Selective Comments on the Commission Communication

“Supporting developing countries in coping with the crisis”

Dr San Bilal
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
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
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