

ORAL QUESTION O-xxx/09

pursuant to Rule 115 of the Rules of Procedure
by Eva Joly, on behalf of the Committee on Development
to the Commission

Subject: The effects of the global financial and economic crisis on developing countries and on development cooperation

The G20 leaders recognised "the disproportionate impact on the vulnerable in the poorest countries" of the global financial and economic crisis and "our collective responsibility to mitigate the social impact of the crisis", reaffirming existing aid pledges, promising new resources - a significant increase in crisis support and more resources for social protection for the poorest countries. However, while 82% of the IMF's newly loaned resources have gone to the European area, only 1.6% has gone to countries in Africa. What will the European Commission undertake to make sure that more of these means will reach the poorest countries?

While an effective crisis response would require a new and large injection of resources, the World Bank has been left to react through its own existing resources and facilities.

Furthermore, many of the very poor countries are precisely the ones which are highly at risk from the international financial crisis, but they are unlikely to receive assistance from either the IMF or the World Bank, as they are unable to meet the requirements for borrower creditworthiness and for a record of "good performance".

What is the Commission' strategy to respond to the needs of these countries?

The international response to the crisis highlights problems with the Bretton Wood's governance failing to provide assistance to the neediest developing countries. How does the Commission promote reforms of these institutions to ensure a greater voice and representation for low income countries and a greater sensitivity to their needs?

The European Commission intends to frontload €8.8 bn of development aid, budget support and agricultural financing for immediate action and has proposed €500m to support social spending in developing countries through the *ad hoc* vulnerability FLEX mechanism. Would it not make sense to focus budget support on the fields of health, decent work and education and financing infrastructure, social services and green growth in the form of sectoral budget support? How will the Commission fill the funding gap in future years caused by frontloading budget support now?

ODA volumes are not sufficient to meet the vastly increased needs in developing countries caused by the crisis. What proposals will the Commission make for innovative funding mechanisms to address this problem?

Tabled: 03.09.2009

Forwarded:

Deadline for reply: