Financial architecture for development: Council adopts conclusions on the way forward

The Council adopted conclusions on the European financial architecture for development.

The conclusions follow up and build on the report by the Wise Persons' group that was established in April 2019 with the aim of recommending possible options for reforming the existing setup for financing development policies.

The conclusions stress the need to make the European financial architecture for development stronger, more flexible, integrated, coherent, strategic and responsive to climate change and development needs. The Council emphasises the need of the EU Member States, in cooperation with the European Commission, to act towards better coordination of EU positions in multilateral development fora and institutions in order to speak with a more coherent EU voice. They give strong support to the short-term measures put forward in the report and outline the way forward for preparing a political reflection on a possible institutional reform.

The Council considers that key institutional changes to develop EU's financial architecture should be assessed as part of the global system. In this context, enhancements to the current institutional set-up, building on specific business models of the EBRD and EIB, will deserve further consideration. To this end, Council invites the EIB and the EBRD to provide, by end of January 2020, with proposals for concrete actions to achieve maximal development impact through enhanced cooperation between the institutions, as well as an analysis of the implications for their institutions of possible evolutions of the existing institutional setup. Also, the Council stands ready assess the feasibility of prioritized options further. Member states are due to provide further guidance on the preferred way forward on the financial architecture for development during 2020.

Background

The European Union and its members states have historically been the largest development donors in the world: they provide more than half of the total world development aid, amounting about EUR 80 billion. The European development financial architecture plays an important global role in fighting poverty and inequalities, working towards achieving the Sustainable Development Goals and tackling climate change. However, the structure is complex, with a multiplicity of EU and national actors, as well as financial instruments. The present fragmentation of the system, especially in relation to overlaps and underlaps in the work of the EIB and the EBRD outside the EU, is detrimental to achieving the EU priorities and desired development impact.

In its report, the Wise Persons’ Group analysed all the existing instruments for development managed by the Commission, the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) and looked at ways to maximise the added value of the European financial architecture for development.