

# IDB AfT Regional Review

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# Caribbean challenges

- Enhance regional economic integration (Single Market and Economy) to stimulate productive efficiency, trade, investment and employment
- In parallel, functional co-operation to increase sustainability and systemic competitiveness
- Social justice
- Environmental sustainability
- Democratic governance

# Trade policy reply (EPA)

- EPA supports regional economic integration process, including rules-setting
- Liberalisation process provides secure market access and reduced input costs
- Enhance predictability and credibility of reform  
-> confidence of economic actors
- Link to development co-operation: support to regional sector development policies (supply side constraints)

# Specific supply side constraints

- Competitiveness of export sectors through diversification
- Entry into and beneficial participation in global supply chains
- Compliance with international norms and standards
- Required: credit, technology and know-how, business development services, incl. marketing
- Adequate trade-related infrastructures (e.g. ports)

# Development policy reply

- Development cooperation shall focus on (EPA Art. 7/8):
- TA to build human, legal and institutional capacity in the CARIFORUM States (incl. compliance with EPA commitments)
- Promoting private sector and enterprise development, including compliance with international standards, enhancing international competitiveness, investment, diversification etc.
- Support innovation, research and technology development
- Support for the development of trade-related infrastructure
- Assistance for capacity and institution building for fiscal reform and support to related adjustment costs

# EU AfT Strategy – more and better AfT

- Quantitative challenges
- EU TRA increasing to € 2bn by 2010
- ACP regions get „fair share“
- AfT increasing in proportion with ODA
- Aid effectiveness
- Ownership and alignment, co-ordination by partners
- Joint analysis, responses and delivery
- Regional approach

# EU AfT strategy – some results

- EC TRA increased (2007): € 1bln. (2001/04: 890 mln.)
- MS TRA increased (2006): 640 mln. (01/04: 360 mln.)
- EC AfT increased (2007): € 3.1 bln.
- EU Total AfT (2006): 7.3 bln. (2.6 bln. from EC)
- Trend of decreasing attention to productive sectors reversed
- Several MS preparing own AfT strategies (Finland, UK, France, Germany)
- Council confirms engagement in process towards Regional AfT packages

# The way forward to a Regional AfT package

- CARIFORUM to prepare regional integration roadmap
- Action plan on the legislative and policy actions required at a national and regional level ;
- Timetable for the accomplishment of each of the actions (matching timebound EPA commitments)
- Estimated volume of resources required by action
- Identify responsible implementation agency
- Identify possible sources of funding
- => Opportunity to increase aid effectiveness.  
Ownership, donor alignment and coordination can be strengthened => way to agree on AfT package