EDC2020: EADI Policy Forum

Fighting the global recession's storm:
Implication for European development cooperation

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Selective Comments on the Commission Communication

"Supporting developing countries in coping with the crisis"

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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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