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Enhancing Knowledge for Renewed Policies against Poverty

Interview with Xavier Oudin, coordinator of the NOPOOR FP7 project, and Rafael de Arce, Fatou Cissé, Anke Hoeffler, Jean-Philippe Platteau, Marc Raffinot and François Roubaud, Nopoor researchers, at the occasion of the launch of the public consultation about the EC Green Paper: "Towards a new partnership between the European Union and the African, Caribbean and Pacific countries after 2020"

– questions –

Q1.a. The agreements between the EU and the African, Caribbean, and Pacific (ACP) countries, dating back to 1975 and the first Lomé convention, have been a central part of the EU's external policies for decades. The currently running Cotonou Partnership Agreement has an explicit development dimension. In your opinion, did the current agreement and its predecessors effectively contribute to poverty reduction and eradication in ACP partner countries?

Yes, although it is impossible to generalize, poverty has reduced in many ACP countries. Whether or not the Cotonou agreement has contributed to this maybe more difficult to assess but to us, there is no doubt that it has, through its different mechanisms (there is a direct impact, but also indirect effects). However, geographical disparities persist and, even, have increased in last years.

Let's take an example. The Economic Partnership Agreements (EPAs) aims to create a Free Trade Area (FTA) between the European Union (EU) and West Africa (WA); thus economies in the later region are expected to open their domestic market to EU products over a period of 20 years. Simulation results done by Nopoor researchers indicate that, without any support programs, WA economy faces pressure when the liberalization reaches 75 percent of imports from the EU, leading to a slower growth rate and an increase of poverty compared to the non-FTA scenario. The deterioration of the trade balance comes and the loss of Government revenue appears as an important contributor of the counter performance of the economies. This general picture of the FTA scenarios impact hides significant disparities among economies in the sub region. The growth rate accelerates in four countries: Côte d'Ivoire, Ghana, Niger, and Benin; it slowdowns in five other countries: Nigeria mainly, but also Senegal, Togo, Cape Verde, and Guinea-Bissau.

The previous STABEX, even if it was not very successful, dealt with this kind of problem, by taking in account the instability of export receipts for example and broader development issues. So we think the EPA should go beyond trade and include development provisions (in West Africa, PAPED is a good step in that direction). Our research shows that when there are accompanying policies (building energy



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production and transport facilities), the impact is better in term of growth and poverty reduction in all the countries¹.

Q1.b. Is the current format of the Cotonou Partnership Agreement successful in promoting good governance, transparency of administrative and political practices and accountable institutions?

It probably is, unless there are conflicts (it means that conflict prevention and resolution should be given more attention). What is due to the Cotonou framework is not easy to determine. For example, it is not possible to say that the improvement of the political situation in Madagascar, or more recently in Burkina Faso, is due to the Cotonou agreement. However, the EU under the Cotonou Agreement has also been very accommodative with autocratic rulers like Compaoré in Burkina Faso, who was granted a MDG contract. Some member States (Denemark) did point out problems like widespread corruption without reaction from the Commission.

The main and well known dilemma for the EU is: should we cut aid to the badly governed countries which are also those most in need? Here again, there is no straight forward answer as specific situations should be considered. But cutting aid is like applying a double whammy. First, citizens of these poor countries are left in poverty; second, it creates a vicious circle where the country which receive less aid will also be badly scored in international databases (made by the donors) and in turn will be still less supported (less aid, fewer investment...). One should here note that measuring good governance is still a challenge and that decisions of granting aid is taken on the basis of some indicators released by agencies without proper measurement. There are based on experts' opinion, not on the real experience of the population.

One way of resolving this dilemma is to consider the amount of aid that reach the poor (Platteau & Bourguignon). In a country with bad governance, a certain amount of aid will reach the targeted population anyhow. If this amount is reasonably high, aid should be given. Indeed, if aid and its conditionality in terms of good governance are efficient, it will also improve governance, at least in the sector which benefit from aid.

Concerning the accountability of institutions, Nopoor is doing original research on electoral processes. Most ACP countries now hold elections to determine their leaders. However, the majority of these elections are neither free nor fair. The run up to the elections is marred by illegal practices such as restricting voter registration, limitation in campaigning, vote buying and intimidation. On the election day many ballot boxes are rigged and the counting of votes is incorrect. In some elections there is also violence before the elections and immediately after. Research by Bishop and Hoeffler (2014) suggests that most commonly used malpractices take place in the run up to the election and not on the election day. However, most election observer organisations concentrate on the election day. In order to improve transparency, political practices and accountability more resources should be provided to local and international organisations to monitor the entire election process not just the election day.

¹ See Nopoor document : The Growth and Poverty Impact of the West African Free Trade Agreement with the European Union, from Fatou Cisse and Ismael Fofana



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Q2. How could the recently adopted post-2015 UN Sustainable Development Goals impact on future (post-2020) ACP-EU relations?

The ultimate goals of the SDGs and the Cotonou agreement are similar, even if the approach technically differs. Moreover, there is a convergence on a certain number of issues, as the focus on climate change or on the respect of human rights. In these conditions, it seems obvious that the future round of negotiation for the Cotonou agreement should refer to the SDGs. Here are some examples :

1. developing collaborative research programs on specific aspects as energy, transport, environment to build evidence for policies decision;
2. implementing programs on transport and energy that help to increase firms productivity and boost exports and growth;
3. upgrading industrial and agricultural enterprises ;
4. encouraging innovation (investment in ICT);
5. facilitating sustainable and resilient infrastructure development in developing countries (in particular access to water and sanitation) through enhanced financial, technological and technical support to ACP countries ;
6. involving developing countries in the definition of the global environmental policies.

Attention should also be paid on financial mechanisms, including macro-aid and micro-finance support. Frequently, the policies do not provide enough mechanisms to finance the necessary investment in poor regions and these areas are not able to attract investors in the regular financial markets. Long-term perspectives and higher risk in these zones deter their possibilities of attracting investment.

However the SDD approach is problematic because no clear priorities are emerging from this long list of indicators. This is likely to result in a terrible bureaucratic burden. The EU should clearly state its own priorities in that list in order to focus on what is really relevant.

Let's consider one of the SDGs, the 16th that aims to promote peaceful and inclusive societies. The goal includes a number of wide ranging targets. SDG 16.1 states that violence in all its forms, not just political violence, should be significantly reduced. While low income countries are more likely to experience cycles of armed conflict, they are also characterized by high prevalence rates of other types of violence. International comparisons suggest that the typical ACP country has high homicide rates (over 10 per 100,000 population) and that the prevalence of domestic abuse of women in children is very high. For example Fearon and Hoeffler (2014) estimate that during one year 28 per cent of all women in Sub Saharan Africa are victims of intimate partner violence. This is the highest prevalence rate of all global regions. A Nopoor programme in Peru also shows that domestic violence is closely associated with poverty.

Poverty reduction is likely to reduce all types of violence but changes in norms and attitudes will accelerate the decrease in violence. Programs aimed at violence reduction should also consider the widespread use of domestic violence against women and children, especially in post-conflict societies which are more vulnerable to a return of violence. Thus, it appears sensible that the international donor community provides aid specifically to support legal and security sector reforms. However, far too little aid is currently spent on building peace and preventing violence in all its forms. Fearon and Hoeffler



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(2014) estimate that only 0.5 per cent of the entire aid budget is specifically aimed at measures to reduce violence. The EU could provide a lead in the international aid community by making more aid available to stabilize peace and to reduce violence in all its forms.

Q3. The 79 ACP states and the 28 members of the EU represent together a majority of states within the United Nations and a total population of some 1.5 billion people. Do you consider the EU-ACP agreements as a basis for a strategic international cooperation towards coherent development objectives?

This would require an all-out trade liberalization of ACP countries. But it is not sure that a generalized opening of ACP economies to imports from emerging countries such as China and Turkey would boost their exports. Also, the development dimension of EPAs foreseen under PAPED aims to upgrade industrial and agricultural enterprises, but the amounts provided are low. If EU-ACP must be a basis for a strategic international cooperation towards coherent development objectives, they should take in account the different levels of development of ACP partners and include additional programmes for the less advanced countries to catch up, in particular in infrastructures of transport, energy and also vocational training.

Q4. Based on three and a half years of intensive work in the NOPOOR consortium, what would be the most important policy recommendations that you would like to bring to the attention of EU and ACP policy makers considering the post-Cotonou developments of EU-ACP relations?

A first important remark is that priorities should be defined by region, country and even domestic socioeconomic division. Equal “generally accepted principles” are not convenient for the poorest regions. Some well-intentioned economic policies can produce very different effects in the target countries if they are not adapted to each concrete case. Our research shows that FTA produces totally different effects in African countries and, frequently, opposite undesired effects. In that respect, ‘positive discrimination’ in the case of the least developed countries and/or regions inside the countries, such as non-symmetric agreements should be considered.

A second remark is that access to public goods is a prerequisite to reduce poverty for good. This is a strong conclusion of some of our research programmes (in India for example). Policies aiming at reducing poverty will certainly be efficient if they facilitate the access to public goods to the poorest. Concerning education, a focus should be put on the quality of education, including at primary level. Primary education in itself is not (anymore) sufficient to reduce poverty or prevent vulnerable people to fall back into poverty.

A third remark largely expressed at the DEVCO meeting in November 2014 in Brussels concerns the collection of data, and also the capacity building of those in charge of collecting data (National Institutes of Statistics-NIS). With 169 targets for 17 goals, the new SDG framework will need to build a good statistical system able to collect good data, analyse them and set up relevant indicators. This is an important challenge and we constantly advocate the need of taking this into consideration. Statistical surveys and support to NIS are usually neglected in large political agreements. In the new SDG framework, this issue should be given more importance.



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Speaking on data collection, I would like to put emphasis on one aspect which is ignored in the framework of the Cotonou agreement which is the access to information. There is no democracy without a good and accessible information. How can you have a fair political debate if you ignore the basic figures on income distribution, evolution of living standards, etc. Yet, most ACP countries have a very weak system of information (i.e. National Statistical Institutes lacking financial and human resources to produce the basic knowledge on the economy and society). Nopoor has launched several surveys and collected new knowledge to better understand the determinants of poverty. But it is at our scale, and these are only punctual efforts.

The EU wants to improve governance in recipient countries. But how good governance is measured? This is not clear although the SDGs will certainly be an improvement in this matter. Here again, there is a lack of data. As a consequence, the donors often use databases made on subjective perception of their representatives. Nopoor has explored several directions to improve the measure of governance, as a database on elections to determine the degree of fairness of elections, survey on households dealing with different aspects of governance and their perception by the citizens, not by experts...

Q5. Knowledge sharing with and capacity building in developing countries is among the main objectives of the new Sustainable Development Goals. The NOPOOR project brings together researchers from four continents and many developing or developed countries. Based on your experience, how successful are the EU research framework programmes in contributing to these objectives? Could you give examples concerning the impact of NOPOOR in creating or strengthening local research capacities that could underpin better informed and evidence based development policies in developing countries?

The EU research framework programmes is indeed successful in contributing to the SDG objectives. First, it offers opportunity to produce evidences on issues of development that are part of the SDG as trade agreements, social protection, poverty and inequality reduction. Second, through a rich mentoring and training component, the programme is a unique framework to prepare a new generation of researchers.

Concretely, Nopoor has brought in the EU framework 12 institutions which, from now on, are able to answer to European calls, have developed their network and acquired competencies to do so. Besides, three training sessions have already been organised for young researchers and PhD students, and some more are planned. Finally, many young researchers and technicians (statisticians) are involved in our programmes and benefit much from this experience.