



Panel discussion

„The global crisis: What challenges lie ahead of us, what implications on our priorities and operating methods?“

Concept paper

Although originated in the US and closely linked to the functioning of our “developed” economies, the financial and economic crisis is increasingly spreading to developing countries, which are now faced with credit crunch, export difficulties as well as dropping investment and remittance flows. The failure of international banks imposes heavy consequences on their financial and economic systems; in addition, they suffer from the contraction of developed countries’ demand for manufactured goods. This on top of the energy crisis, climate change as a global issue and the food crisis caused by soaring food prices that hits African countries most.

Our organisations are trying to seek ways and means to help developing countries overcome the crisis. More strongly than ever before they should play their part in a counter-cyclical approach in order to compensate for the reduction of financial flows, to support poor countries, communities and the people involved, to help local economies adapt to and overcome the global slowdown.

However, this is not an easy challenge, as in these turbulent times all actors are subject to strong challenges:

- To maintain advances achieved in aid quality, in particular with regard to ownership of partner countries and increasing harmonisation among donors
- To find ways to help reform local financial and economic systems, if needed and wanted by partner countries
- To help make sure that women and vulnerable groups, particularly children, are not the ones paying the highest price of the crises
- Finding cheap and long-term resources on the financial market has become very difficult,
- To deal with the expectations that development agencies must do more with proportionally (or even in absolute terms) less budgetary resources,

For development banks, an additional challenge is the deteriorated risk environment. How can they increase their commitments while respecting the prudential standards they are subject to?

These challenges and constraints enhance the necessity to concentrate our efforts. However, it may not be easy to find out what is most appropriate: in which sectors, with whom, with which countries or regions, with which (innovative?) instruments, through which partnerships should we best operate?

But this crisis is not only financial. It questions our whole economic model, based on market pressure for high profits, which always requires more consumption, more credit, more production and more mineral and environmental resources. And it comes exactly at a time where the threat of climate change is being felt worldwide. The role of human activity in global warming is no longer disputed. Finding new, more nature-conscious and environment-friendly ways of life has become a big challenge for the human community. Developed countries should reduce their consumption drastically and enable emerging and least developed countries to have better access to energy and to other basic goods, while reducing global carbon emissions.

Europe is a leader in term of initiatives and international commitments in favour of climate change mitigation. Our organisations themselves have realised how closely development and the preservation of public goods are linked. Climate change adaptation (in LDCs) and mitigation (in emerging countries) have become a priority for many development actors, who can contribute to global awareness that the way out of the crisis goes through a global response taking all these aspects into consideration.

In development issues also, the European Union is a leading actor, through the volume of its ODA but also through its additional commitments in favour of Africa and through a number of initiatives, both in the field of aid efficiency, such as the European Code of Conduct on Division of Labour, and by promoting innovative instruments, such as the EU-Africa Infrastructure Trust fund and the Neighbourhood Investment Facility.

The European Practitioners fully support the EU initiatives and are committed to converting them into practice. As a network, we represent a diversity of actors with a variety of instruments, technical experience, geographical priorities, local presence etc, which can be used to get a more comprehensive understanding and analysis of the situations we are facing, and to prepare better coordinated responses to partner countries. Our efforts towards more co-financing between us and towards a better division of labour will contribute to increasing the efficiency of our actions.

Beyond our community of public organisations, we also have experienced other kinds of partnerships which can bring useful solutions to the needs of our partner countries and to poor populations, such as alliances between private enterprises and NGOs, with the support of public development organisations. We want to further develop our relationships with the civil society and to share best practices between us.

At the level of the European Union, the very existence of the Network originates in the belief that we can participate in shaping a better world by trying to know each other, to reciprocally learn from each other and to coordinate our actions. Not only will we as a Network be stronger and more effective and efficient to bring solutions to the crisis, but we participate in “making Europe”..

Mr Bayer, a renowned economist, currently Director of the European Bank for Reconstruction and Development, will give his analysis of the implications of the financial crisis on emerging and least developed countries and present some of his ideas about how donors and development banks could respond to the needs of these countries.

High-level representatives of European development organisations, aid practitioners, will respond to Mr Bayer’s analysis and will share their vision of the global crisis and of the contributions that European development actors can bring, more particularly acting as members of a network.