

General conference information

Rethinking the Development Agenda in the Perspective of the Global Crisis

16 April 2009

Golden Tulip Hotel, Rotterdam

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The financial crisis has triggered a deep economic crisis, which has rapidly spread across the globe. Questions have been raised on how this will affect developing countries and what the consequences will be for our own societies and for international relations as a whole.

ECORYS plans to use the occasion of its 80th anniversary to organise a conference for experts in order to address these questions. The conference aims to provide more insight into the various consequences of the crisis, and more specifically whether this might lead to new ways of development cooperation.

This conference will include:

- A speech by the Dutch Minister for Development Cooperation, Bert Koenders;
- A forum discussion in which Minister Koenders will engage in a debate with high level policymakers and academics from South and North;
- Expert workshops hosted by ECORYS in cooperation with the Overseas Development Institute (ODI), London, on various issues linked to Development Cooperation.

Forum participants

To open a profile, click a name.

- Mr. Bert Koenders, Dutch Minister for Development Cooperation
- Dr. Alison Evans, incoming Director ODI (1 May 2009)
- Dr. E. Gyimah-Boadi, Professor and Executive Director of Ghana Center for Democratic Development
- Dr. Peter van Bergeijk, Professor of International Economics/Macroeconomics, Institute of Social Studies (ISS)
- Mr. Stephen Browne, Deputy Executive Director of International Trade Center (ITC)

Forum Chairman: Mr. Max van der Sleen, CEO ECORYS

The starting point and leitmotiv of the forum is that 'the crisis presents a window of opportunities for changes'.

Subjects for the forum discussion

Subject 1: The Global Aid Architecture and the New Roles of IMF/World Bank

In recent years, it proved hard to agree upon institutional reforms in the set up of IMF and World Bank that could reflect the shifting nature of global interdependence. In addition, during the last six months the aid architecture has shown to be unable to address problems of the scale we currently experience. Not only are sources of financing insufficient and not flexible enough to respond to big shocks, but the architecture is inappropriate and too fragmented to address systemic failures.

Early this month, the G20 has agreed to strengthen the role of IMF ('the IMF is back') and to back it with much more resources. Nevertheless, the real discussion on institutional reforms of the global financial architecture has only just kicked off.

Subject 2: Globalisation and Access to Finance

The reductions in poverty over the last 20 years have largely been fuelled by export-led growth and a general opening up of markets, illustrated most clearly by the global tendency for tariff reductions and strong performance of several developing countries in attracting investments. However developing countries that have made the best strides to open up their economies may now find themselves more vulnerable to global economic downturns, precisely because they have successfully tied themselves to the global economy.

Although trade is not the cause of the current crisis, it is strongly affected by the crisis and in many ways is likely to become one of its main casualties. The current crisis has already led to reductions in the size of global trade flows through falling global demand – the WTO estimates a nine percent drop in global trade flows, while the OECD recently came out with an even more pessimistic estimate of 13 percent decline. At the same time trade credit is less readily available to exporters. Compounding these issues is the fact that governments of the advanced economies have

tended to boost their domestic demand in order to prevent large drops in domestic production and large increases in unemployment, sometimes by resorting to protectionist measures, such as state aid and subsidies (e.g. bailouts for the car industry) as well as other non-tariff barriers. These measures have clear side effects for the rest of the world, especially for developing countries.

At the global institutional level, there appears to be a 'trade crisis' as well, as a successful conclusion of the World Trade Organisation (WTO) Doha Round seems further away than ever in the current economic and political environment.

Simultaneously, the crisis has increased the competition for finance, increased borrowing costs and reduced general availability and thus access to capital, especially for developing countries.

Unless there is a concerted international effort to address these immediate impacts and reactions, the current crisis may have a longer term, more structural impact on development in the next decade or so through de-globalisation trends including greater protectionism and restrictions on capital flows.

Subject 3: Governance Situation and Policy Space in Developing Countries

Over the last six months, IMF has reduced its lending conditionalities and supported many countries in their fights against temporary balance of payments difficulties. The World Bank and other donors have tried to follow a similar more flexible approach. So far, limited attention has been paid to the required policies in developing countries to deal with the crisis and to the available policy space of Governments in these countries. Furthermore, the implications of the crisis on the local governance situation require further attention. It might lead to social unrest because a young generation might fall back into a new poverty trap and the present generations would never be able to escape from it.