

# EPA Development Support

## Why the ECDPM intends to work in this area, what it plans to do and how

### The development dimensions of EPAs

Everyone agrees: the new Economic Partnership Agreements (EPAs) between the European Union (EU) and the African, Caribbean and Pacific (ACP) regions should be first and foremost about development. By facilitating the integration of the ACP countries into the world economy, and building on regional integration initiatives, EPAs should stimulate economic development and export growth, and hence contribute to sustainable development and poverty alleviation. Not only are these objectives stated in the Cotonou Partnership Agreement, they have also been restated on numerous occasions, by the European Union (its institutions and member states), the ACP regions and countries and various actors from civil society.

In the case of developing economies, certain basic conditions must be put in place if free trade agreements are to lead to economic development and export growth. First of all, developing countries must be able both to bear the potential cost and to seize the potential benefits of liberalisation. On the one hand, the reduced collection of tariff duties as a result of import liberalisation affects government revenues and increased competition from foreign producers could disrupt domestic economic sectors. On the other hand, supply-side constraints such as a poor economic infrastructure, an unfavourable investment climate, weak institutions and the lack of a trained workforce prevent many developing countries from taking advantage of new export opportunities created by trade liberalisation in developed economies. Without adequate policies and resources to adjust and foster the necessary economic transformation and to produce and market their goods competitively, ACP countries are unlikely to fully benefit from new free trade arrangements with the EU.

Many stakeholders in ACP countries, some EU member states, and a large coalition of Southern and Northern NGOs maintain that the current EPA negotiations do not include those elements that are required for economic development and export growth to actually occur. They argue that, while the ultimate goals of EPAs are sustainable development and poverty alleviation, the European Commission (EC) has not so far shown any interest in including matters beyond standard trade-related issues in the negotiations. The EC and the European Council, for their part, claim that the new trade agreements will bring about development. They say that the EPA negotiations should indeed focus on trade and should take place within the framework of the Cotonou Partnership Agreement, which offers ACP countries a chance to identify a parallel development component to accompany the elaboration and implementation of EPAs.

As a result of these diverging views, today - some three years into the official negotiations - the debate on the nature of the development dimension of EPAs is more vivid than ever. Such debate is often confusing, as various stakeholders refer to the 'development dimension of EPAs' without defining it, and different parties have different views on what the content of such a development component should be.

### The ECDPM's contribution to the debate

In line with the objectives and priorities of its Work Plan for 2005-2006, the ECDPM is keen to contribute to an informed and timely dialogue on the development component of EPAs. To complement the activities relating to the trade aspect of EPAs undertaken by its Economic and Trade Cooperation Team, the ECDPM intends to perform a number of activities related to the accompanying measures

and the effective delivery of support for the negotiation of EPAs. We need to begin by acknowledging that the development dimension of EPAs needs to be reflected by three main types of measures:

- 1) *Trade-related regulations*: the trade and trade-related provisions of the agreement regulating trade flows must account for the peculiar needs and weaknesses of ACP countries (for instance, asymmetric liberalisation so that the coverage, scope and speed of tariff reduction for ACP countries are limited relative to the EU).
- 2) *Accompanying measures and policies*: to facilitate the preparation, negotiation and implementation of trade-related measures, accompanying and adjustment measures and policies are necessary for ACP countries to fully benefit from and better cope with the challenges of trade liberalisation with the EU (for instance, fiscal adjustment programmes and measures to address supply-side constraints).
- 3) *Effective processes for support delivery*: besides adequate trade rules and accompanying measures, it is essential that the development support mechanisms to finance and implement them lead to the effective delivery of assistance. The non-utilisation of large amounts of resources from the European Development Fund (EDF) and the slow delivery of disbursements and project implementation in many ACP countries suggest that specific provisions regulating development assistance should lead to more effective planning and timely delivery, as well as strengthened capacity and participation of ACP stakeholders.

By means of various research, dialogue, and communication activities relating to topics (2) and (3), the ECDPM intends to respond to two clear needs emerging from the current international debate on EPA negotiations:

i. The urgency of specific proposals for development support, based on well-defined national development objectives for ACP countries. Due to capacity constraints, most ACP countries have not yet identified concrete proposals for accompanying measures and policies that could be supported financially by the EU so as to realise the development potential of EPAs. As a result, the ACP countries complain that negotiations have failed to address the development dimension of EPAs, whilst EU countries respond that, without clearly identified needs and specific support proposals, no accompanying and adjustment measures can be negotiated, nor financial resources committed. The deadline for the signing of EPAs is the end of 2007. If this impasse is not resolved soon, it will be difficult for EPAs to become effective development tools.

ii. The systematisation of existing work on the development dimension of EPAs. Substantial research and public debates have already been devoted to issues surrounding the development potential of EPAs. But efforts have been fragmented and not adequately targeted; coordination is also lacking. This makes it difficult for the negotiating parties to use such work as constructive contributions to EPA negotiations. The ECDPM intends to build on the results of existing research and debates, and by systematising this work to help identify the development dimension of EPAs, and possibly assist the parties involved to put forward specific proposals on development support.

By working on the sequencing of trade and development policies, accompanying measures and the effective delivery of support with respect to EPAs, the ECDPM also intends to shed some light on the

broader issues of procedural problems affecting EU-funded assistance and on the interaction between different policies and institutions. Both topics are highly relevant to the overall ACP-EU partnership, and not simply from the viewpoint of trade or economic development. As a result, the proposed activities will go beyond the trade negotiation phase and also address the implementation phases of future partnership agreements.

### Aim

The aim of this new set of activities is:

- to foster a better informed dialogue on the development component of EPAs, with a particular emphasis on accompanying measures and policies and the effective delivery of development support;
- to help build the capacity of ACP stakeholders to design effective development measures accompanying trade liberalisation and to participate in development policy management;
- to help donors strengthen their delivery performance, ultimately benefiting international aid effectiveness; and
- to positively influence the international debate on the relationship between trade and development.

### Objectives

Taking into account the urgency of specific proposals on development support for EPAs and existing work being performed in this field, and in line with the ECDPM's traditional principle of building capacity through research, dialogue and the dissemination of information, the specific objectives of the 'EPA Development Support' project are:

1. Research: to analyse the interactions in EU and ACP countries between development policies and procedures on the

one hand, and trade policies and negotiations on the other, as well as to understand hindrances to the effective delivery of development support.

2. Dialogue: to foster a dialogue on the effectiveness of existing development support for EPA processes and the responsible institutional mechanisms, so as to facilitate discussion among the negotiating parties on accompanying and adjustment measures and the available financial resources.

3. Information dissemination: to increase awareness, knowledge and understanding of the options that are available and the institutions responsible for accompanying and adjustment measures and policies that are required in order to benefit from trade liberalisation.

4. Capacity-building: to help build the capacity of ACP stakeholders so that they can link their economic and trade-related needs to the EU's development policies and procedures, and to design specific measures and mechanisms for the effective implementation of trade-related development support in line with carefully defined national development objectives.

### Activities

The new set of activities will be performed in accordance with the ECDPM's methods, by:

- Combining networking and partnership. The ECDPM promotes dialogue and structured partnerships among stakeholders. This has resulted in the formation of a vast network of institutional and personal contacts, with whom the Centre can share ideas and information. The ECDPM's long-term perspective will allow us to focus on

the institutional development of the actors involved in EPAs.

- Building synergies. The ECDPM is committed to long-term cooperation with key stakeholders in ACP-EU relations and has a proven ability to build bridges among interested groups. In particular, the ECDPM promotes networks of ACP expertise and will make a conscious effort to involve ACP experts and centres of excellence both in EPA processes and in its own work.
- Taking a demand-driven approach. The ECDPM's programmes and activities are flexible in order to meet needs as they arise, and dedicated efforts are devoted to continuously adapting its work to the rapidly evolving international context and to requests emanating from the field. Thanks to critical comments from partners and stakeholders and taking into account new funding and partnership opportunities, the ECDPM will adapt its priorities to EPA processes as they evolve.
- Highlighting policy relevance and taking a practical focus. The ECDPM regularly reviews its work plans in the light of their relevance to development policy and their expected impact (as perceived by stakeholders). In addition, the Centre's ability to gather information, analyse it along non-partisan lines and disseminate it in non-technical and brief research papers is widely valued. The same approach will be taken to this work on EPAs.

More specifically, the EPA Development Support project will involve the following activities:

### 1. Research

The ECDPM has identified the following three sets of priority issues for analysis. The methodology used will include: desk research; updating past research; questionnaires and interviews with key stakeholders and networking with partners in ACP and

EU countries; the systematisation of findings of existing research on the development dimension of EPAs.

(a) current resources, instruments and policies on accompanying measures:

- Links between EU trade and development policies: the EU as a negotiator and donor.
- Trade-related and business support in the EDF: What is the link between the progress of EPA negotiations and the identification of development needs? Did the EPA negotiations affect the first Mid-Term Review of National and Regional Indicative Programmes? What are the synergies between and the degree of complementarity among national, regional and all-ACP levels of support?
- Mapping of existing instruments, mechanisms and procedures for trade-related development support in the context of EPA negotiations currently offered by EU institutions, EU Member States and other donors.
- Issues of overlap, coordination and complementarity between instruments, mechanisms and procedures for development assistance offered by EU institutions, EU Member States, and other donors; and an assessment of their efficiency and usefulness as perceived by users.

(b) existing institutions and decision-making processes (with an emphasis on identifying the hindrances to EPA negotiations and the effective delivery of support for EPAs), assessing:

- the roles and influence of, and the coordination mechanisms used by, different institutions:
  - i. in Europe (i.e. the European Commission, the European Parliament, the European Council, EU Member States, EC Delegations, non-state actors, with a particular

focus on relations among DG Development, DG Trade, DG External Relations and Europe Aid (AIDCO));

- ii. in ACP countries (i.e. national governments, regional integration organisations (RIOs), the ACP Secretariat, national and regional authorising officers (NAOs and RAOs), EC Delegations and non-state actors);
  - iii. joint institutions such as the ACP-EU Joint Parliamentary Assembly (JPA);
- the role and effectiveness of the Regional Preparatory Task Forces (RPTF) accompanying EPA negotiations;
  - the involvement of the private sector in EPA negotiations.

(c) the future prospects for development support:

- Specific options for accompanying measures and policies for EPA implementation.
- Future support: additional EDF resources? New financial instruments? What future role should the RPTF play?
- Issues of sequencing: the implementation of EPAs, liberalisation, regional integration and development support delivery.
- Trade and development in the context of current reforms of the EU's external relations, policies and institutional machinery.
- Concrete options for improving the effectiveness of delivery of development assistance.

### 2. Dialogue

The results of research will be used to foster a dialogue between the various actors and to feed into the debates on EPA negotiations and implementation. The topics for dialogue will be drawn from the research questions outlined above. The ECDPM will seek to facilitate a dialogue by performing activities including:

- the organisation of informal meetings between EU Member states and ACP

- RIOs, and among RIOs;
- the establishment of regional electronic discussion fora where NAOs and trade officials can exchange views on EPA implementation and the stakeholders' involvement in development spending;
- participation in workshops and seminars organised by third parties, so as to elicit critical comments on research outputs such as discussion papers.

### 3. Dissemination of information

The output of research and the results of dialogue will be used for the project's information and communication component. Information will be disseminated by means including the following:

- drafting papers on the research priorities;
- taking part in workshops and seminars at which these papers will be presented;
- publishing case studies on successful development support for EPA processes;
- producing other publications, including ECDPM papers, newsletters and tailored websites.

### 4. Capacity-building

The research, dialogue and information components of this set of activities will help to build the capacity of ACP stakeholders to link their needs with the EU's development policies and procedures and to design specific measures and mechanisms for the effective implementation of development support. Depending on the demands of specific stakeholders, tailored capacity-building activities may include:

- training sessions for different actors in ACP and EU countries;
- assistance with institution-building (for instance, establishing effective structures and simplified procedures for managing EU aid and promoting best development practices).

### Target audiences

The main target group will be those actors who are directly involved in the debate on development support for EPA processes, with a particular emphasis on negotiators and stakeholders in ACP countries (i.e. RIOs in the six EPA sub-regions, ACP national government officials including NAOs, ACP Embassies, ACP NSAs, the ACP Secretariat and members of the JPA).

European actors will also be targeted. These will include officials from EU Member States, European Commission officials, members of the European Parliament and the JPA, EC Delegations and EU Member States' Delegations, NSAs (primarily pan-European, but also in certain Member States) and academic and expert audiences.

### Expected outcomes

- An increased awareness and understanding of accompanying and adjustment measures and the policies that are required in order for the ACP countries to benefit from trade liberalisation.
- A more informed debate on the effectiveness of the delivery of EU development assistance and the institutional mechanisms that are responsible for it, with particular emphasis on specific options for improving the effectiveness of delivery in both EU and ACP countries.
- An increased awareness and understanding of the instruments, mechanisms and procedures available for trade-related development support in the context of EPAs, and a better informed public dialogue on the future prospects for EU-funded development support.
- Improved capacity of ACP stakeholders to design effective development measures accompanying trade liberalisation and to participate in development policy management.

- Relevant input into policy discussions among the negotiating parties on the specific options for accompanying and adjustment measures for EPA implementation and the available financial resources.

### Specific outputs would include:

- Brainstorming workshops with key stakeholders to discuss the EPA Development Support project and to provide input for and critical comments on the project.
- ECDPM Discussion Papers and InBriefs on the identified research priorities.
- ECDPM Brief InfoSheets tailored to different actors in EU and ACP countries, addressing gaps in information and understanding.
- Other publications: a guide to participation in EU development support; case studies on successful EPA development support processes; tailored websites.
- Informal meetings between EU Member states and ACP RIOs, and also among RIOs.
- Seminars to discuss and disseminate the contents of discussion papers and InfoSheets.
- The establishment of regional electronic discussion fora.

### Funding and partnership

The ECDPM will approach various partners and donors who are interested in collaborating in and/or funding specific activities under the framework described above.

For further questions, please contact  
Francesco Rampa at

[fr@ecdpm.org](mailto:fr@ecdpm.org)