

Procedure file

Basic information		
INI - Own-initiative procedure	2021/2252(INI)	Procedure completed
The future European Financial Architecture for Development		
Subject		
6.30 Development cooperation		
6.30.02 Financial and technical cooperation and assistance		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Development	 GOERENS Charles	29/06/2021
		Shadow rapporteur	
		 HÖLVÉNYI György	
		 BULLMANN Udo	
		 MARQUARDT Erik	
		 ZIMNIOK Bernhard	
		 KEMPA Beata	
	Committee for opinion	Rapporteur for opinion	Appointed
	 Foreign Affairs	 SANTOS Isabel	06/10/2021
	 Budgets (Associated committee)		02/02/2022
		 WINZIG Angelika	
European Commission	Commission DG International Cooperation and Development	Commissioner URPILAINEN Jutta	

Key events			
16/12/2021	Committee referral announced in Parliament		
16/12/2021	Referral to associated committees		

	announced in Parliament		
26/10/2022	Vote in committee		
09/11/2022	Committee report tabled for plenary	A9-0270/2022	Summary
23/11/2022	Debate in Parliament		
24/11/2022	Results of vote in Parliament		
24/11/2022	Decision by Parliament	T9-0420/2022	Summary

Technical information

Procedure reference	2021/2252(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 57; Rules of Procedure EP 54
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/9/07925

Documentation gateway

Committee draft report		PE730.110	04/04/2022	EP	
Amendments tabled in committee		PE731.784	05/05/2022	EP	
Committee opinion	AFET	PE704.787	12/05/2022	EP	
Committee opinion	BUDG	PE729.981	20/05/2022	EP	
Amendments tabled in committee		PE737.204	26/10/2022	EP	
Committee report tabled for plenary, single reading		A9-0270/2022	09/11/2022	EP	Summary
Text adopted by Parliament, single reading		T9-0420/2022	24/11/2022	EP	Summary

The future European Financial Architecture for Development

The Committee on Development adopted the own-initiative report by Charles GOERENS (Renew, LU) on the future European Financial Architecture for Development.

The EU institutions and the 27 EU Member States together constitute the largest donor for developing countries, responsible for approximately 46 % of the total official development assistance (ODA) provided by all OECD ODA members to developing countries.

According to the report, the current political and financial leadership of and efforts by the EU are not sufficient for achieving the Sustainable Development Goals (SDGs) and the goals of the Paris Agreement and addressing other acute global challenges, in particular worsening climate change, the dramatically increased debt burden of partner countries, the consequences of COVID-19 and violent conflicts, and therefore joint engagement at international level is required to ensure that EFAD is able to respond to these emerging challenges.

In order to actually achieve the SDGs and to overcome the COVID-19 pandemic, policy coherence and close cooperation between all official development finance institutions, their government shareholders, EU institutions and all existing partners is urgently needed to ensure that scarce public money is used in the most effective and efficient way.

Principles and objectives of the European financial architecture for development

Members underlined the key role of NDICI Global Europe, the EFSD+ and the External Action Guarantee (EAG) in providing a strategic framework for blended finance, de-risking investments and guarantees, and mobilising resources from the private sector with the support of the EU budget, especially in the light of increasing geopolitical and economic competition. They also insisted that all implementing partners who are part of EFAD and access EU budget funds under the EFSD+ apply the full range of EU social, human rights, procurement, transparency and environment and rule of law standards, policies and procedures.

The report underlined that consistency across all EU policies, strategies, initiatives and financing instruments, notably the new NDICI Global Europe instrument, the Team Europe initiative and the new Global Gateway strategy, as well as close alignment with the EUs strategy for PCSD and Policy Coherence for Sustainable Development (PCSD) is crucial in order to maximise the EUs global response for sustainable growth, development and peace.

Challenges to be addressed

Noting a lack of policy steer and coordination between the different financial actors (i.e. the EIB, the EBRD, the European Development Finance Institutions (DFIs) and others), Members called for further efforts for better coordination and cooperation to make the current system more effective, collaborative and focused on ensuring an optimal use of resources that leverages key partners relevant geographical, sectoral and financial expertise to achieve a better return on EU taxpayers money and a stronger development impact.

Member stated that the Team Europe approach should play a key role in further improving strategic cooperation and global coordination and the coherence and effectiveness of development efforts, especially at partner-country level, as well as at EU and Member State level, including at regional government level. The Commission should put forward a powerful EU policy direction for development policies and to coordinate EFAD in a way that would allow further alignment of the EU development financial institutions activities within the new open, collaborative, transparent and inclusive architecture in order to achieve EU development policy objectives, strengthen close partnerships with regions and contribute to their development.

Moreover, the Commission is called on to further develop the EU taxonomy and encourage development finance institutions both at EU and Member State level, as well as private actors active in development, to align their activities, in particular those in developing countries, with SDG objectives and the objectives of the Paris agreement.

European and national financial institutions

While reaffirming the EIBs specific role within the EU and globally and its crucial role in delivering EU investments, Members called for the EU to further maximise the potential of the EIB as a tool to leverage the EUs strategic autonomy and promote its external policy interests and priorities in its relations with non-EU countries.

The report welcomed the setting up of EIB Global, defined by the EIB as a dedicated development branch within the EIB Group, which has been operational since 1 January 2022. However, the lack of information on how EIB Global is funded jeopardises its mandate from the outset. A concrete and strong development mandate for the new EIB Global is needed.

The EIB and the EBRD are encouraged to further reinforce their complementarity and their business models through greater mutual reliance initiatives, as the needs are greater than their joint resources. Resources and financing should also be pooled from the Commission, the Member States, the EIB, the European Bank for Reconstruction and Development and the other European development banks and financial institutions.

Members underlined the need to finance long-term investments that foster sustainable development and to build on cooperation to date, in order to develop further sustainable development opportunities for the African continent.

The report recognised the importance and potential of Member State development banks within the EFAD structure. However, concern was expressed about the role of intermediaries partnering with DFIs, in particular regarding reported violations of human rights. The Commission and the EFAD institutions are called on to promote transparency in their procurement procedures.

Financing for development

Considering that the EU should strive to maintain its position as a world leader in ODA, the report insisted that the Member States honour their commitment to spend 0.7 % of their gross national income (GNI) on ODA. Members recognise the role of local micro, small and medium-sized enterprises, cooperatives, inclusive business models and research institutes as engines of growth, employment and local innovation, which will in turn contribute to the achievement of the SDGs. There is a need to simplify access to financing, strengthen inclusiveness and support smaller actors, including by improving accessibility to relevant publicly available data and for local SMEs to have easy access to financial services in the EFAD framework. EU policies need to encourage the cooperation of companies and enterprises, particularly SMEs, to play an active role in initiatives contributing to sustainable development in developing countries.

Lastly, the Commission is called on to promote international cooperation in tax matters to fight against tax evasion, illicit financial flows and corruption in order to foster purposeful and sustainable development financing that contributes to reducing inequalities and poverty.

The future European Financial Architecture for Development

The European Parliament adopted by 461 votes to 35, with 78 abstentions, a resolution on the future European financial architecture for development.

Members recalled that the COVID-19 pandemic has deepened the already significant financing gap for the Sustainable Development Goals (SDGs) and caused an overall decrease in resources of USD 700 billion and, at the same time, an increase in needs of USD 1 000 billion. The pre-pandemic SDG annual funding gap in developing countries of USD 2.5 trillion is expected to increase by 70 % post-COVID-19, to USD 4.2 trillion. Russias military aggression in Ukraine has drastically exacerbated the situation of SDGs in Ukraine and its neighbouring countries.

Parliament considered that the current political and financial leadership of and efforts by the EU are not sufficient for achieving the Sustainable Development Goals (SDGs) and the goals of the Paris Agreement and addressing other acute global challenges, in particular worsening climate change, the dramatically increased debt burden of partner countries, the consequences of COVID-19 and violent conflicts, and therefore joint engagement at international level is required to ensure that EFAD is able to respond to these emerging challenges.

In this context, there is an urgent need for policy coherence and close cooperation between all official development finance institutions, their shareholder governments, the EU institutions and all existing partners, to ensure that scarce public funds are used in the most effective and efficient way.

Principles and objectives of the European financial architecture for development

Parliament took note of the Council conclusions on the strengthening of the EDFA and stressed the key role played by the Neighbourhood, Development Cooperation and International Cooperation Instrument (NDICI) - Europe in the World, the European Fund for Sustainable Development Plus (EFSD+) and the External Action Guarantee (EAG).

The EFAD should provide for an efficient, effective, coherent and inclusive architecture, underpinned by the policy first principle and in line with the strategic interests and values of the EU. Members stressed that all implementing partners who are part of EFAD and access EU budget funds under the EFSD+ apply the full range of EU social, human rights, procurement, transparency and environment and rule of law standards, policies and procedures.

Parliament stressed that the European financial architecture for development must strengthen strategic partnerships between the EU and its global development partners. Recalling the interconnection between humanitarian aid, development, cooperation and peace, it stressed that consistency across all EU policies, strategies, initiatives and financing instruments, as well as close alignment with the EU strategy on PCSD and Policy Coherence for Sustainable Development (PCSD), is crucial to maximise the EU's global response for sustainable growth, development and peace.

Challenges to be addressed

The EU's financial contribution to sustainable development in partner countries should enable partner countries to contribute to their own economic and social development and to achieve the SDGs. Members stressed the crucial importance of country participation in this context.

Noting a lack of policy guidance and coordination between the different financial actors (i.e. the EIB, EBRD, European Development Finance Institutions (DFIs) and others), Members called for further efforts to improve coordination and cooperation to make the current system more efficient, collaborative and resource efficient. They also recognised the need to enhance and improve the EU institutional set-up, and address its development effectiveness deficit, to reduce heavy bureaucratic coordination and strengthen institutional flexibility.

The resolution stressed that further efforts are needed to fully comply with the principles of the PCSD to achieve the aid effectiveness objectives. It called for the EFAD to be compatible with future EU legislation on due diligence and corporate responsibility and to ensure compliance with human rights standards.

Member stated that the Team Europe approach should play a key role in further improving strategic cooperation and global coordination and the coherence and effectiveness of development efforts, especially at partner-country level, as well as at EU and Member State level, including at regional government level.

The Commission should put forward a powerful EU policy direction for development policies and to coordinate EFAD in a way that would allow further alignment of the EU development financial institutions activities within the new open, collaborative, transparent and inclusive architecture to achieve EU development policy objectives, strengthen close partnerships with regions and contribute to their development.

European and national financial institutions

Reaffirming the EIBs specific role within the EU and globally, Parliament welcomed the setting up of EIB Global, defined by the EIB as a dedicated development branch within the EIB Group, which has been operational since 1 January 2022. It called on the EIB to strengthen its presence in the field, while exploiting possible synergies with the EEAS, EU delegations, the EBRD and other European development financial institutions. It encouraged the EIB and EBRD to further strengthen their complementarity and business models through greater mutual reliance initiatives.

Members stressed the need to finance long-term investments that promote sustainable development and to build on the cooperation to date to develop further sustainable development opportunities for the African continent.

The resolution recognised the importance and potential of Member State development banks within the EFAD structure. However, concerns have been expressed about the role of intermediaries working with DFIs, particularly in relation to reported cases of human rights violations. The Commission and the EFAD institutions are encouraged to promote transparency in their procurement procedures.

Financing for development

Considering that the EU should strive to maintain its position as a world leader in ODA, Parliament insisted that Member States should honour their commitment to spend 0.7% of their gross national income (GNI) to ODA. It also stressed the importance of the EU's commitment to mobilising resources for climate action and the role of the EIB and other members of the European financial architecture for development in making progress in this area.

Lastly, recognising the role of local micro, small and medium sized enterprises, cooperatives, inclusive business models and research institutes as engines of growth, employment and local innovation, Members stressed the need to simplify access to finance, to enhance inclusiveness and to support small actors, including local SMEs, which should have easy access to financial services under the European financial architecture for development.

Transparency					
GOERENS Charles	Rapporteur	DEVE	15/11/2022	European Centre for Development Policy Management	
GOERENS Charles	Rapporteur	DEVE	15/06/2022	European Development Finance Institutions -EDFI	
GOERENS Charles	Rapporteur	DEVE	28/04/2022	European Bank for Reconstruction and Development	