPPEMENT

Short term action plan

- Honour existing aid pledges:
 - Likely for Community funds
 - Challenging/unlikely for EU MS collectively
- Improve effectiveness and efficiency:
 - Frontloading: effective in short run; but risk for long run if no additional commitments
 - Aid effectiveness: difficult/unlikely to be achieved in short run
- Introduce flexibility:
 - Imperative for timely & adequate response
 - Challenging in short run (procedural & systemic constraints)
- For ACP/Africa:
 - Possibility to tilt NIPs/RIPs
 - Regional AfT packages: good idea but many implementation challenges
 - EIB: good potential, but not flexible enough; no clear agenda
 - FLEX and “vulnerability FLEX”: good idea that needs to be quickly elaborated upon; risk of duplication with other shock mechanisms/funds

Short term action plan

Overall assessment:

- Positive initiative (= signalling effect)
- Possible improvements at the margin only:
 - no ‘big bang’: no radical action; no shift of paradigm; systemic issues not addressed
 - Aid pledges reaffirmed but in practice, no additional ODA – most likely less ODA: how to do more with less?
 - Laudable efforts by the Commission to take the lead but:
 - no clear/much support by GAERC Council
 - many implementation challenges: partly at Community level; many at EU MS level

= possible improvements at the margin only: no overall vision, but piece meal approach only

Medium/longer term action plan

- Need to focus on:
 - Effectively address fundamentals of financial crisis (IFIs, regulatory systems, etc.)
 - Rethinking approach to aid and aid architecture
 - Providing sustainable support
 - Support (policy, institutional, regulatory and economic) reforms
 - Strengthen and build on regional integration initiatives



EUROPEAN CENTRE FOR DEVELOPMENT POLICY MANAGEMENT
CENTRE EUROPÉEN DE GESTION DES POLITIQUES DE DÉVELOPPEMENT

Medium/longer term action plan: ACP/Africa EPAs and the global crisis

- EPAs not really addressed in the Communication
- EPA debate - two opposing views
 - Business as usual (= EPA faithful):
 - Speed up domestic and regional economic reforms
 - Comprehensive agenda to address beyond the boarder issues

versus

- New approach (= EPA critics / sceptics):
 - 1) 'Stop EPA': do not sign an EPA; or
 - 2) Adjust EPA approach: reduced agenda (focus on goods), more development support (AfT packages), greater flexibility (e.g. standstill; safeguards; export taxes/restrictions; MFN; (financial) services)
- Preserve regional integration:
 - no national EPAs jeopardising RI
 - develop regulatory/policy/institutional/infrastructure framework at regional level
- Provide appropriate response to fiscal adjustment/reform needs
≠ business as usual!!!

For more information, please refer to:

www.acp-eu-trade.org
www.ecdpm.org

ECDPM

O.L. Vrouweplein, 21
NL – 6211 HE Maastricht, The Netherlands
Rue Archimède, 5
B- 1000 Brussels, Belgium

San Bilal
sb@ecdpm.org
Tel. +32-2-237 43 89
Fax +32-2-237 43 19



EUROPEAN CENTRE FOR DEVELOPMENT POLICY MANAGEMENT
CENTRE EUROPÉEN DE GESTION DES POLITIQUES DE DÉVELOPPEMENT