

Negotiating EPAs for Development
tralac Annual Conference 5-6 October 2006
Cape Town, South Africa

Development and EPAs: Talking Finances in EPAs

Dr. San Bilal



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

Development perspective - I

- Principle agreed by all EU and ACP:
EPAs = development objective
 - 3 core dimensions of trade & development
 1. **Trade(-related) rules**
 2. **Accompanying measures and policies**
 3. **Effective processes for support delivery**
- EPAs must cover all 3 dimensions
- Approaches: EC \neq ACP ?

Development perspective - II

- **For EC:**
 - EPA = market access (trade + trade-related)
 - RI + institutions
 - Investment + business environment
 - Cotonou = trade + development (EDF) pillars
 - 10th EDF programming (2006):

EDF funding

EDF in € billion (% of EU GNI in brackets)

	EDF 2000-2007	EDF 2008-2013 Proposed by EC	EDF 2008-2013 Decided
9 th EDF [2000-07]	13.5 (0.0177)		
10 th EDF [2008 -13]		24.631 (0.031)	22.682 (0.282)
Previous unspent EDF	9.8		
Total	23.6 (0.031)	24.631 (0.031)	22.682 (0.282)

Development perspective - III

For ACP:

- 1) **EPAs should be tools for development**
- 2) **which require significant adjustment costs**
 - the EU failed to grasp the magnitude of these adjustment costs
 - adjustment/development assistance and the EPA negotiations are intrinsically linked, and cannot be artificially disconnected

=> additional and binding commitments
- 3) **timely and effective mechanisms of support delivery**
 - Current mechanisms insufficient and unsatisfactory (RPTF, EDF procedures, etc.)

=> EPA adjustment mechanism(s)

Context

- **EPA Review**
- **Suspension of Doha Round**
- **Aid for Trade**

Dimensions of the debate

- **What to fund:**
 - needs, types of programmes and scope?
- **How much?**
 - EDF, additional funding
- **How to fund?**
 - by whom? modalities, procedures, mechanisms
- **What commitments?**
 - binding or not? in or outside EPA?

Dimensions of mechanisms - I

- **Source of funding**
 - EDF, EU MS, other donors, public-private partnerships
- **Targeted level**
 - National, regional or all-ACP
- **Ownership & management structure**
- **Coordination issue**

Dimensions of mechanisms - II

- **Aid delivery mechanism and procedures**
 - Vertical fund or PMU or budget support
 - Flexibility
 - Management structure
- **Legal status of mechanism and enforceability**
 - vis-à-vis the Cotonou Agreement
 - vis-à-vis EPA legal text
- **Additional pros/cons**
 - WTO A4T Task Force
 - Paris Declaration on Aid Effectiveness

WTO Aid for Trade Task Force Recommendations - I

- Strengthen ‘demand side’
 - *Enhanced Integrated Framework for LDCs*, non-LDCs, (regional) needs assessment, local ownership.
- Strengthen donor ‘response’
 - Donor/issues coordination, integrate trade in aid programming, target funds for supply-side constraints
- Strengthen bridge between ‘demand’ and ‘response’

WTO Aid for Trade Task Force Recommendations - II

- Mainstream trade in national strategies (PRSP)
- National/Regional(?) A4T committees
- Mutual accountability
- Task division
- Transparency
- Monitoring and Evaluation (global periodic review)

Different scenarios

No adjustment mechanism	EPA-specific adjustment mechanism
<ol style="list-style-type: none"><li data-bbox="350 401 877 536">1. EDF 10 NIPS/RIPS only<li data-bbox="350 572 877 779">2. Coordination / monitoring body only<li data-bbox="350 815 877 951">3. Multilateral Aid for Trade	<ol style="list-style-type: none"><li data-bbox="967 401 1747 536">4. All-ACP EPA adjustment facility<li data-bbox="967 572 1473 629">5. Regional funds<li data-bbox="967 665 1824 722">6. Specific thematic EPA funds<li data-bbox="967 758 1801 815">7. National funds arrangement<li data-bbox="967 851 1801 908">8. Donor's EPA Programming

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

San Bilal

sb@ecdpm.org

Tel. +31-43-350 29 23

Fax +31-43-350 29 02



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