



Council of the
European Union

Luxembourg, 14 June 2021
(OR. en)

8848/21

DEVGEN 96
ACP 43
RELEX 437
FIN 362
OCDE 11
SUSTDEV 65

OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council

On: 14 June 2021

To: Delegations

No. prev. doc.: 8595/21

Subject: EU partnerships with Middle-Income Countries: Opportunities for the
development in transition agenda
- Council conclusions (14 June 2021)

Delegations will find in the annex the Council conclusions on EU partnerships with Middle-Income Countries: Opportunities for the development in transition agenda, as adopted by the Council at its 3802nd meeting held on 14 June 2021.

**EU partnerships with Middle-Income Countries:
Opportunities for the development in transition agenda**

Council conclusions

1. The Council highlights the EU and its Member States' commitment to engage in policy dialogue and international partnerships with Middle-Income Countries (MICs), in line with the new European Consensus on Development. The Council considers that the EU should further continue its engagement with MICs in the framework of the upcoming Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe, recognising their diverse character, challenges and wide geographic scope.
2. The Council values the role of MICs as contributors and key partners to the achievement of the 2030 Agenda and its 17 Sustainable Development Goals (SDGs), as well as the Paris Agreement, in view of shared values and mutual interests. The Council highlights the strategic value of engaging with MICs in the current geopolitical context, to deliver on EU interests and priorities and support effective multilateralism and the rules-based international order.
3. The Council notes with concern the disproportionate impact of the COVID-19 crisis on developing countries, including MICs, as illustrated by the erosion of development gains, the negative impact on human development, in particular for girls and women, as well as the exacerbation of socioeconomic challenges, notably poverty, rising inequality and political instability. In this regard, the Council stresses the need to prevent additional setbacks, build resilience and promote an inclusive and sustainable recovery in line with a 'build back better and greener' approach, guided by the SDGs.
4. The Council notes that development is a multi-dimensional, non-linear process and partner country challenges do not end with their graduation to middle-income status. Measures of development should look beyond GDP per capita and consider other dimensions, including inequalities within countries and climate change.

5. The Council stresses that the EU should address the specific challenges of countries that move across country categories, including from Least Developed Country (LDC) to Low-Middle-Income Country (LMIC), supporting sustainable transitioning to other forms of development financing and cooperation. Against this background, the Council recalls that ODA remains a major source of finance for LDCs and fragile states, which particularly lack domestic capacity to raise finance from other sources.
6. The Council further underlines that the EU should continue engaging politically with upper-middle income countries, including countries needing few or no concessional forms of assistance but still facing inequalities.
7. The Council calls on the Commission, the EEAS and Member States to work with MICs in line with the Working Better Together and Team Europe approaches, including, for those countries still benefitting from EU financial support, through, inter alia, joint programming and Team Europe Initiatives.
8. The Council supports the tailoring of partnerships to country-specific situations and regional dynamics, valuing dialogue with relevant counterparts, including civil society and the private sector, in view of ensuring ownership and a better alignment with their strategies and financing needs.
9. The Council encourages the Commission, the EEAS and Member States to follow a multi-stakeholder and flexible approach, making full and effective use of the Team Europe toolbox. Forms of cooperation may inter alia include, depending on partner countries' development status and needs: (i) political and policy dialogue, including flexible dialogue facilities; (ii) innovative financial instruments (e.g., the upcoming EFSD+); (iii) grants, including budget support; (iv) knowledge-sharing, peer-to-peer technical assistance and public sector expertise (through TAIEX, Twinning and other forms of peer learning; triangular and South-South cooperation); and, (v) public diplomacy.

10. The Council underlines the need to support partner countries to enhance and strengthen effective domestic resource mobilisation, including accountable and transparent public expenditure systems, tax systems, financial and capital markets cooperation and fiscal space, as well as combating illicit financial flows. Increasing transparency, strengthening fiscal reforms, institutional capacity building, good governance, the rule of law, anti-corruption frameworks, investment climate and public finance management also play a key role in this context. The Council also recognises the central role of trade for sustainable and inclusive economic development and underlines the need to enhance partner countries' capacity to trade.
11. The Council reaffirms the importance of a coordinated international approach to debt treatment within the existing international debt architecture, including in regard to the full and transparent implementation of the G-20 and Paris Club Debt Service Suspension Initiative (DSSI) and the Common Framework for Debt Treatments beyond the DSSI, for eligible countries. The Council stresses the importance that all official bilateral and private creditors, participate on comparable terms in the treatment of unsustainable debt.
12. The Council recognises the need for complementary forms of development measuring and reporting to meet the requirements of the 2030 Agenda such as the Total Official Support for Sustainable Development (TOSSD).
13. The Council encourages the Commission, the EEAS and Member States to discuss transition approaches with partner countries and to reflect on ways to avoid a vacuum in programmes and on new forms of international cooperation to build future relationships beyond aid. In this regard, the Council further encourages addressing key EU foreign and trade policy objectives, as well as global public goods, including environment and climate change.
14. The Council invites the Commission, the EEAS and Member States to explore and share lessons learnt in supporting sustainable transitions and promoting international partnerships with MICs, including, inter alia, in coordination with the OECD.
15. The Council calls on the Commission, the EEAS and Member States, in a Team Europe spirit, to ensure effective communication and visibility of EU efforts, as well as to continue common actions to tackle disinformation, including through coordination between EU Delegations and Member States at country level.