



PARLIAMENTARY NETWORK ON THE WORLD BANK

European Development Days 2010

Brussels, 6-7 December 2010

Overview

Every year, the European Commission holds the European Development Days (EDD), a major political discussion forum on development issues, which brings together current and former Heads of State or Government, high-level representatives from international, European, and government institutions, as well as development practitioners, NGOs, media and civil society. This year, the 5th edition EDD took place on 6 and 7 December in Brussels, in cooperation with the Belgian Presidency of the European Union (EU). The objective is to encourage a policy dialogue, where the development community can exchange ideas on how to tackle challenges, and debate on how to get the most out of development aid.

Participants

Prominent guests included the current Presidents of Benin, Burkina Faso, Mali, Tanzania and Malawi (which currently has the presidency of the Africa Union); the Prime Ministers of Zimbabwe and the Palestine Authority; the President of the European Parliament, Jerzy Buzek; the President of the African Union Commission, Jean Ping; the former President of France, Jacques Chirac; recognised academics such as Prof. Paulo Buss, Prof. Paul Collier, Dr. Armando De Negri and Dr. Rajendra Pachauri; and representatives from international organisations such as Filippo Grandi (UNRWA), Dr. Ibn Chambas (Secretary General of African, Caribbean and Pacific (ACP) Group), and Cheick Sidi Diarra (United Nations High Representative for the Least Developed Countries).

The consequences of the global economic crisis

The EDD combined specific policy sessions with key note addresses by prominent personalities. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF) delivered one of the opening speeches, focusing on the consequences of the economic crisis on development. Citing World Bank data, Mr. Strauss-Kahn noted that in critical regions, such as Sub-Saharan Africa, the poverty rate is expected to be 38% by 2015, two percentage points higher than it would have been without the crisis, with 20 million fewer people lifted out of poverty. Remedying this negative consequence involves providing the right environment for inclusive economic growth and creating incentives for business. Furthermore, he called on developed countries to meet aid pledges and to support trade by unblocking exports for poorer countries to encourage productivity. He said that the IMF would work with the EU in providing policy advice, financing and capacity building for low-income countries.

Aid-effectiveness

Aid-effectiveness was one of the main concerns throughout EDD, in particular ahead of the Fourth High Level Forum on Aid-Effectiveness to take place in Busan, Korea in November 2011, which will focus on the challenges encountered at local and regional levels. Aid-effectiveness principles, as set out in the Paris Declaration and in the Accra Agenda for Action (AAA) do not take directly into

account local governance. Nevertheless local and regional authorities' actions are indeed influenced by these principles. Furthermore, the local level - as the sphere of government closest to people - plays an essential role in the fight against poverty and has to be taken into account in current and future discussions on aid-effectiveness.

During the discussions surrounding the question, Mr. Koos Richelle, Director General, EuropeAid Cooperation Office, European Commission, noted that the meeting in Busan will be highly political. The main question which should be addressed is how to move from aid-effectiveness to development effectiveness, and how to allow countries to create their own development experiences. This means ensuring the sustainability of activities coming from aid and ensuring effective budget support in developing countries. Ms. Corina Cretu, MEP and former PNoWB Board Member spoke about budgets constraints in donor countries, and the fact that efforts should also concentrate on changing the outlook on aid – aid should not be considered as charity but as an obligation to the poorest. The discussion on aid-effectiveness has to remain political and involve new donors, such as the BRIC countries (Brazil, Russia, India and China) but also organisations such as the Gates Foundation, stated Jorge Balbis, Chairman, Reality of Aid Network, and Director, Asociacion Latinoamericana de Organizaciones de Promocion. Development has also to be linked to other policies such as immigration and financial inclusion, and be an important part of the budget. Mr. Oldemiro Marques Baloi, Minister for Foreign Affairs and Cooperation, Mozambique added that budget support for development allows for predictability in national finances. In this way, developing country governments create the institutional framework to support trade, investment and a strong private sector to promote their economic growth.

New Policy Challenges for Development

In an evolving international context, some of the main challenges for development are raised by the ongoing food, fuel and financial crises, and their implications for poor countries around the world. Policies should help to ensure socially and environmentally sustainable economic development. Citizens and communities must also be empowered to play their role as key actors in development. However, promoting inclusive and sustainable growth to eradicate poverty requires financial resources. While donors first need to respect their commitments to 0.7% ODA/GNI, due to increasing needs in partner countries and the additional money needed to fight climate change, the international community will also need to find and help mobilise additional resources. Moreover, innovative finance mechanisms, raising domestic resources, partnership approaches with developing countries are crucial in providing solutions for poverty.

To answer to these new challenges, development policies have to become irreversible. Addressing some these issues, Andris Piebalgs, European Commissioner for Development put the emphasis on the need for more inclusivity. The implication is that countries themselves will create their own social security systems, as these cannot be replaced by external actors. Transparency is an integral part of development financing, including the prevention of illegal outflows of aid funds. Mr. Piebalgs also highlighted the need for 'taxation thinking', i.e. the norm of taxing for purposes such as development and climate change. He gave the example of the United Kingdom as a country with strong political will for financing development and encouraged parliaments in other European countries to exert more pressure on their governments to finance development. Ms. Caroline Anstey pointed out that much of aid has been effective and measurable. Development has to remain on the G20 agenda, especially pro-poor growth. Country ownership of development is important and donors should be ready to give up some control. This means more budget support and a greater focus on agriculture, infrastructure and safety nets for the poorest. Ms. Philomena Johnson, Director of Caritas Ghana, stated that while raising local resources is important, they cannot replace international aid for the moment. Ms. Eva Joly, President of the European Parliament Development Committee, regretted the decrease in ODA in the past year and encouraged all donors to respect their commitments. She highlighted the importance of monitoring extractive industries and pointed out that economic

growth is not sufficient to fight poverty – other problems, such as access to medicines or illicit money transfers have important effects on poor countries.

EU Development policy in the next financial framework

The European Commission will undertake from November 2010 to January 2011 an online public consultation based on a questionnaire on all aspects of EU funding for external action after. Following the consultation, the Commission will develop its legislative proposals for the external action financial instruments starting in 2014, including EU development policy and its financial instruments. The challenge will be to create financial instruments which are flexible and adaptable to the different needs of developing countries.

The tools for financing development could come from the experiences of EU itself, according to Professor Paul Collier, Director, Centre for the Study of African Economies, University of Oxford, United Kingdom. They could take the form of the European Cohesion Funds, allocated by the EU as part of its regional policy. In Europe, poorer regions receive most of the support, but all European regions are eligible for funding under the policy's various funds and programmes. In general, the thinking for providing development finance should shift from political will to providing incentives. While aid should not impose policy conditionality, it should impose government conditionality to ensure a transparent use of funds. Mr. Klaus Rudischhauser, Director for General Affairs, Directorate General for Development Relations with ACP States, European Commission pointed out that the European Union is the largest donor in the world. However, there are still many losses due to uncoordinated development strategies. Development policies have to take into account that in 2040, Africa's labour force will outgrow that of China, which is a huge liability for Europe. On a continent with many small countries, regional integration should be a priority – so far, the issue has been in the hands of weak regional organisations without much momentum, which have not been able to create the right incentives for regional integration.

The Special Challenges of the Least Developed Countries

The 49 Least Developed Countries (LDCs) represent the poorest and weakest segment of the international community. Low incomes, weak human resources and persistent economic vulnerability continue to hamper their development. Mr. Cheick Sidi Diarra, UN High Representative for LDCs, listed some crucial aspects lacking in LDCs: job creation, basic infrastructure, skills and capacity, and productivity, especially in agriculture. Furthermore, LDCs are food deficient and receive international aid, which has become structural due to lacking mobilisation of local resources. These and other challenges create a wide gap between LDCs and other countries in reaching the Millennium Development Goals (MDGs).

A particular case of LDCs are conflict countries such as the West Bank and Gaza. In a special address Mr. Salam Fayyd, Prime Minister of Palestine, outlined some of the special challenges faced by the region. He criticised the expansions of Israeli settlements, the classification of territories in different spheres of influence and the lack of safe passages. He considers that these elements hinder development together with the siege imposed on Gaza. Recognising aid by the EU, the acknowledged some improvement in living conditions through budget support, capacity building in government, small-scale infrastructure projects and the opening of several schools and hospitals.

PNoWB Involvement

PNoWB encourages its members to participate in the European Commission consultation on its [Green Paper on Development Policy](#), which will be the basis for the EU's development policy. [Consultations](#) on the Green Paper are ongoing until 17 January 2011.

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