EUROPEAN
COMMISSION

Brussels, 31.1.2020
COM(2020) 43 final

REPORT FROM THE COMMISSION TO THE COUNCIL

ON THE RECOMMENDATIONS OF THE HIGH-LEVEL GROUP OF WISE PERSONS ON THE EUROPEAN FINANCIAL ARCHITECTURE FOR DEVELOPMENT

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Introduction

In its conclusions of 5 December 2019 on strengthening the European financial architecture for development, the Council has invited the Commission, in collaboration with the European External Action Service (EEAS), to act on a number of recommendations identified by the High-Level Group of Wise persons[1] (Wise Persons Group - WPG). The recommendations elaborate the steps to render the framework for external investments more agile and effective. Within this context, the Council has notably invited the European Commission and the EEAS to report to it, by the end of January 2020, on the measures to be undertaken which will strengthen the European financial architecture for sustainable development[2]. This report aims at presenting, for each Council conclusion, how the Commission services and the EEAS, in support of the High Representative for Foreign and Security Policy / Vice-President of the Commission (High Representative / Vice President - HRVP), intend to ensure the appropriate follow-up.

The Council conclusions acknowledged the WPG's recognition of the need to make the European financial architecture for development stronger, more flexible, integrated, coherent, policy-driven and responsive to climate change and development needs, particularly in Africa and the Neighbourhood. The Council endorsed a number of short-term measures put forward in the WPG report and outlined the way forward for preparing a political reflection on possible institutional reform[3]. In its conclusions, the Council firstly emphasised the need for EU Member States, in cooperation with the European Commission services and the EEAS, to act towards better coordination of EU positions in multilateral development fora and institutions in order to speak with a single and influential EU voice.

Three key areas for improvement as outlined in this follow-up report and based on the Council conclusions have been identified: i) coordination and coherence among actors in the development field; ii) communication and outreach; and iii) capacity, operationalisation and internal coordination. Several of the recommended steps have already been initiated in all of these areas through various strategic, policy or operational actions, or are envisaged to be implemented through the proposed Neighbourhood, Development and International Cooperation Instrument (NDICI).[4]

Moreover, the Commission in its communication of 12 September 2018[5], "Towards a more efficient financial architecture for investment outside the European Union", reiterates that the EU must *be "agile and stand ready to adapt and develop further its financial instruments and policy tools for investments outside the EU, hereby complementing its traditional development cooperation toolbox, in order to deliver on its ambitious commitments to sustainable development*" and considers the need for a more collaborative approach as an immediate priority". Following the communication, the Commission has held two meetings centred on working towards a more efficient financial architecture for investment outside the EU in October 2018 and January 2019 with Member States and their development finance institutions (DFIs), international financial institutions (IFIs), and the

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[1] https://www.consilium.europa.eu/media/40967/efad-report_final.pdf
[2] Article 25 of Council conclusions on Strengthening the European financial architecture for development
[3] https://www.consilium.europa.eu/en/press/press-releases/2019/12/05/financial-architecture-for-development-council-adopts-conclusions-on-the-way-forward
[4] https://eur-lex.europa.eu/procedure/EN/2018_243
[5] https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=COM:2018:0644:FIN

European Parliament. The Commission remains ready to take further steps, as outlined in the present report and welcomes the Council conclusions and WPG recommendations on the creation of a more efficient financial architecture.

Key Area 1: Coordination and coherence of development actors, efforts undertaken and to be implemented by Commission services and the EEAS

Council conclusion 18. ENCOURAGES the European Commission, and the EEAS including through the network of EU Delegations, to strengthen their efforts in coordinating European development finance actors in partner countries, inter alia, through joint multiannual programming at country level with the Member States, the development of country platforms, as also proposed by the G20 Eminent Persons Group Report, and regional investment facilities, recognising other frameworks, bringing together all relevant partners and maximising development impact and partner country ownership. This could be facilitated, inter alia, by further harmonising reporting practices across relevant development finance actors.

The European Commission and the HRVP, supported by the EEAS and the EU Delegations, work to strengthen and promote coordination among the different European development finance actors in partner countries.

One illustration of such effort is the EU External Investment Plan (EIP), which was launched in 2017. The EIP builds on the successful implementation of blending operations and is a major EU tool to encourage sustainable development and to further boost investments in partner countries in the EU's Neighbourhood and Sub-Saharan Africa. The Commission has begun rolling out a new generation of financial instruments based on risk sharing (through guarantees from the EU budget), in order to catalyse substantial additional funds with both public and private investors. The EIP brings together the EU external actors (Commission, HRVP and the EU Delegations), Member States and their embassies, finance institutions and the private sector, while also contributing to the objectives of the Africa-Europe Alliance for Sustainable Investment and Jobs[6] and the European Neighbourhood Policy.

The EIP consists of three pillars. The first pillar (Pillar I) is finance. Through the use of budgetary guarantees, the EU shares the risk and through blending projects, the EU covers part of the costs of a development project through the combination of EU financial support (grants) with loans or equity or guarantees from other public and private financiers.

The Plan's second pillar (Pillar II) consists of technical assistance. This assistance funds experts who help develop new projects, enable local and EU firms to draft business plans and support governments in enacting reforms. For investments to materialise, the EU provides technical

[6] https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1537433689163&uri=CELEX:52018DC0643

assistance to support the implementation of the guarantees and the preparation of bankable projects. Technical assistance is also crucial to enhance the capacity of public institutions to improve the investment climate. Since 2017, the EU, under the EIP, has mobilised over EUR 500 million in technical assistance to support the definition and quality improvement of viable projects under the guarantee and blending operations.

The last pillar of the Plan (Pillar III) is investment climate support. The EU works closely with governments in partner countries to help them improve the framework conditions that investors consider when making their financial assessments and decisions. The EU also helps to bring together governments, business and financial institutions to discuss investment challenges.

The NDICI proposal seeks to integrate a number of existing external financing instruments into a single instrument which, through common processes and governance, will harmonise development practices and enhance policy coherence. The budgetary guarantees will, for the first time, be programmed along with all other forms of assistance (Article 12 (1) of the proposed NDICI Regulation stipulates that *"the implementation of this regulation shall be carried out for geographic programmes through multiannual country and multi-country indicative programmes"*). Furthermore, the proposal also envisions a stronger role for joint programming moving forward. Article 10 (2) (b) foresees that "*joint programming shall be the preferred approach for country programming. Joint programming shall be open to other donors where relevant"*.

The Commission services and the EEAS have been encouraging joint programming as a means of bridging the gap between the Union, its Member States and EU development partners in implementing development support in partner countries to maximise the impact of EU external action. Joint programming will be the preferred option under the NDICI Regulation. The objective includes building a joined-up approach with Member States in the implementation of Pillar III of the EIP with the view to deepen further coordination and synergies on ongoing and planned actions, improving the investment climate, building on local coordination mechanisms and Member States' specific areas of expertise and networks, such as under the Sustainable Business for Africa (SB4A) platform. Moreover, Member States can help play an important role in mobilising European companies, chambers of commerce, trade and investment promotion agencies, development agencies and development finance institutions. It should also be noted that the EU is the largest partner of the IMF and WB on technical assistance to help developing countries reach the Sustainable Development Goals (SDGs). Visibility of the EU in this respect should be improved.

Since 2006, nine investment facilities[7] for blending operations have served as mechanisms aimed at mobilising additional funding to meet the EU's development objectives. The Boards are chaired by the European Commission and are composed of representatives of the Commission, HRVP and EU Member States (with DFIs as observers), bringing together the stakeholders and further aligning policy and investment interests. Since 2007, these regional investment facilities have leveraged over EUR 50 billion with an EU contribution of around EUR 4.5 billion allowing several hundreds of

[7] The Africa Infrastructure Trust Fund, The Africa Investment Platform, the Asia Investment Facility, the Investment Facility for Central Asia, the Investment Facility for the Pacific, the Latin America Investment Facility, the Caribbean Investment Facility, the Neighbourhood Investment Facility and the Western Balkans Investment Framework

projects aimed primarily at the energy, environment and transport sectors to be financed. In addition, blending contributed to supporting ongoing reforms in many of the countries and sectors that it operated in, as physical investments were accompanied by policy-level discussions, technical assistance and advisory services. [8]

One example of regional investment facility is the Western Balkans Investment Framework (WBIF) launched in 2009, which serves as a regional platform for six countries and helps bring together the EU, IFIs, Member States, other donors and partner countries into a unified platform to discuss strategic priorities in the region as well as a single prioritised investment pipeline, twice a year. It has the added value of ensuring that communication and reporting activities are harmonised among the different partners (e.g. by way of a monitoring report, the WBIF annual report, WBIF website management). The WBIF finances the preparation and implementation of priority infrastructure projects in the Western Balkans through grants from the Union budget and 20 bilateral donors, loans from the participating financial institutions and through national finance. Since 2009, the WBIF has supported 172 projects at an estimated project value of EUR 18.3 billion, also awarding EUR 1 billion in grants.[9]

Building upon the successes of the regional investment facilities and taking into account the recommendations by the G20 Eminent Persons Group on Global Financial Governance, the Commission will continue to work through the Regional Operational Boards foreseen in the NDICI proposal, which help to bring together all relevant partners, thus maximising development impact and partner country ownership. These Regional Operational Boards will issue opinions with respect to budgetary guarantees as well as blending operations proposed by partner financial institutions in the context of the post-2020 European Fund for Sustainable Development Plus (EFSD+).[10]

At the level of the NDICI as a whole, the role of the NDICI Committee will help to reinforce an "EU policy centre", by bringing together the Commission and Member States, in order to discuss key decisions on the multi-annual indicative programmes, action plans and measures.[11] Where relevant and appropriate, other partners will also be consulted in the course of the programming exercise. In addition, governance boards under the EFSD+ shall advise on overall strategic orientation.

EU Delegations can facilitate country platforms and are in a position to serve as focal points, acting in regular consultation with Member States and their DFIs, local stakeholders, IFIs and (when relevant) governments. Furthermore, EIP's Pillar III focuses on regulatory reforms for improving the investment climate. This work is informed by structured dialogue with the private sector to bring in its perspective on business constraints and priority reforms.

The Commission will also work towards ensuring the buy-in of all relevant actors and stakeholders and accompany countries in developing integrated national financial frameworks, which are

[8] Evaluation of Blending Final Report, December 2016, see footnote 12 below
[9] https://wbif.eu/storage/app/media/Library/1.%20Governance/WBIF%20at%20a%20Glance%20Final_Nov19.pdf
[10] The EFSD+ Regional Operational Boards are envisaged to be convened for the following regions, as defined in the proposed NDICI Regulation: Neighbourhood; Sub-Saharan Africa; Asia and the Pacific; Americas and the Caribbean. For the governance of resources from the Instrument for Pre-Accession Assistance III to be used through the EFSD+, existing structures of the Western Balkans Investment Framework will be built upon.
[11] See chapter I of the proposed NDICI Regulation ("Programming")

important for mapping all available financial resources (official development assistance (ODA), investment, domestic resources, remittances, etc.), maximising development impact and ensuring partner country ownership. This will ensure the effectiveness of these platforms.

Council conclusion 19. INVITES the European Commission to strengthen its existing development finance capacity to evaluate the consistency of projects and investment proposals with EU policies in line with its competencies.

The European Commission continues to work on strengthening its development finance capacity to evaluate investment programme proposals and their alignment with EU policies.

However, the Commission recognises that the significant increase in terms of guarantees to be managed by the Commission under the EFSD+ might require further strategic reallocation, and even increase, of its human resources, category of staff and relevant profiles to re-enforce the concerned working sectors' capacities and to ensure adequate policy steering, in order to maintain sufficient links between EU-supported investments, policy reforms promoted by the EU in partner countries and related capacity-building efforts.

In the 2014-20 period, the Commission oversaw the External Lending Mandate of the EIB (budgetary guarantee cover of up to EUR 32.3 billion) and launched the European Fund for Sustainable Development (EFSD) involving 28 approved budgetary guarantees with total cover of EUR 1.5 billion. Through this new instrument, the Commission has developed in-house expertise in the evaluation of investment programme proposals. An important increase in the use of budgetary guarantees is proposed post-2020 in order to crowd-in greater volumes of private investment to support EU policy objectives. Under the EFSD+, the Commission plans to engage with a number of financial institutions, providing budgetary guarantees of EUR 45 billion that could cover up to EUR 500 billion of investments in development finance projects. Moreover, the Commission will continue to provide blending contributions to partner financial institutions, such as technical assistance grants, investment grants or risk capital.

In this regard, it is worth noting that the Commission's blending facilities received a promising external evaluation in 2016[12]and by the European Court of Auditors, who published a positive report on blending in 2014[13]. The evaluation found that blending allowed the EU to engage more broadly and with strategic advantage – particularly in support of large infrastructure projects and for cooperating with countries in transition to medium income status. Blending has, in many instances, added significant value to the EU's grant-based development cooperation and also brought added

[12]Analysis for Economic Decisions (ADE), Bhul-Nielsen et al., *Evaluation of Blending,* (December 2016) https://ec.europa.eu/europeaid/sites/devco/files/evaluation-blending-volume1_en.pdf

[13] European Court of Auditors, *The effectiveness of blending regional investment facility grants with financial institution loans to support EU external policies*, (2014) https://www.eca.europa.eu/Lists/ECADocuments/SR14_16/SR14_16_EN.pdf

value to IFIs' loan operations. In addition, the first evaluation of the EFSD is currently underway in line with Article 17 of the EFSD Regulation.[14]

The Commission is mobilising further resources to increase its development finance know-how, notably with regard to support for private sector investments, both in headquarters and in EU Delegations, to ensure it fulfils its obligation to protect the Union's budget while boosting the development impact of EU cooperation funds. In addition, the Commission is increasing its capacity and financing expertise by expanding staff's training in development financing, project financial management and by further upgrading the skills of its staff specialised in the legal, financial and budgetary specificities of financial instruments. The Commission will also continue hosting experts seconded from IFIs, who are specialised in the monitoring of the risk parameters of operations. This enhanced capacity will help the Commission to better protect the EU budget and better manage the foreseen increase in exposures covered by budgetary guarantees post-2020.

Furthermore, the Commission, in cooperation with IFI/DFI experts and other partners, is in the process of developing dedicated software that would help to model risks, under the EFSD+ guarantee, recognising the specific challenges in developing and transition countries and building on data from the Global Emerging Markets Risk Database (GEMs). The software is envisaged to be put at the disposal of a reinforced group of risk management professionals who would be seconded to the Commission (Guarantee Technical Assessment Group Plus, GTAG+). The provision of expert advice on the risk profile and guarantee remuneration will enhance the Commission's capacity to identify the portfolios of investment projects to be guaranteed. Moreover, an experienced risk management professional is foreseen to be hired to lead the GTAG+.

Lastly, training plans for EU Delegations on budgetary guarantees and the use of innovative financial instruments have been prepared and are being further enhanced in order to be implemented in line with the new financial cycle priorities for 2021-2027.

Council conclusion 20. EMPHASISES the need of the EU Member States, in cooperation with the European Commission, to strengthen existing mechanisms and, where necessary, work towards better coordination of EU positions in multilateral development fora and institutions in order to speak with a more coherent EU voice. This should also include coordinating positions on issues of strategic importance, particularly on the board of the EBRD.

The European Commission and the HRVP agree that Europe's influence in multilateral development fora and institutions is stronger when the EU speaks with a coherent voice. Joint programming has proved effective and it will be enhanced under NDICI, where it is proposed that joint programming be the "preferred approach"[15].

[14] https://ec.europa.eu/commission/publications/regulation-establishing-european-fund-sustainable-development-efsd-efsd-guarantee-and-efsd-guarantee-fund_en

[15] Article 10 (1) (b)

In order to structure EU coordination on EU policy objectives and priorities, and to encourage collective discussions that can support the coherence of European positions in the different IFIs and multilateral development banks (MDBs), an annual meeting could be proposed with the purpose of bringing together the different representatives and stakeholders of:

- Member States in the IFIs/MDBs' Boards, i.e. executive directors
- Relevant ministries from EU Member States (i.e. Foreign Affairs/Development, and Finance)
- relevant Commission services / EEAS

Furthermore, the Commission sees merit in enhancing the use of the Council working parties or other committees as a structured channel for Member States' coordination on strategic issues relevant for multilateral financial organisations. Previous experience with regard to the World Bank Group (WBG), the European Bank for Reconstruction and Development (EBRD) or the Asian Infrastructure Investment Bank (AIIB), where discussions to coordinate positions took place in the Economic and Financial Committee (EFC) and its Sub-Committee on the International Monetary Fund (SCIMF), could be expanded.

EU Delegations in cities hosting multilateral organisations and IFIs/MDBs can also play a role, by convening regularly coordination meetings with European Executive Directors or other relevant EU Member States' representatives so that European positions in the Boards can be better discussed and aligned.

Council conclusion 21. INVITES the European Commission to bring together on a regular basis the European development finance and implementing partners to promote harmonisation of strategies and approaches in development finance.

The Commission services, in collaboration with the EEAS, and through EU Delegations, are working to promote the harmonisation of strategies and approaches among European development finance and implementing partners.

The use of platforms such as the EU Platform for Blending in External Cooperation (EUBEC)[16], the Practitioners Network and the Technical Assessment Meetings (TAM) of the blending platforms, all serve as ways of bringing together key international and European DFIs to discuss best practices, evolving approaches and better coordination, to the benefit of the EU external cooperation. Relevant institutions, such as the WBG, IMF, EBRD, EIB, African Development Bank (AfDB), Asian Development Bank (ADB), Inter-american Development Bank (IDB), and development agencies from EU Member States usually participate in these meetings, which take place throughout the year in different locations, in addition to the IMF-World Bank bi-yearly meetings. The Commission is also extending the dialogue to new development banks, such as the Asian Infrastructure Investment Bank

[16] A Platform of external cooperation experts created in 2011, whose overall objective is to improve the quality and efficiency of EU development and external cooperation blending mechanisms, taking due account of the policy frameworks that govern the EU relations with the different partner countries, notably EU development, neighbourhood and enlargement policies

(AIIB), New Development Bank (NDB), Islamic Development Bank (IsDB) etc.) to explore areas of cooperation and partnership.

The Commission holds high-level dialogues on a yearly basis with a number of IFIs, such as IMF, AfDB, ADB, IDB and WBG (through the so-called “Deep Dive”). The Commission brought several of these high-level partners together on 22 January 2020, on the occasion of the EFSD Strategic Board meeting, and is planning to gather these partners again at the upcoming EIP Conference in March. The Commissioner for Enlargement and Neighbourhood holds an annual Enhanced Cooperation High-Level Meeting with the EIB, EBRD, IMF, WB and International Finance Corporation (IFC), a member of the WBG). This enhanced cooperation initiative started in 2015 and has allowed the participants to organise joint missions and joint policy dialogue activities with several partner countries in selected areas of work.

A Joint Agreement on Enhanced Cooperation and Coordination is another platform available to the Commission. Joint Agreements facilitate senior management discussion, geographical meetings at operational and strategic levels, as well as thematic and ad hoc meetings covering diverse sectors, such as transport and digitalisation. Through these conferences and outreach actions, the Commission is promoting collaboration among the EU and its implementing partners on common strategic priorities. The Joint Note on Enhanced Cooperation and Coordination, agreed in 2018 between the Commission and the EIB, provides for regular senior management discussion, geographical meetings at operational and strategic levels, plus thematic and ad hoc meetings covering diverse sectors, such as transport and digitalisation. The aim is to reinforce policy coordination with the EIB throughout the project cycle, from identification to implementation.

At partner country level, European DFIs are regularly invited to take part in EIP outreach missions and in business fora. In 2019, the EIP Taskforce conducted a total of nine outreach missions, which were organised to selected African and Neighbourhood countries (Cameroon, Angola, Tunisia, Zambia, Kenya, Armenia, Somalia (in Ethiopia), Senegal, Sierra Leone). Moreover, for the 2020 period, at least seven outreach missions are envisioned for African and Neighbourhood countries (Uganda, Rwanda/Burundi, Burkina Faso, Malawi, Democratic Republic of Congo/Congo Brazzaville, Guinea Bissau, Mozambique/Madagascar). These outreach mission are undertaken by EIP development cooperation specialists from the Commission with expertise in finance and communication, with strong support from EU Delegations in the respective partner countries. European DFIs already actively take part in these EIP outreach missions, which usually consist of information sessions with investors, the local private sector, partner country government officials, and representatives from EU Member States and other relevant donors. Moreover, the European Commission is supporting the organisation of important country-specific business fora, gathering key private sector, IFIs, investors and government actors. These business fora are important platforms to address challenges and opportunities for doing business and promoting local and European investments in the country, with a high-level participation.

Furthermore, in regular consultation with EU development and finance institutions present on the ground, EU Delegations organise monthly meetings of economic counsellors in EU Delegations and Embassies in partner countries. EU Delegations also play a key role in holding regular workshops on investment.

The Commission will continue to work towards improving and reinforcing these existing technical meetings and other platforms as stated in the Commission Communication of 2018, "Towards a more efficient financial architecture for investment outside the European Union"[17].

Council conclusion 23. INVITES the European Commission and the Member States to create incentives to strengthen cooperation among development finance and implementing actors of different sizes, profiles, and strengths to maximise development impact, in particular supporting inclusive partnerships via smaller development institutions, and making best use of instruments such as cooperation arrangements, co-financing, and mutual reliance procedures. INVITES the European Commission to develop mechanisms to simplify access to financing to EU development actors and institutions, in particular for smaller ones.

The future EFSD+, through Article 27 (5) of the NDICI proposal, foresees the promotion of cooperation between eligible partners. As outlined in the September 2018 communication, the Commission "invites, as an immediate priority, the current main financial and development institutions active in development financing – at the national and European level – to consider a more collaborative approach".

This could notably include the co-financing of relevant projects by smaller and larger European DFIs. The Commission will ensure that a level-playing field is established for all implementing partners.

The Commission also strongly encourages the submission of proposals by consortia of DFIs including at least one small DFI in its composition. As a potentiality, the Commission is exploring the options that exist, through the EFSD+ governance boards for example, to dedicate a limited percentage of the total amount of available funds for proposals submitted by consortia of DFIs. Mechanisms to promote the exchange of information and experience among DFIs could also be envisaged following discussions with the DFIs, for example in the context of the EUBEC.

The Commission will continue to build upon its current efforts to strengthen cooperation among development finance actors through the promotion of joint trainings and the development of assistance facilities. Moreover, several IFIs and Member State institutions have prepared, or are currently undergoing, the pillar assessment process. The completion of the pillar assessment of potential implementing partners is a prerequisite in order to enable the channelling of future budgetary guarantees and blending operations through a greater range of smaller European DFIs.

The pillar assessment process[18] is composed of nine[19] different pillars and is one of the required conditions to allow for the indirect management of EU funding including within the scope of the EFSD. The systems, rules and procedures of these entities must ensure a level of protection of the

[17] COM(2018) 644 Final

[18] C(2019) 2882 Final, "*on establishing new terms of reference for the pillar assessment methodology to be used under Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council*"

[19] Terms of Reference for Pillar Assessments available at: https://ec.europa.eu/europeaid/funding/about-funding-and-procedures/audit-and-control/pillar-assessments_en

EU's financial interests equivalent to that under direct management in several key areas, such as: the provision of financing to third parties, accounting system and independent external audit. The Commission is currently looking at ways to facilitate and support the pillar assessment in order to further strengthen inclusiveness.

Key Area 2: Communication and outreach efforts undertaken and to be implemented by Commission services and the EEAS

Council conclusion 16. INVITES the European Commission and the Member States, with the support of the European External Action Service (EEAS), to make proposals for an overall branding and narrative for the EU global development strategy and financing and increase the visibility and communicability of its impacts for both the EU and partner countries. ENCOURAGES all relevant European stakeholders and the Member States to discuss such proposals with the goal to improve their communication strategies and activities.

The European Consensus on Development, the Africa-Europe Alliance for Sustainable Investment and Jobs, and the European Neighbourhood Policy are integral parts of the EU's communication narrative and strategy. Building on these, Commission services, with the support of the EEAS, are working towards maximising the EU's outreach efforts through the development of narratives and branding actions in line with the EU global development strategy, with the objective of increasing the EU's visibility.

Several initiatives are already being implemented to communicate effectively on the EU's cooperation with partner countries. These include campaigns in the EU and in partner countries (in 2019, 15 business-related events were held, of which eight in EU Member States), and are focused on promoting EU values and the impact of the EU's collective action and worldwide investments.

In addition, Article 36 of the proposed NDICI Regulation envisages further measures to strengthen communication on EU's investment and international partnerships by requiring key stakeholders to ensure that the recipients of EU funding acknowledge its origin and ensure its visibility by providing targeted information to the media and the public. While Article 20 (2) (c) provides for further support measures in relation to communication strategies, corporate communication and visibility of the political priorities of the Union, it is imperative that the key actors implementing the EU global development strategy work towards reinforcing the EU narrative and branding efforts. This could notably include:

- coordinating more closely between EU institutions, Member States, DFIs and implementing actors to improve joint communication strategies and activities
- designing a brand which national and EU-wide development agencies and banks would use to label the EU's development activities, including investment; already in place is the "EU4" brand, which is widely used in in the Eastern Partnership countries and replicated in number of applications and contexts (i.e. EU4Finance, EU4Energy, etc.)
- developing specific corporate visuals to inform the public about EU-funded operations
- testing new ways of reaching a wider range of audiences through projects such as the Faces2Heart Campaign

- developing targeted tools for specific target groups, such as intra-EU actors, extra-EU stakeholders, and EU fund beneficiaries.

Key Area 3: Capacity, operationalisation and internal coordination efforts undertaken and to be implemented by the European Commission, with the assistance of the EEAS

Council conclusion 17. EMPHASISES the role of the European Commission and the EEAS in operationalising EU development policy, including through better coordination of all European development actors, while following the increased political guidance provided by the Council, in particular on development objectives. INVITES them to increase their internal coordination as well as their cooperation with Member States inter alia in the undertaking of policy dialogue and country and regional strategies.

The Commission, with the support of the EEAS, is increasing their efforts to upgrade and operationalise EU development policy through better coordination of all European actors. It is making strides towards greater internal coordination as well as strengthening cooperation with Member States, inter alia in the preparation of policy dialogues and country and regional strategies. In several countries, close cooperation between the EU Delegations and the Embassies of Member States has been established. This cooperation will be further enhanced by instruments such as the EIP, which is a key tool in this regard.

The proposed NDICI Regulation provides for the unification of existing instruments through common governance and the 'policy first' approach. This will be key in ensuring effective and cohesive internal coordination. In addition, the proposal explicitly calls for the strengthening of coordination between the Union and Member States (Article 8 (5)). Of further note is that Articles 8, 10, 11 and 12 propose an inclusive process, including joint programming with Member States and consultation with implementing partners, partner countries, civil society organisations and local authorities.

EU development policy is currently implemented via a wide range of frameworks and mechanisms, which could be scaled up to further enhance their effectiveness. Regional platforms such as the strategic and operational boards of the EU External Investment Plan and consultation formations such as EUBEC or Practitioners' Network bring together representatives of the Union, Member States, implementing partners and development experts, allowing the EU to draw upon the wealth of expertise available, under the political orientation of the Council.

Moving forward, the Commission will continue to further engage with stakeholders under the governance structure of the EFSD+, beginning with the programming of the 2021-2027 financial cycle, which is to be guided primarily by the EU's policy goals, independent from currently existing and future tools and partners. Joint programming will become the "preferred option" under the NDICI, which will contribute to fostering collaboration and coordination in investment financing.

Council conclusion 22. INVITES the European Commission and Member States to strengthen the cooperation between existing European knowledge hubs and research institutes for development, linking more effectively EU and international research on development with policy-making, providing support for the advancement of development studies and promoting learning on reporting and development impact measurement within the EU. They should also reflect on working towards the setting up of a common platform with information inter alia on ongoing and planned projects, financing conditions as appropriate and their implementing partners in order to provide a comprehensive view of EU action, taking into account the existing tools.

The Foreign Affairs Council's Development Ministerial meetings provide the political guidance on development policy issues, including on financing for investments in support of development. Ministers have engaged regularly on these topics, most recently on 26 November 2019 when the Ministers invited the European IFIs' leadership to the Ministerial meeting. The Economic and Financial Affairs Council has also played a pivotal role in ensuring that the necessary dialogues between key European finance and development actors take place.

Additionally, the meetings of the EU Directors-General for Development serve as platforms to discuss EU development actions. The last meeting took place on 26 November 2019 in Brussels and focused on how DFIs can maximise their contribution to the Sustainable Development Goals and on the potential opportunities offered by the EIP.

Platforms containing information on ongoing and planned projects are being developed. Three years ago, the Commission created the Southern Mediterranean Investment Coordination Initiative (AMICI) to help measuring development impact. The AMICI is a collaborative single entry database developed by Commission experts in development and finance on projects implemented in the Neighbourhood region, and contains development projects from the EU, Member States and IFIs. Through the database, the Commission is able to collect, analyse and filter data from all the different projects that were implemented during the last three years.

Moreover, the EU Aid Explorer serves as a unique tool and one-stop shop for funding information: it facilitates donor coordination, ensures transparency and improves accountability to citizens. The EU Aid Explorer allows users to find comprehensive aggregate data as well as detailed information on international development projects funded by the EU and its Member States through the use of European Commission data and open data published by EU Member States to the OECD Creditor Reporting System (CRS) and the International Aid Transparency Initiative (IATI) standard.

The Commission is considering using a database for other external actions and regions. The Commission is also assessing the possibility of a 'centre of excellence' on development knowledge through EU Think Tanks, alongside the possible further involvement of European Think Tank Groups on EU international cooperation for global sustainable development.

Council conclusion 24. ENCOURAGES the setting of common standards and business models for private sector involvement in the implementation of development policy, on the basis of the OECD and DFI Blended Finance Principles.

In its communication on "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"[20], the Commission put forwards six criteria for supporting private sector actors as part of its principles for strengthening the role of the private sector in EU development cooperation. These criteria also apply to EU blending and guarantee operations, and are coherent with the five OECD Blended Finance Principles.[21]

In its conclusions on the communication, the Council supported the principles and criteria proposed for collaboration with, and support to, the private sector, and invited the Commission and Member States to define how to apply them concretely. Accordingly, the Commission further discussed the principles and criteria with Members States in the context of the EU Expert Group on Private Sector Development and of a meeting of EU Development Directors-General.

Responsible business conduct is an essential component of private sector operations both in European and partner countries. Over the last years, the Commission has worked to promote responsible business conduct and to implement the UN Guiding Principles on Business and Human Rights, through a mix of voluntary and mandatory actions. In March 2019, the Commission published a staff working document giving an overview of progress on corporate social responsibility, responsible business conduct and business and human rights.[22]

The Commission has also followed the work of DFI Working Group on Blended Concessional Finance Principles for Private Sector Projects.[23] They are currently in use in the implementation of blending, including as regards the principle of minimum concessionality, which implies that donor contributions should amount to the minimum necessary in order to render the project in question economically and financially viable.

The Commission has integrated the above principles and criteria into its blending guidelines, which it will further update in the course of 2020.

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[20] COM(2014) 263 Final
[21] http://www.oecd.org/development/financing-sustainable-development/blended-finance-principles/
[22] SWD(2019) 143 Final
[23] DFI Working Group on Blended Concessional Finance for Private Sector Projects - Joint Report, October 2018 Update, https://www.edfi.eu/wp/wp-content/uploads/2018/10/DFI-Blended-Finance-Report-OCT-2018.pdf

Conclusion

The Commission welcomes the timely guidance of the Council and will continue working with it in order to achieve the EU's priorities and objectives in relation to the future financial architecture for development. It is also ready to take further steps to improve the coordination and cooperation among actors involved in implementing the EU's development policy. In that regard, future actions developed by the Commission will take into account the mandates of the relevant Commissioners in order to propose a new comprehensive coordination mechanism with the aim of ensuring that the EU, its Member States and the IFIs they hold shares in, collectively use their sizeable financial assistance capacity in a coherent way which promotes the EU's values and strategic objectives.

As detailed throughout this report, the Commission services, with the support of the EEAS,[24] are working towards implementing the WPG recommendations and Council conclusions. A number of measures to simplify, streamline and considerably enhance the financing architecture for development are pending the approval of the proposed NDICI Regulation, while many others are already under implementation. The Commission also looks forward to the inputs that the Council has requested from the EIB and the EBRD, in particular their respective proposals to increase cooperation between the two institutions and with European and other DFIs. Further measures are to be taken to explore other areas as suggested by the WPG and the Council.

Lastly, the Commission supports the Council's conclusion encouraging Member States to reinforce their ownership of the EU development policy through a stronger engagement, regular policy steer, further strategic guidance, as well as more effective interaction and coordination with the European Commission and the HRVP. The Commission defends this approach, which is in line with the Global Strategy on EU Foreign and Security Policy's call for a more responsive and joined-up Union, and the European Consensus on Development – the EU's shared vision for development cooperation and with the framework agreed through the 2030 Agenda and the Addis Ababa Action Agenda for both the EU and its Member States.

[24] As per Article 2(2) of Council decision 2010/427