ecdpm The centre for Africa-Europe relations

DISCUSSION PAPER No. 351

Strengthening the European financial architecture for development through better coordination

By Karim Karaki and San Bilal

June 2023

Providing better, faster and stronger support towards sustainable development is necessary to foster partner countries' capacities to develop their economies in a green, inclusive and gender-sensitive way. To address this challenge, the EU should exploit the full potential of its networks and strengthen cooperation and coordination between its institutions, member states, development finance institutions, implementing agencies, public commercial institutions and the private sector as part of the European financial architecture for development (EFAD).

In the past years, European policymakers have acknowledged the importance of stronger cooperation and coordination under the EFAD – not in the least as a way of improving relations between Europe and Africa. In this paper, we look at recent progress made in terms of strengthening the EFAD, zooming in on the EU's 'Team Europe' approach and its Global Gateway strategy, and on cooperation between development finance institutions and between implementing agencies. We analyse the challenges that prevent further cooperation and highlight several recommendations for EU policymakers to ensure that the EFAD is set up effectively and can achieve greater and more transformative impact.

Table of Contents

List of Boxes

List of Figures

Acknowledgements

This paper was produced thanks to the financial support of the French Ministry for Europe and Foreign Affairs. The authors would like to express their sincere gratitude to all those who agreed to dedicate their valuable time and share their views and experiences for the purpose of this study. The authors would like to thank Inna Perova for the layout. The views expressed in this paper are exclusively those of the authors and should not be attributed to any other person or institution. All errors remain those of the authors. Comments and feedback can be sent to San Bilal (sb@ecdpm.org) and Karim Karaki (kka@ecdpm.org).

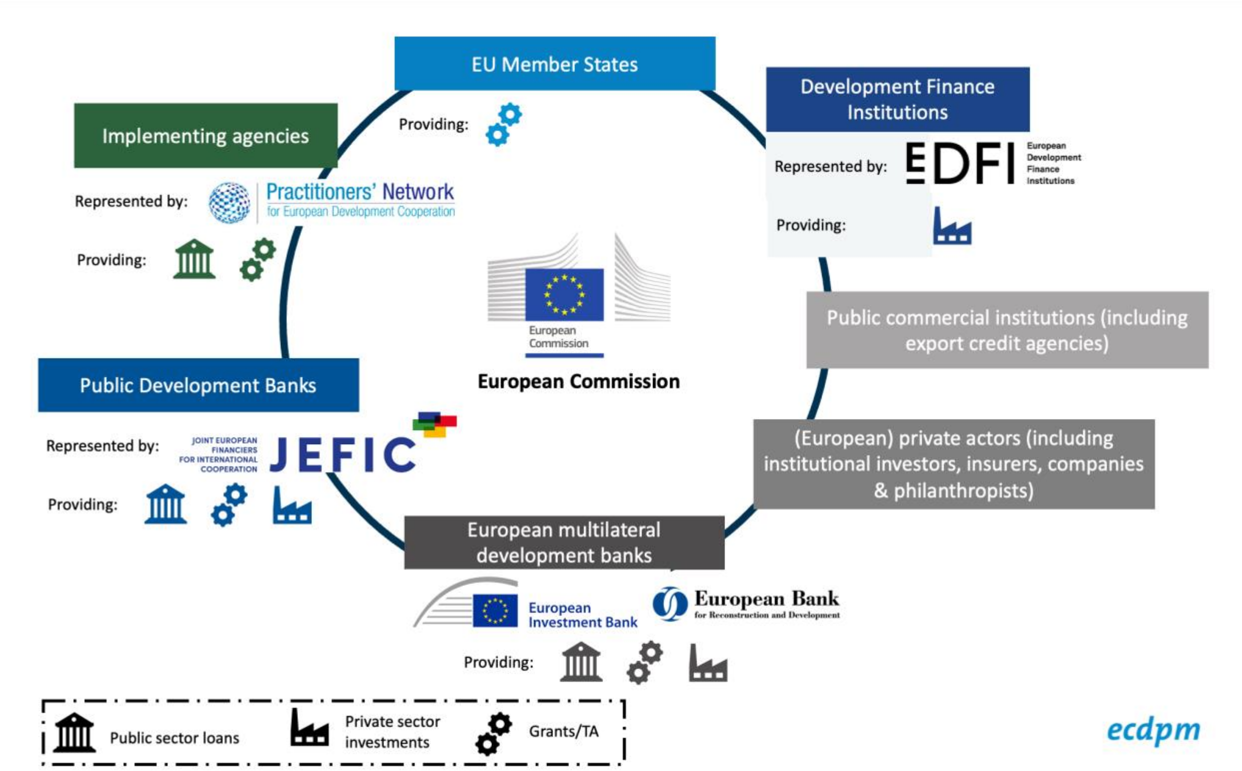
Acronyms

AECID	Spanish Agency for International Development Cooperation
AFD	Agence Française de Développement
BGK	Polish Bank Gospodarstwa Krajowego
CDP	Italian Cassa Depositi e Prestiti
DAC	Assistance Committee
DFCD	Dutch Fund for Climate and Development
DFI	Development finance institution
EBRD	European Bank for Reconstruction and Development
ECA	Export credit agency
ECDPM	European Centre for Development Policy Management
EDFI	Association of European Development Finance Institutions
EFAD	European Financial Architecture for Development
EFP	European Financing Partners
EFSD	European Fund for Sustainable Development
EFSD+	European Fund for Sustainable Development Plus
EFSE	European Fund for Southeast Europe
EIB	European Investment Bank
EPTATF	Eastern Partnership Technical Assistance Trust Fund
ERIF	Economic Resilience Initiative Fund
ESG	Environmental, social and governance
EU	European Union
FCDO	UK Foreign, Commonwealth & Development Office
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FMO	Dutch Entrepreneurial Development Bank
FTF	FEMIP Trust Fund
IA	Implementing agency
ICCF	Interact Climate Change Facility
IMF	International Monetary Fund
JEFIC	Joint European Financiers for International Cooperation
LDC	Least developed countries
MAV+	Team Europe Initiative on Manufacturing and Access to Vaccines, Medicines and Health Technologies
MDB	Multilateral development bank
MoU	Memorandum of understanding
MRI	Mutual Resilience Initiative

NDICI-GE	Neighbourhood, Development and International Cooperation Instrument – Global Europe
OECD	Organisation for Economic Co-operation and Development's Development
PDB	Public development bank
PIP	Proposed investment programme
PN	Practitioners’ Network for European Development Cooperation
PPF	Partnerships Platform for Funds
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable development goal
TA	Technical assistance
TEI	Team Europe initiative
UNDP	United Nations Development Programme
WBIF	Western Balkans Investment Framework

Executive Summary

The current poly-crisis does not only require more resources but to do things differently by developing approaches that are fit to respond to crises. More specifically, given the importance of responding fast to challenges, leveraging existing networks, actors and resources in a way that maximises synergies can be efficient ways to deliver effective solutions in the short term. The European Union (EU), its member states and their respective institutions and mechanisms should therefore be better harnessed for greater impact in supporting developing countries' sustainable recovery, transformation and resilience, in a green, inclusive and gender-sensitive manner.



This is an issue increasingly acknowledged by European policy-makers and institutions, which often perceive strengthened cooperation as a game changer for a new Africa-Europe partnership (EDFI 2022). This study looks in more depth at the recent progress achieved by European actors on a strengthened EFAD, analyses some of the main challenges preventing further cooperation, and highlights a set of recommendations aiming to improve a strengthened and effective EFAD, able to maximise resources and deliver effective solutions including in the short-term:

Improving coherence and efficiency of the EFAD

1	Offer a common place to foster dialogue for EU member states who are too often represented by different institutions and/or staff for processes that could help shape a coherent and strengthened EFAD

EU Member States participate in key processes that can help strengthen the EFAD: i) they are shareholders of the EIB, in which they discuss EIB Global operations; ii) they are part of the strategic board in the EFSD+ allowing them to share their opinions on the allocation of guarantees and blending operations; and they are part of the Global Gateway Board; iii) they are shareholders of their own domestic development finance institution (DFI) and/or public development banks (PDBs); and iv) they control their IAs. However, their representatives may change according to the given processes. In this context, it would be valuable to offer a common place to foster dialogue for EU member states, who are too often represented by different institutions and/or staff for processes that could help shape a more coherent and strengthened EFAD.

Improving the coordination between PDBs

2	Establish the JEFIC+ with EIB and EBRD

Given the increasingly active collaboration between the European PDBs through the JEFIC and the EIB and EBRD, a recommendation would be to formalise this by setting up a fully European PDB platform (the JEFIC+). This platform should build on the endeavours of the JEFIC, with the aim of fostering processes harmonisation (thus facilitating collaborations), facilitating co-financing and promoting innovations.

Improving the coordination between PDBs and DFIs

3	Fostering collaboration between DFIs and PDBs in strategic areas

Though there are already collaborations between DFIs and PDBs, these often happen on an *ad hoc* basis. However, there is a strong rationale to better articulate public investments supported by PDBs and focus on issues such as the development of energy, transport, digital and water infrastructure, with private investments supported by DFIs, who can leverage the development of the infrastructure to help make projects bankable (where e.g. a private sector actor has easier access to markets, or more reliable sources of energy and water ensuring a certain degree of productivity etc.). Such collaboration should happen on a more systemic basis, and an EDFI-JEFIC platform that would foster knowledge exchange and information sharing and help coordinate investment activities could be useful.

Improving the coordination between PDBs, DFIs and PN

4	Moving from the EDFI-JEFIC-PN letter of intent to concrete cross-sectoral collaborations targeting systemic and transformative impacts

The EDFI-JEFIC-PN letter of intent (EDFI et al. 2023) is one of the most recent initiatives that can have a significant impact in strengthening the EFAD. Therefore, translating this endeavour into practice requires careful and gradual approaches, which would help demonstrate that such a collaboration can work in practice, and what some of the pitfalls and key success factors are, thus helping build more ambitious approaches in the mid to long-term. It also requires sharing knowledge and information on upcoming initiatives before they are fully designed to allow additional partners to come on board and further tailor programmes for more systemic and sustainable impacts.

Improving the coordination between PDBs, DFIs and the European private sector

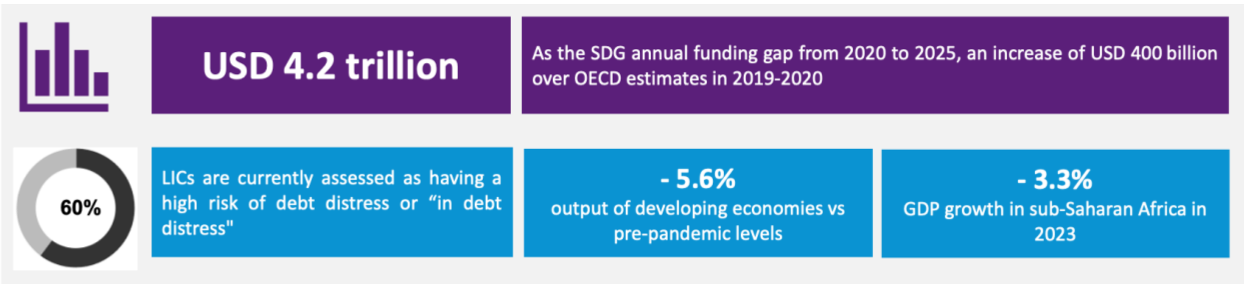
5	Make the EFAD even more strategic by involving the European private sector and investors

In this era of geopolitical fragmentation, supporting the geostrategic interests of the EU has become not just a 'nice to have' but a 'must' in the eyes of the EU, as reflected in the Global Gateway (Karaki and Bilal 2022). However, while the rationale for involving the European private sector in development is rarely questioned, there are a lot of questions on how to do this in practice. Commercial instruments (such as the export credit agencies) should be leveraged complementing and building synergies with development cooperation instruments. In this context, the EFAD should integrate European institutional investors, export credit agencies (ECAs), and ESG/impact investors in its architecture, with a view to foster dialogue and move from a pure development approach to one that builds synergies (but not mix with) commercial instrument (Bilal 2023a; Große-Puppendahl et al. 2016; Schlögl et al. 2023).

1. Introduction

Our world has entered an era of shocks, an era where uncertainty, volatility and a sense of emergency have become the rule rather than the exception. From the COVID-19 pandemic and the Russian invasion of Ukraine to a future global recession driven by rising prices of energy and food, higher inflation, rising debt sustainability issues, tightened monetary policy, and climate disasters, shocks or crises are not only multiple and momentaneous, but they also happen at a more frequent pace, and they are (at least for some) permanent. And their outcomes are being hardly felt all around the globe and particularly in Africa, where the International Monetary Fund (IMF) warns of a "dark period" (Gold 2022), and, where progress against the 2030 Agenda for Sustainable Development is already jeopardised (Figure 1).

Figure 1: Illustrative impacts of the poly-crisis on the global economy



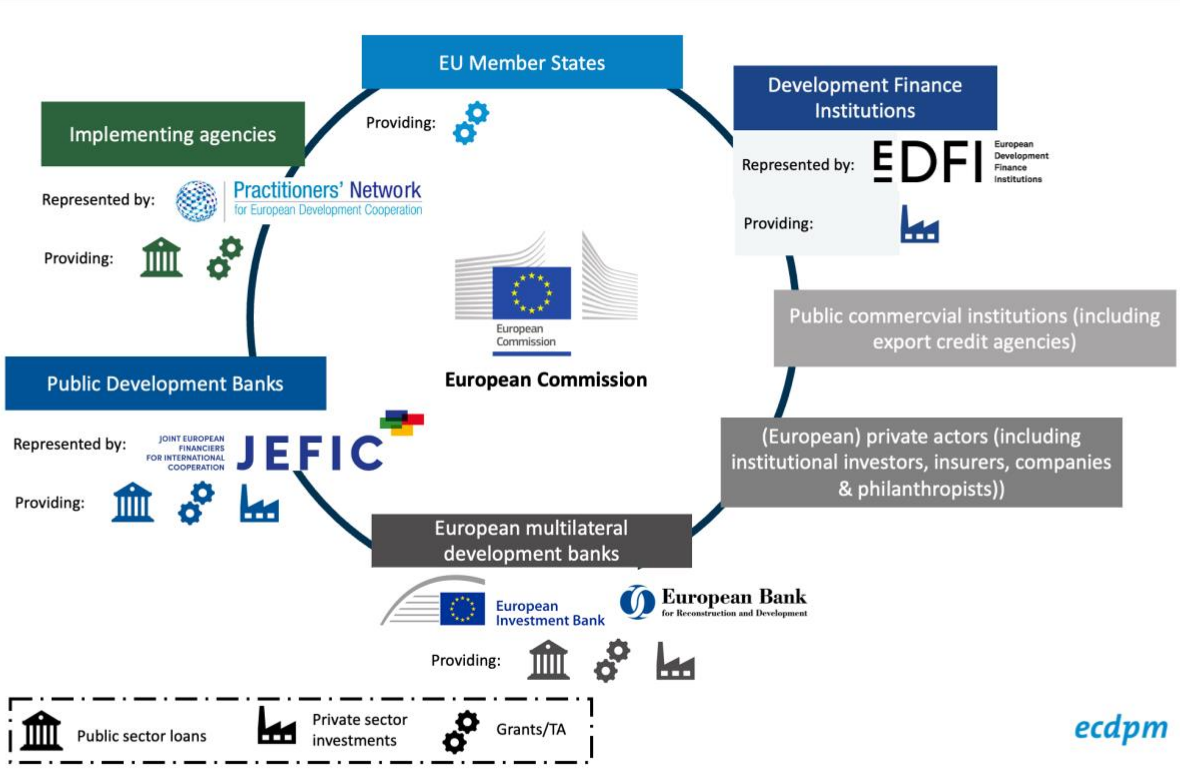
Source: From the authors, based on OECD 2021, Chuku 2023 and Selassie 2023

Governments, including those in the European Union (EU), have stepped up their efforts to respond to these challenges, despite the constraints and limitations posed by the impacts of the Russian invasion of Ukraine on their economies. However, the current poly-crisis does not only require more resources but to do things differently by developing approaches that are fit to respond to crises. In practice, this means *inter alia* thinking out-of-the-box, exploring the potential for new instruments, pioneering new approaches and fostering collective action. More specifically, given the importance of responding fast to challenges, leveraging existing networks, actors and resources in a way that maximises synergies can be efficient ways to deliver effective solutions in the short term. More ambitious approaches and systemic reforms must be engaged by the international community, as advocated by the Bridgetown Initiative 2.0 (SDG 2023) and in the pathways outlined in the Summit for a New Global Financing Pact on 22 and 23 June 2023 in Paris (Macron et al. 2023).

Europe, as the lead provider of development support and a major global economic and geopolitical actor, including in the international organisations' system, has a key role to play. The EU, its member states and their respective institutions and mechanisms should therefore be better harnessed for greater impact in supporting developing countries' sustainable recovery, transformation and resilience, in a green, inclusive and gender-sensitive manner. The EU can further undertake a number of initiatives and policies to better support developing countries in the perma-crisis context (Alemayehou and McNair 2023, Bilal 2023b). It should also seek to further strengthen the European Financial Architecture for Development (EFAD) in numerous ways (Bilal 2023b; Bilal 2021a; Bougrea et al. 2022; CGD and ECDPM 2021; CoEU 2021; Gavas and Pérez 2022). One important dimension would require the EU to better articulate and operationalise the synergies between the European public actors of development, as well as those public actors supporting commercial endeavours, including export credit agencies, trade and investment promotion agencies. By combining development and commercially-oriented public actors, the EU and its member states could mobilise more effectively and at scale private finance and companies, critical to achieve sustainable growth. Beyond the mobilisation of actors, Europe should also seek to promote regulatory, standard and policy reforms to unleash development potentials and adjust its instruments and coordination mechanisms to ensure greater coherence and effectiveness of its sustainable and climate efforts to support developing countries

This is an issue increasingly acknowledged by European policy-makers and institutions, which often perceive strengthened cooperation as a game changer for a new Africa-Europe partnership (EDFI 2022). While several European concrete initiatives have been launched in the context of strengthened cooperation and EFAD more broadly, the practice shows that going from theory and commitments to the practice is a challenging exercise, with priorities, interests and incentives not necessarily aligning from one institution to the other. Figure 2 sketches the main European actors to be mobilised in a more coordinated manner under the EFAD.

Figure 2: Key actors composing the European Finance Architecture for Development



Source: From the authors

This study looks in more depth at the recent progress achieved by European actors on a strengthened EFAD, analyses some of the main challenges preventing further cooperation, and highlights a set of recommendations aiming to improve a strengthened and effective EFAD, able to maximise resources and deliver effective solutions including in the short-term.

2. State of play

The EU and its member states recognise that in order to catalyse private initiatives and finance at scale and for greater impact, the current European architecture for development requires better and more systemic coordination and cooperation between donors, implementing agencies (IAs), and financial institutions for development. They have hence been active in strengthening the EFAD over the past few years, as a way to boost European development and climate finance, including in terms of volumes and frameworks. This Section provides an overview of the main European EFAD-related initiatives, and concrete examples illustrating this reinforced cooperation.

Figure 3: Overview of the main EU initiatives aiming to strengthen the EFAD

Source: From the authors

a) Team Europe

Bringing together EU institutions and member states, their development agencies and financial institutions for development is at the core of the Team Europe approach (Jones and Teevan 2021; Keijzer et al. 2021). The purpose is to ensure greater coherence, synergy and impact of collective European development endeavours (Bilal and Karaki 2022). Introduced as part of the 2021-2027 Multiannual Financial Framework and more specifically the Neighbourhood, Development and International Cooperation instrument – Global Europe (NDICI-GE), the Team Europe approach builds on the work better together principle, which promotes joint programming, frameworks and implementation for increased EU impact and influence (Sarazin 2020).

The Team Europe Initiatives (TEIs) are a concrete operationalisation of the Team Europe approach and can be seen as the EU's answer to foster transformative and systemic development impacts and boost its influence in a geopolitically fragmented context (Box 1). To date, 169 TEIs have been agreed with most targeting countries, whilst a few have a regional (32) or global (4) scope.

Box 1: TEI Manufacturing and Access to Vaccines, Medicines and health technology products in Africa (MAV+)

The overall objective of MAV+ is to increase equitable access to health and pharma products in Africa, in line with the African Union objectives (Karaki and Ahairwe 2022). Manufacturing health products is a perfect example of the need to adopt an integrated approach and coherence among many policy areas, including investment in productive capacities and industrialisation, technology transfer, trade, regional integration, logistics, health systems, et cetera (Karaki, Ahairwe, Apiko and Bilal 2022).

Reflecting these interlinkages, the MAV+ TEI works on i) the supply side, ii) the demand side; and iii) the enabling environment. This holistic approach cannot be implemented by one actor or several operating in silos. It requires a coordinated approach including financial institutions for development which can bring their expertise and tools (loans, guarantees etc. to public and private sector actors), implementing agencies that can provide technical assistance, but also donors that can support the partner countries' government through policy dialogue and budget support.

Hence the MAV+ TEI comprehends at least EUR 643,80 million in loans and other financial instruments from European Development Financial Institutions (EDFIs), EUR 105.7 million in grants and blended finance from the EC, and EUR 157,05 million in grants from Germany, France and Belgium combined. In addition, local partners such as Africa CDC, Africa Medicines Agency or AU NEPAD are also involved in this initiative.

Source: From the authors based on EC 2023

Operationalising Team Europe is not without challenges. These are often based on existing projects led by individual donors and regrouped under a Team Europe umbrella – only a few are more advanced and provide space for joint programming between financial institutions for development, implementing agencies and donors. Many actors engaged in Team Europe also complain about the transaction costs induced by the coordination exercise, which can be explained by the newness of the approach itself: as experience and lessons learnt arise from the Team Europe exercise, a higher degree of efficiency and effectiveness should take place. For this to happen, it will be key for the EU to engage in monitoring and evaluation geared not only towards demonstrating outcomes and impacts but also toward learning and integrating the wealth of knowledge into upcoming Team Europe activities.

b) Global Gateway

Though originally conceived as the global EU response to Covid-19, Team Europe and TEIs are also the key modality that will help deliver the objectives set in the Global Gateway strategy of the European Commission, including creating opportunities for the EU member states' private sector to invest and remain competitive, whilst ensuring the highest sustainability standards (EC n.a., Teevan 2023, Teevan et al. 2022). In this context, the dimension of coordination goes beyond the development cooperation realm, to include commercial actors including the European private sector (institutional, ESG and impact investors but also industrial players) and actors supporting the latter such as export credit agencies (ECAs). It would therefore be desirable to see an increasing number of TEIs involving not only development but also commercial actors, though a clear distinction should be made between public support for development cooperation from economic interests instruments (Karaki and Bilal 2022a).

In this context, the EU is currently considering enhancing the coordination of its financial tools, including by "*analysing the opportunity of enhanced coordination and of an EU export credits facility as a complement to national export credit facilities, to development aid, and to investment support, both at national and EU levels and notably to the NDICI*" (EUR-Lex 2022). In parallel, increasing efforts are led by European development finance institutions (DFIs) to collaborate with institutional investors such as pension funds and private insurers to mobilise private capital for sustainable development impact at scale. This is for instance the case of the Danish SDG investment fund (Danida 2016) or the Dutch ILX fund (see Box 2) (ILX Fund n.a.).

Box 2: DFIs collaboration with institutional investors

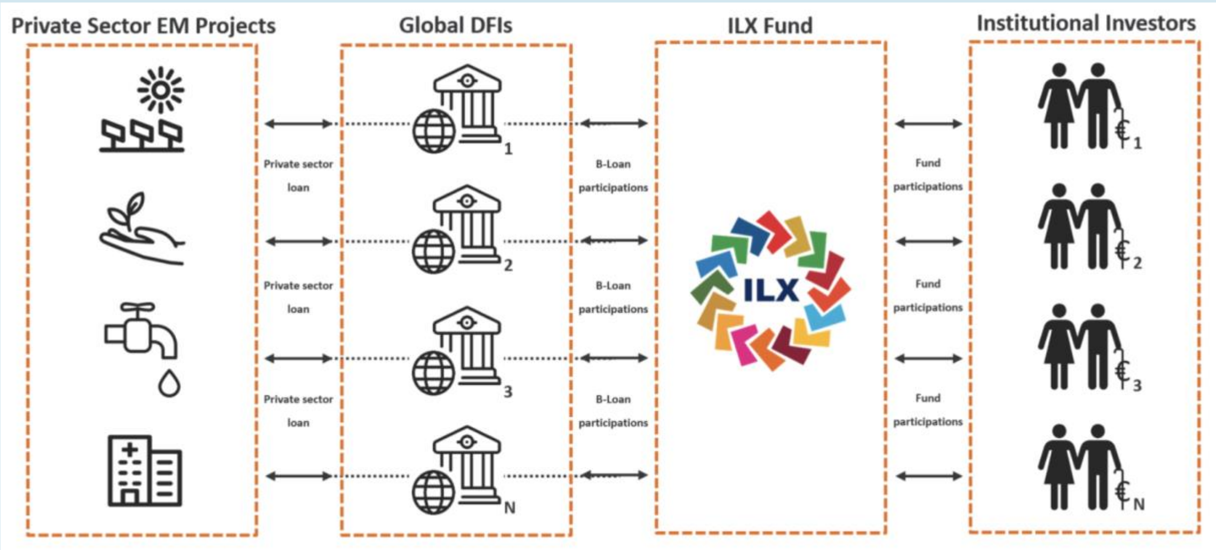
The Danish SDG Investment Fund

The SDG Investment Fund, set up in 2018, aims to mobilise private investment for sustainable development in developing countries. The fund which reached DKK 4.85 billion in commitments, includes almost DKK 3 billion of commitment from Danish pension funds and private investors, and DKK 2 billion from IFU (the Danish DFI) which is composed of DKK 100 million from the state development aid and a DKK 800 million loan from the National Bank, guaranteed by the Danish state. By the end of 2021, DKK 2.3 billion commitment (almost 50% of the resources of the fund) contributed to mobilising DKK 11.9 billion of capital in 20 projects (including 8 in African countries) (IFU 2022). This translated into a mobilisation ratio of 1:4. The financial structure of the fund, with the Danish DFI IFU taking a junior tranche, allowing pension funds and private investors to invest in a senior tranche – which is less risky – could be replicated in other member states and at the European level.

The ILX Fund

The ILX Fund is a private credit fund, funded by Dutch institutional investors, which works together with DFIs and multilateral development banks (MDBs). ILX Fund invests in syndicated loans originated and structured by MDBs and DFIs, thereby co-investing pari-passu (1:1) with these DFIs in high-impact private sector loans in emerging markets (ILX 2022). In doing so, the ILX Fund participates in B-loans (less risky than, and protected by A-loans undertaken by DFIs and MDBs) and benefit from DFIs and MDBs experience in structuring financially sound and sustainable development projects (Figure 4). Given the interest and business models of institutional investors such as pension funds, most of these projects have a medium to long-term tenure, and tend to focus on infrastructure types of projects.

Figure 4: ILX investment structure



Source: ILX n.a.

Source: From the authors based on IFU 2022 and ILX n.a.

However, these collaborations tend to be restricted for now at the national level, and are yet to be replicated in other EU Member States, let alone the European level, which could provide further efficiency gains and scale. The ILX Fund new agreement with the EU and the European Bank for Reconstruction and Development (EBRD) and the endeavours to expand ILX from Dutch to Nordic pension funds are steps in the right direction (Ahlemeyer 2023).

If the EU is serious about involving the European private sector and financiers, their participation should be better included and articulated in the EFAD. In this exercise, it will be important for the EU to target which private sector actors and financiers should be targeted – at least in a first stage – to ensure their strategic contribution to sustainable development and the achievement of the EU geostrategic objectives.

c) Cooperation between financial institutions for development

Financial institutions for development are playing an increasingly critical role as development actors catalysing private finance, and are a central piece to the European ambitions and evolving EFAD – whereby development finance institutions (DFIs) and public development banks (PDBs) support respectively private and public investment for sustainable development (Marbuah et al. 2022). The Covid-19 crisis has provided an additional impulse for much-needed cooperation among DFIs and PDBs, through a Team Europe approach and beyond, as strategic actors of the EFAD (Bilal 2021b; Bilal 2022). Given the increasing focus of the European Commission on instruments such as blended finance and risk-sharing mechanisms, DFIs and PDBs' importance in development cooperation is only expected to increase (Attridge 2022a; Bilal 2021c).

1) Development finance institutions

When it comes to DFIs in the EFAD landscape, it is impossible not to mention one of the most advanced types of partnerships, the European development finance institutions association (EDFI). The latter has become over the years a key player, able to foster collective actions between DFIs, without leading to coordination fatigue or highly bureaucratic procedures (Box 3).

Box 3: The EDFI European Financing Partners (EFP)

The European Financing Partners (EFP) is a joint venture set up in 2003 by the EIB and several European DFIs (which today include BIO – Belgium, COFIDES – Spain, DEG – Germany, FINNFUND – Finland, FMO – The Netherlands, IFU – Denmark, OeEB – Austria, PROPARCO – France and SWEDFUND – Sweden). Since its start, the joint venture provided more than EUR 700 million to support private sector financing in OECD DAC countries and contributed to fostering greater coherence and coordination among European DFIs. One of the strengths of the EFP is its operational structure, which is characterised by limited transaction costs and time: EFP's annual operational costs amount to only EUR 40,000, and some projects were financed within two months from first application to disbursement. It also follows an opt-in – opt-out principle, providing flexibility for DFIs to co-finance or not given private sector operations.

EDFI also developed additional collaborative frameworks strengthening DFIs cooperation. These include for instance the Interact Climate Change Facility (ICCF) with the EIB and the AFD, and the Friendship Facility between the Dutch, the French and the German DFIs.

Source: From the authors based on EDFI 2023

EDFI has effectively supported the harmonisation of processes, the promotion of greater reliance, the adoption of common standards and principles, and the fostering of mutual reliance and co-investment (Bilal 2022). Last, through its management company, EDFI also facilitated European DFIs access to EU risk-sharing programmes under the (enhanced) European Fund for Sustainable Development (EFSD/EFSD+).

2) Public development banks

Mirroring the EDFI, European Public Development Banks, namely the Spanish Agency for International Development Cooperation (AECID), the French Agence Française de Développement (AFD), the Polish Bank Gospodarstwa Krajowego (BGK), the Italian Cassa Depositi e Prestiti (CDP) and the German KfW recently came together under the Joint European Financiers for International Cooperation (JEFIC) in 2021. Three principles guide the JEFIC, which are aligned with some of the EFAD objectives: i) adopting a Team Europe approach to better coordinate European efforts and actors; ii) fostering mutual trust, transparency and visibility allowing to identify opportunities to work in partnerships and; iii) promoting pragmatism and pooled resources with a view to boost co-financing and joint implementation (AFD 2023). European national development banks are going to play an increasingly important role in strengthening the EFAD, individually and through the JEFIC (Bilal 2021c). Interestingly, while the JEFIC is composed of bilateral PDBs, some initiatives also involve European PDBs such as the European Investment Bank (EIB) – both for harmonisation type of initiatives and co-financing opportunities through investment funds (Box 4). A strengthened EFAD should therefore also include a more formal collaboration between the JEFIC and the EIB and also the EBRD, strengthening a European approach to sovereign and sub-sovereign operations.

Box 4: Examples of European PDBs collaboration

The Mutual Resilience Initiative

The Mutual Resilience Initiative (MRI) is a joint initiative with the French Agency for Development (AFD) and Germany's KfW Development Bank allowing these financiers to share most of the tasks during the project cycle, from appraisal to preparing lending decisions and implementation, in their capacity as lead financier. In turn, this contributes to i) aligning and harmonising processes between PDBs; and ii) minimising transaction costs / maximising efficiency. Very often, the institution having the most expertise and presence on the ground takes the lead, working in close cooperation with the two other institutions.

Source: From the authors based on EIB 2023

While it is too early to assess progress, there are clear indications that JEFIC members intend to work better together, but also across networks (including the EDFI and the Practitioners' Network for European Development Cooperation (PN) (more information below). This also comes out clearly from the proposed investment programmes (PIPs) approved by the European Commission in the context of the EFSD+. In addition to involving new actors and their specific set of resources and capabilities, the EFSD+ incentivised partnerships between DFIs, between PDBs and between DFIs and PDBs (though the latter type of partnership happened more rarely). In this regard, a quarter of the approved PIPs are led by a consortium of a minimum of two implementing partners. In this regard, EDFI played a particularly important role, putting forward seven PIPs that will be implemented by European DFIs, either directly or through the EDFI Management Company.

Beyond the strengthened partnerships between financiers, financial institutions for development and donors cooperate at three levels:

1. Donors are generally direct shareholders of their bilateral DFI and/or PDB and can use their position to e.g. influence their strategies and objectives or inject capital to support DFIs and/or PDBs investment volume and/or risk appetite.
2. Beyond the strategic level, donors and DFIs/PDBs also cooperate at a more practical level through specific investment or trust funds, platforms and structures.

Box 5: Platform supporting DFIs investments in fragile countries

"British Invest International, with the support of the Foreign, Commonwealth & Development Office (FCDO), the Dutch Entrepreneurial Development Bank (FMO) and the Swiss Agency for Development and Cooperation (SDC) set up the Invest for Impact Nepal in 2021. The objective is to help shape and develop markets by improving the business environment through technical support, thus facilitating the scaleup of DFIs investment in the country. This platform allows pooling DFI technical assistance and leverages the investment expertise of DFIs, whilst tapping into the policy dialogue and reform of donor partners and implementing agencies. In doing so, Invest for Impact Nepal positioned itself as the 'go-to' place for donors and DFIs interested in increasing private investment for sustainable development – thus ensuring synergies and coherence between DFIs, donors and IAs' interventions.

Source: From the authors, based on Attridge 2022b

Box 6: EIB trust fund as a means to foster donors-DFIs/PDBs collaboration at the European level

The EIB works together with the EU and EU bilateral donors through the establishment of trust funds, following the Partnerships Platform for Funds (PPF). This framework allows donors to follow a common set of rules – whichever the focus and participants of the trust fund are; facilitates the involvement of smaller EU Member States who may not have a DFI such as Luxembourg – who works with the EIB through two dedicated trust funds (Luxembourg-EIB Climate Finance Platform and the Financial Inclusion Fund); and support donors in responding to crisis given the short time needed to set trust funds (less than three months). The EIB for example developed the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) Trust Fund (FTF), the Eastern Partnership Technical Assistance Trust Fund (EPTATF) and the Economic Resilience Initiative Fund (ERIF).

Source: From the authors based on Karaki and Bilal 2022b

3. Last, donors and DFIs/PDBs also collaborate on a more ad-hoc basis on specific projects, which follows more of an ad-hoc type of approach, which nevertheless can help build more ambitious and systemic types of approaches.

Financial institutions for development also aim to work better with donors' implementing agencies, which has become a key element to support project preparation and investments in challenging contexts, including fragile and conflict-affected states, as well as least developed countries (LDCs) and sectors and/or thematics (such as climate and gender) – as promoted by the EFSD+.

d) Cross-sectoral cooperation

While a lot of attention is often paid to financial institutions for development, implementing agencies have extensive experience in partnering. In this context, the PN plays a particularly important role, representing most European implementing agencies and fostering exchange, coordination and harmonisation between European development cooperation organisations. As a result, a number of joint implementation projects, memoranda of understanding (MoUs) have been developed in the past few years, including through the TEIs.

Box 7: Cooperation agreements in West Africa between PN members

Enabel, AFD and Expertise France signed a partnership agreement and a quadripartite declaration of intent between AFD, Expertise France, Enabel and LuxDev in 2022. These endeavours build on existing collaboration and aim to enhance cooperation in specific geographical areas within Western Africa and sectors, in line with partner countries' priorities. Beyond working more and better together, the partnership and conventions also aim to exchange tools, methods, operational strategies and best practices; and support a learning capitalization dynamic based on the interventions and experiences of the respective institutions.

Source: RepBen 2022

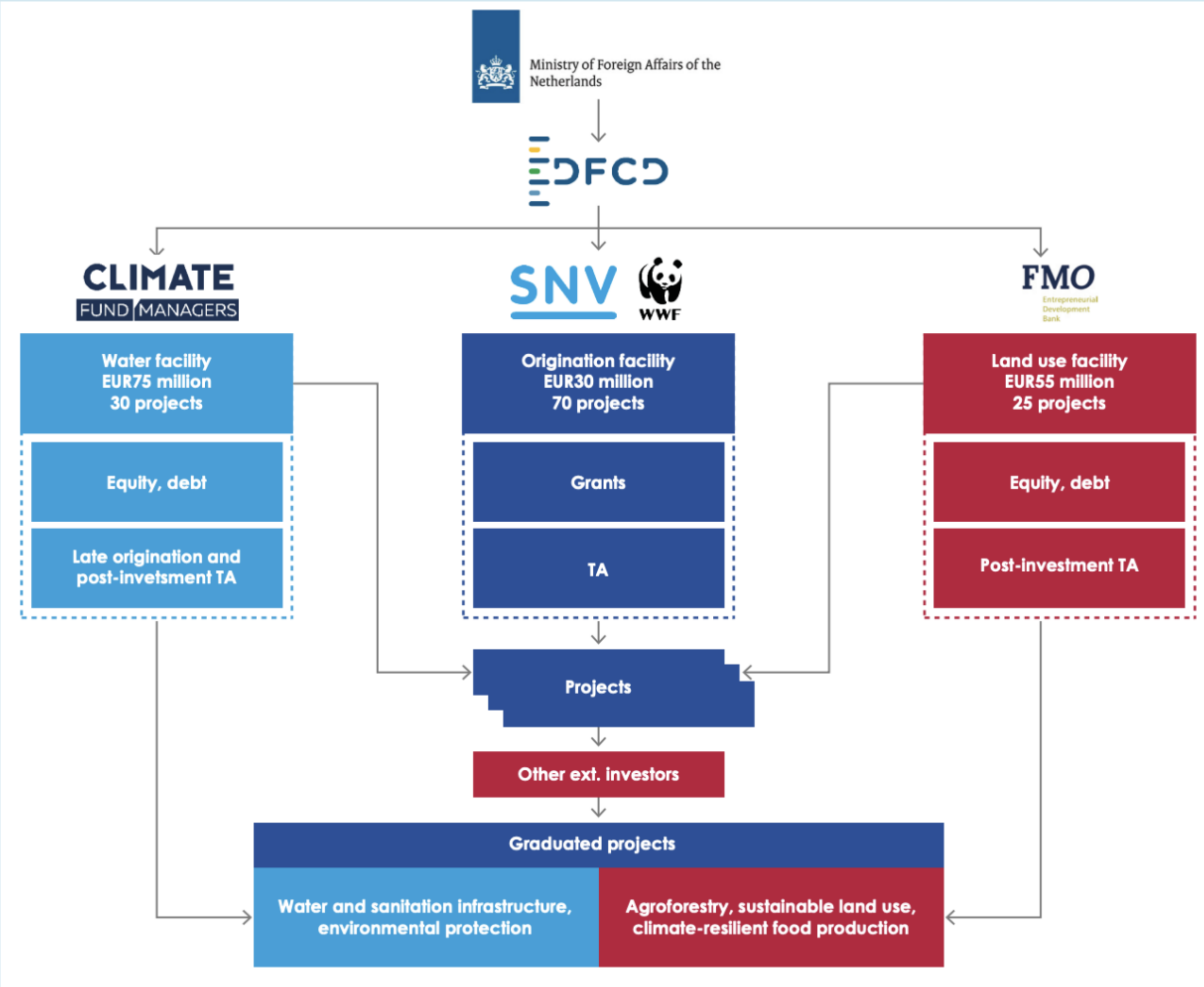
Implementing agencies have been more and more active in developing synergies beyond the realm of implementing agencies and donors. In fact, the PN is committed to "*fostering the creation of new partnerships and synergies between technical and financial institutions*", with a view to fostering more systemic collaboration and synergies between technical activities led by IAs, and investments from financial institutions for development, leading to more transformative and sustainable impacts (EDFI et al. 2023). This is even more needed in a context where the activities and objectives of implementing agencies and financial institutions for development are increasingly aligned: they aim to help achieve the sustainable development goals (SDGs) and the development of markets as illustrated in Box 8.

In this context, EDFI-JEFIC-PN signed a statement of intent aiming to strengthen the cooperation between the three networks to i) promote the Global Gateway strategy and TEIs, ii) generate a more sustainable impact; and iii) serve the ambitions of the EFAD.

Box 8: The Dutch Fund for Climate and Development

The Dutch Fund for Climate and Development (DFCD) comprises three interrelated facilities (Figure 5). The origination facility, managed by SNV and WWF, provides grants and technical assistance to help identify and develop a pipeline of innovative projects that are bankable. The water facility, managed by CFM, and the land use facility, managed by FMO, each play the investor role. They provide financial instruments, such as loans (the preferred modality for FMO) and equity (CFM) to investable projects.

Figure 5: Overview of the Dutch Fund for Climate and Development



Source: From the authors based on Karaki and Bilal 2022b

However, in practice, this cross-sectoral collaboration rarely happens, with only a few instances where DFIs/PDBs are actively collaborating with an implementing agency (see Bilal and Karaki 2022 for concrete examples of such collaborations). Most donors-PDBs/DFIs collaborations do not directly involve development agencies, which rather come in indirectly, at the downstream level, to provide donor-financed technical assistance (TA). The integration of IAs in PDBs as in the case of the AFD Group with Expertise France, Proparco and AFD, might help stimulate cooperation (as seen in the example of the FISEA+). One key element helps explain why such a cross-sectoral collaboration is challenging to put in place: the public procurement rules. When in need of technical support – whether this concerns e.g. project preparation or facilitating a more conducive business environment, DFIs/PDBs have to go through public procurement processes in line with the EU Directive 2014/24/EU on public procurement (EU 2014). In practice, this means that most tenders go through a competitive process, and cannot simply be attributed to a specific implementing agency, even if the latter has extensive experience, expertise, and presence in the given countries and sectors. This is a missed opportunity to tap into implementing agencies' capacities and build synergies between the investment and technical assistance type of support.

Key insights

- This is the start of a journey with collaboration experience boosted by, and building on Team Europe approach – common recognition that more synergies between financial institutions for development, implementing agencies and donors are required to achieve sustainable development impact at scale. The focus is now on the implementation modalities, which could facilitate such an endeavour, in a way that limits transaction costs and bureaucratic processes.
- The focus on the Global Gateway on involving the European private sector and financiers to achieve the more geopolitical objectives of the EU raises several questions including the place of the EU private sector in the EFAD – which is for now at best overlooked. However, useful experience exists in different EU member states in involving the European private sector and financiers, which can play a key role in helping fill the SDGs' funding gap. Shifting from the national to the European level will however require the EU to provide EU commercial instruments, which are quite limited at present.
- Collaboration between DFIs&PDBs/ donors and implementing agencies can build on past and existing cooperation, especially between donors and DFIs/PDBs, such as GET.Invest, the European Fund for Southeast Europe (EFSE), the Western Balkans Investment Framework (WBIF), etc., which is one of the most common forms of collaboration. However, in general, these do not directly involve development agencies, which may come in indirectly, at the downstream level, to provide donor-financed TA.
- This does not mean that there are no instances of collaboration between donors, DFIs/PDBs and IAs, but this often happens at the national level (see Bilal and Karaki 2022 for concrete examples of such collaborations). The integration of IAs in PDBs as in the case of the AFD Group with Expertise France, Proparco and AFD, might help stimulate cooperation. However, for some countries, collaboration at the national level remains difficult, in which case a Team Europe approach might offer additional opportunities for cooperation between IAs and DFIs/PDBs.
- Last, EU Member States are often shareholders of their DFIs and or PDBs, of the EIB and the EBRD; they control their implementing agencies and participate in key initiatives including the EFSD+, TEIs and Global Gateway. Yet, the coherence of their actions in each of these entities and processes is impeded by the fact that they have different representatives attending meetings and little coordination between them. This, in turn, undermines the potential role they could be playing in the EFAD, including balancing stronger policy steering and policy first principles, with equipping their DFIs/PDBs and implementing agencies with the necessary capacities to do more and better (more information in Section 3).

3. Considerations to strengthen the EFAD

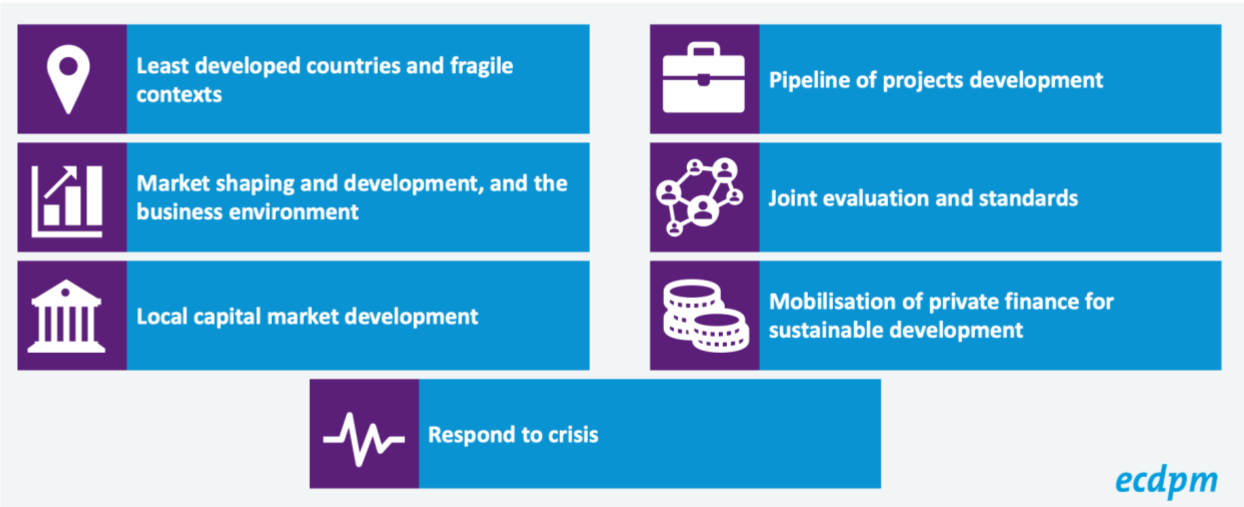
Strengthening the EFAD and the coordination between development (and commercial) actors is an ongoing process that has progressed over the past few years, as demonstrated by the increasing number of joint initiatives. However, moving from good intentions to concrete operations in practice has proven challenging, to say the least, with most collaborations happening on an *ad-hoc* rather than systemic basis. This section dives into two issues which aim to realise the potential of the EFAD, by i) highlighting the strategic areas where the EFAD and more broadly a coordinated approach between EFAD players add the most value, and ii) identifying the key considerations which are to be addressed to move forward with this agenda.

a) Strategic engagement and collaboration

The purpose of strengthening coordination between EFAD players is a means to an end: rather than trying to coordinate all actors for the sake of it, more efforts should be placed on where coordination is strategic and adds the most value. What coordination allows doing that would not be possible otherwise? How does it help to do things differently (and better)? And/or how does it help in scaling up systemic and transformative impacts? In other words, coordination should be explored wherever the whole is greater than the sum of its parts.

In this regard, we highlight several strategic areas where a strengthened EFAD could have the most impact (Figure 6).

Figure 6: Where does a strengthened EFAD can have the most impact?



Source: From the authors

Least developed countries and fragile contexts

PDBs and DFIs are increasingly encouraged to invest in challenging contexts including LDCs and fragile and conflict affected countries (see for instance the EFSD+), where they are confronted with higher macro-economic, political, reputational and financial risks, and very often underdeveloped markets (Ahairwe et al.2022). Investing in such contexts requires a more politically savvy approach and close coordination with interventions providing technical support to public or private sector capacities, supporting the business environments and national reforms. complementarity of interventions and instruments are hence of prime importance in this type of context (Jones et al. 2022).

Market shaping and development, and the business environment

To support market development requires coordinating investment operations together with activities focusing on improving the business environment. This in turn facilitates firms' investments and expansion, as well as sectors' productivity and economic transformation – and the creation of more and better jobs (Akhlaque 2020). Too often, DFIs and to a lesser extent focus on individual transactions, with limited attention paid to the broader ecosystem that implementing agencies are trying to support. Likewise, implementing agencies do not necessarily consult with financial institutions in designing their market development programme, limiting investment opportunities downstream.

Local (sustainable) capital market development

The development of local and sustainable capital markets requires a mix of policy reforms and technical support but also investments – often in local currency (OECD 2022). Addressing this issue requires a coordinated approach – such as the one envisaged under the Global Green Bond Initiative – where donors can support their DFIs and PDBs to address FX risks and engage in policy dialogue with partner country sharing their own expertise and experience, and with implementing agencies providing technical support to key actors including Central Banks, Ministry of Finance and Treasury (EU 2018). In turn, the development of local sustainable capital markets plays a key role in fostering local access to finance and can help incentivise investments towards a green and just transition.

Pipeline development of bankable projects

In challenging and/or underdeveloped markets, bankable projects can be rather limited, with most projects being too risky, too small or not yet developed, constraining DFI investments. In this context, donors and implementing agencies can provide technical assistance to project promoters and support the investment climate, which can in turn help DFIs and PDBs invest.

Joint evaluation and standards

Donors, implementing organisations, and DFIs/PDBs often work together on impact monitoring and evaluation, by developing common approaches standards and methodologies, often building on the Blended Finance Principles Guidance and the Impact Standards for Financing Sustainable Development, developed by the Organisation for Economic Co-operation and Development (OECD) and United Nations Development Programme (UNDP).

Mobilisation of private finance for sustainable development

Risk-sharing mechanisms from donors including guarantees and technical assistance can play a key role in enabling DFIs and PDBs to attract international and local private sector investment in sustainable development.

Respond to crisis

As shown by the COVID-19 crisis or the Russian war in Ukraine, the capacities of DFIs and PDBs to respond quickly and invest in a coordinated manner with intervention imaging to build the capacities of public and private sector actors can play a key role. In addition, donors, as shareholders of their own national DFIs and/or PDBs can also provide these with the necessary mandate and risk-sharing mechanisms (guarantees with a high portfolio and loss coverage). Such complex situations require building on the complementary initiatives of each of these players.

b) Key considerations

To move forward with this agenda and foster collaboration in practice requires several elements. Amongst the ones listed below, the importance of understanding and building on where interests and incentives are aligned cannot be highlighted enough. Though little attention has been paid to the political economy dynamics shaping collaboration between DFIs, PDBs, implementing agencies and donors, but also commercial actors, these largely explain where and why progress on the EFAD happens in practice or remains simply at the theoretical level. The remaining part of this subsection highlights a set of considerations that should guide collaborations.

1. **Understand where interests and incentives align (and acknowledge the limits of the synergies that can be achieved)**

Even in cases where cooperation is in principle desirable to achieve transformative and sustainable impact that could not be achieved otherwise, the experience shows that cooperation translates in practice where interests and incentives align. This is a key challenge for institutions following different mandates, working modalities, tools, pace and language. In addition, cooperating often means departing from the business-as-usual type of approach, requiring additional resources and time, for which each staff member is responsible. If not rewarded or at least encouraged, staff members will generally be reluctant to engage in collaborative approaches. Trade-offs allowing institutions to work together are often required to ensure a certain degree of convergence between the interests and objectives of e.g. financial institutions for development and implementing agencies. Likewise, it is important to recognise where collaboration is not feasible, at least in the short-term: collaboration should be encouraged but not forced and/or at all costs.

2. **Identify low-hanging fruits that can further stimulate collaboration and more ambitious and systemic types of collaborations down the line**

While it may be tempting to set ambitious targets underlying collaborations between DFIs/PDBs, donors and implementing agencies, it may be more relevant to identify low-hanging fruits, i.e. easy types of collaboration that can stimulate more ambitious and systemic types of approaches, in a gradual manner. For instance, it may be more helpful for the EFAD actors to work on the development of pipelines of projects in middle-income countries in the climate adaptation infrastructure, draw on what works or not, and build on this to venture into more challenging contexts where additional issues will pile up. The DFCD shows that working on this specific issue required implementing agencies to better understand what bankable projects are and in turn to adapt their approach to integrating DFIs requirements while focusing on systemic economic transformation.

3. **Allow for trial and error, innovation and pilot initiatives, then scale up and replicate successes**

Institutions involved in TEIs and in collaboration more broadly tend to recognise that working together implies higher transaction costs. These are linked to the coordination exercise, but also to the fact that as for any innovation, cooperation is not a linear process. It involves trying and sometimes failing, readjusting and sometimes succeeding. One key element in this process is to strive for continuous improvement – and to do that requires EFAD players' engagement in lesson sharing and critical assessment. The more systematic such a process is, the more collaborations may become more efficient and effective at achieving their own objectives.

4. **Involve local actors to ensure local ownership and contribute to anchoring investments in the local context**

Most of the EFAD discussions focus on coordination at the European level, with little attention paid to the involvement of partner countries' institutions. While more parties with different interests and priorities make the coordination exercise challenging and costly, the sustainability of the interventions is often associated with the involvement and ownership of local actors. Beyond the notion of ownership, partner countries' actors have unique resources to put on the table including their knowledge of the local context, expertise, and network. In addition, coordination with partner countries' institutions may also be conducive to sharing lessons learned and capacity building – which is key in a context where the increasing focus is also placed on, for instance, the role of regional and local public development banks (Chen et al. 2022).

5. Donors, as shareholders, have a key role in shaping the incentives for cross-sectoral collaborations

The role of donors in fostering collaborations between DFIs/PDBs and implementing agencies cannot be overstated – though this does not mean that donors should be on the driver seat of the collaboration. They can instead play a facilitator role, provided that their representatives sit on these institutions' boards, to i) coordinate and ii) provide support and incentives geared towards boosting cooperation.

Key insights

- Coordination for the sake of it will not lead to a strengthened and more impactful EFAD. Identifying a set of issues and contexts where cooperation makes a difference is of prime importance.
- Even in contexts where cooperation is desirable, it only translates in practice where interests and incentives are aligned, which is a dimension overlooked in the discussions on the EFAD. More needs to be done to better understand where and which PDBs/DFIs can and should work more closely with implementing agencies and donors.
- As political masters, shareholders and sometimes direct/sole owners, EU Member States play a key role in incentivising the collaboration between IAs and DFIs/PDBs, which can be achieved provided that there is a certain level of internal coordination in terms of actors (between Ministries of Finance and Foreign Affairs for instance) and priorities and objectives.
- Coordination across actors is an iterative, gradual and sometimes long-term process, which can only be boosted if i) adequate investments in terms of resources and time is made; ii) there are proper monitoring and tracking mechanisms allowing to capture and capitalise on lessons learnt and iii) if it is approached in a strategic manner – focusing on low hanging fruits at first before moving to ambitious and systemic approaches.
- Much attention has been paid to coordination at the European level. While this was needed, the participation of local actors has often been overlooked in the context of the EFAD discussion and is often done in practice at a later stage – once initiatives are well defined at the European level, leaving limited room to accommodate partner countries' priorities.

4. Implications and recommendations

There is a strong impetus to work more and better together at the European level, building on the complementarity of the different EFAD actors, and achieving sustainable and transformative impact at scale. This collaboration is both an aspiration and increasingly a requirement to address complex and interlinked challenges and crises, in an era of increased geopolitical competition.

Cooperation between EFAD actors is based on the premise that cooperation is desirable in contexts where the whole is greater than the sum of its parts. This translated into several concrete initiatives at the European level including the Team Europe approach, the creation of the JEFIC or the letter of intent between EDFI, JEFIC and the PN.

While there is hence political traction to pursue more collaborative approaches, putting principles and agreement in practice has been challenging. The Team Europe Initiatives are yet to lead to more transformative and systemic type of collaborations (Jones and Sergejeff 2022), while the collaboration between IAs and DFIs/PDBs remains the exception rather than the rule. This is partly explained by the incentives and interests structure these institutions have, their modus operandi, and their own organisational culture – which are all dimensions that tend to only slowly evolve over time.

This is why, advancing the progress on the EFAD requires a more strategic approach: collaboration should not be a one-size-fits-all, nor a silver bullet to each of the challenges that institutions face – even though it could make sense in theory. Instead, collaboration should be better targeted, and approached following a gradual and iterative process, building on where incentives and interests align. In parallel, EU Member States should push their IAs, DFIs and PDBs to build synergies by providing the right set of incentives (and not necessarily being in the driver's seat of these collaborations), which could also include initial and limited financial support to cover for the transaction costs involved in such coordination.

This section highlights the main recommendations for the EFAD, building on the previous analysis carried out.

Improving coherence and efficiency of the EFAD

1	Offer a common place to foster dialogue for EU member states who are too often represented by different institutions and/or staff for processes that could help shape a coherent and strengthened EFAD

EU Member States participate in key processes that can help strengthen the EFAD: i) they are shareholders of the EIB, in which they discuss EIB Global operations; ii) they are part of the strategic board in the EFSD+ allowing them to share their opinions on the allocation of guarantees and blending operations; and they are part of the Global Gateway Board; iii) they are shareholders of their own domestic DFI and/or PDBs; and iv) they control their IAs. However, their representatives may change according to the given processes. In some cases, the Ministry of Foreign Affairs will be involved, in others the Ministry of Finance, and different staff may rotate, underlining the coherence of their actions. In this context, it would be valuable to offer a common place to foster dialogue for EU member states, who are too often represented by different institutions and/or staff for processes that could help shape a more coherent and strengthened EFAD.

Improving the coordination between PDBs

2	Establish the JEFIC+ with EIB and EBRD

Given the increasingly active collaboration between the European PDBs through the JEFIC and the EIB and EBRD, a recommendation would be to formalise this by setting up a fully European PDB platform (the JEFIC+). This platform should build on the endeavours of the JEFIC, with the aim of fostering processes harmonisation (thus facilitating collaborations), facilitating co-financing and promoting innovations.

This collaboration could help channel resources to sovereign and sub-sovereign at scale, and adopt innovative ways to tackle issues such as i) foreign exchange risks through the use of risk-sharing mechanisms; ii) fostering local sustainable capital markets by supporting the issuance of green, social and sustainability-linked bonds; and iii) facilitate commercial debt swaps following the model of Ecuador or Belize (Brands and Wandrag 2023; Grund and Fontana 2023; Karaki 2022, Karaki and Bilal 2023; Owen 2023). This is particularly important considering the current debt crisis, and the need to strengthen local capital markets and contribute to the EU's geopolitical position.

In a second step, such a platform could be open to other multilateral development banks, especially from partner countries to strengthen the political linkages between Europe and other regions, build capacities and share knowledge, expertise and networks.

Improving the coordination between PDBs and DFIs

3	Fostering collaboration between DFIs and PDBs in strategic areas

Though there are already collaborations between DFIs and PDBs, these often happen on an *ad hoc* basis. However, there is a strong rationale to better articulate public investments supported by PDBs and focus on issues such as the development of energy, transport, digital and water infrastructure, with private investments supported by DFIs, who can leverage the development of the infrastructure to help make projects bankable (where e.g. a private sector actor has easier access to markets, or more reliable sources of energy and water ensuring a certain degree of productivity etc.).

Such collaboration should happen on a more systemic basis, and an EDFI-JEFIC platform that would foster knowledge exchange and information sharing and help coordinate investment activities could be useful. Beyond a platform, different *modus operandi* could be explored to foster DFIs and PDBs cooperation, from relatively loose frameworks such as a memorandum of understanding and cooperation agreements to more structured and binding approaches such as trust funds, which could channel donors funding for coordinated DFIs/PDBs investments in given regions and sectors, following a Team Europe approach.

Improving the coordination between PDBs, DFIs and PN

4	Moving from the EDFI-JEFIC-PN letter of intent to concrete cross-sectoral collaborations targeting systemic and transformative impacts

The EDFI-JEFIC-PN letter of intent is one of the most recent initiatives that can have a significant impact in strengthening the EFAD if translated well in practice (EDFI et al. 2023). Currently, this type of cross-sectoral collaboration is one of the least leveraged because of institutional limitations (e.g. public procurement) or diverging interests, incentives and business models.

Therefore, translating this endeavour into practice requires careful and gradual approaches, which would help demonstrate that such a collaboration can work in practice, and what some of the pitfalls and key success factors are, thus helping build more ambitious approaches in the mid to long-term. It also requires sharing knowledge and information on upcoming initiatives before they are fully designed to allow additional partners to come on board and further tailor programmes for more systemic and sustainable impacts.

Improving the coordination between PDBs, DFIs and the European private sector

5	Make the EFAD even more strategic by involving the European private sector and investors

In this era of geopolitical fragmentation, supporting the geostrategic interests of the EU has become not just a 'nice to have' but a 'must' in the eyes of the EU, as reflected in the Global Gateway (Karaki and Bilal 2022a). In this context, the engagement of the European private sector in development is underlined as a key element underlying the TEIs and more broadly development cooperation activities, where its resources, expertise, tools, innovation and flexibility can help deliver more impactful interventions. It also has a role to play in the EFSD+ where it could i) implement EFSD+ guarantees; and ii) co-finance at the fund or project level (contributing to higher-scale EU investments).

However, while the rationale for involving the European private sector in development is rarely questioned, there are a lot of questions on how to do this in practice. One thing is clear: development cooperation instruments alone will not be enough to attract European investors in developing countries. Instead, commercial instruments (such as the export credit agencies) should be leveraged complementing and building synergies with development cooperation instruments. In this context, the EFAD should integrate European institutional investors, export credit agencies (ECAs), and ESG/impact investors in its architecture, with a view to foster dialogue and move from a pure development approach to one that builds synergies (but not mix with) commercial instrument (Bilal 2023a, Große-Puppendahl et al. 2016; Schlögl et al. 2023).

PDBs, DFIs and ECAs seem to be the most relevant entry point to engage in this type of endeavour – where a distinctive feature of the EU offer would be not to tie aid, as done by other international players, but rather provide a coherent and comprehensive support to partner countries, leveraging all its weight and assets.

References

AFD. 2023. JEFIC – Joint European Financiers for International Cooperation. Paris: Agence Française de Développement (AFD).

Ahairwe, P., Tadesse, L. and Bilal, S. 2022. Financing fragile contexts: What can development finance institutions do better? ECDPM Discussion Paper 321. Maastricht: ECDPM.

Ahlemeyer, V. 2023. EBRD, EU and ILX start joint initiative to boost private-sector finance. Press Release. London: European Bank for Reconstruction and Development (EBRD).

Akhlaque, A. 2020. Improving Business Environment for Prosperity (IBEP). Brief. Washington, DC: The World Bank.

Alemayehou, M. and McNair, D. 2023. Big returns: How Europe can respond to the climate crisis and build goodwill in the global south. ECFR Commentary. Berlin: European Council on Foreign Relations (ECFR).

Attridge, S. 2022a. Development finance institutions stepped up in times of crisis, but must now step out of their comfort zone. London: Overseas Development Institute (ODI).

Attridge, S. 2022b. Donors, implementing agencies and DFI/PDB cooperation. The case of the UK: BII and FCDO. Brussels: European Think Tank Group (ETTG).

Bilal, S. 2021a. The beauty contest is over: High time to reform the European financial architecture for development. ECDPM Commentary. Maastricht: ECDPM.

Bilal, S. 2021b. How European financial institutions can work better together for sustainable and green (co)investment in times of COVID-19. ECDPM Discussion Paper 294. Maastricht: ECDPM.

Bilal, S. 2021c. The rise of public development banks in the European financial architecture for development. Working Paper. Madrid: Elcano Royal Institute.

Bilal, S. 2022. European DFIs in a troubled world: strategic actors of the European financial architecture for development. Private Sector & Development - Blog.

Bilal, S. and Karaki, K. 2022. Enhancing coordination between European donors, development agencies and DFIs/PDBs– Insights and recommendations. Brussels: European Think Tanks Group (ETTG).

Bilal, S. 2023a. Mobilising investments for Ukraine reconstruction: Strengthening the Team Europe approach. ECDPM Discussion Paper 349. Maastricht: ECDPM.

Bilal, S. (ed.). 2023b. European development finance in perma-crisis. ECDPM e-book. Maastricht: ECDPM.

Bougrea, A., Orbie, J. and Vermeiren, M. 2022. The New European Financial Architecture for Development: Change or Continuity? *European Foreign Affairs Review*. 27 (3): 337-360.

Brands, J. and Wandrag, S. 2023. Ecuador's Galápagos Islands reap the benefits of innovative financing. ECDPM Commentary. Maastricht: ECDPM.

CGD and ECDPM. 2021. Reflections on the European financial architecture for development – EFAD Talks. Series of interviews co-hoster by Mikaela Gavas (CGD) and San Bilal (ECDPM). Video. 17 May. Washington, DC, London and Maastricht: Center for Global Development (CGD) and ECDPM.

Chen, Y., Attridge, S. and Getzel, B. 2022. Supporting the underdogs: African public development banks and the Finance in Common movement. London: Overseas Development Institute (ODI).

Chuku, C., Samal, P., Saito, J., Hakura, D.S., Chamon, M.D., Cerisola, M.D., Chabert, G. and Zettelmeyer, J. 2023. Are We Heading for Another Debt Crisis in Low-Income Countries? Debt Vulnerabilities: Today vs the pre-HIPC Era. IMF Working Papers. Washington, DC: International Monetary Fund (IMF).

CoEU. 2021. Council adopts conclusions on enhancing the European financial architecture for development. Press release. Brussels: Council of the European Union (CoEU).

Danida. 2016. SDG Investment Fund. Copenhagen: Danish International Development Agency (Danida).

EC. N.a. Global Gateway. Brussels: European Commission (EC).

EC. 2023. Manufacturing and Access to Vaccines, Medicines and health technology products in Africa. Caacity4Dev. Team Europe Initiative. Brussels: European Commission (EC).

EDFI. 2022. European DFIs new joint statement to reinforce commitment for an improved European offer. Brussels: European Development Finance Institutions (EDFI).

EDFI. 2023. EFP. Brussels: European Development Finance Institutions (EDFI).

EDFI, JEFIC and PN. 2023. EDFI, JEFIC and PN Statement of Intent on enhanced collaboration of the three networks. Brussels: European Development Finance Institutions (EDFI), Joint European Finnciers for International Cooperation (JEFIC) and Practitioners' Network for European Development Cooperation (PN).

EIB. 2023. Mutual Reliance Initiative. Luxembourg: European Investment Bank (EIB).

REPBEN. 2022. Au Bénin, Enabel signe des conventions de partenariat avec AFD, Expertise France et LuxDev. Cotonou and Brussels: Republic of Benin and Enabel-Belgian Development Agency.

EU. 2014. Directive 2014/24/EU of the European Parliament and of the Council. Official Journal of the European Union. Brussels: European Union (EU).

EU. 2018. Global Green Bond Initiative (GGBI). Capacity4Dev. Team Europe Initiative. Brussels: European Commission (EC).

EU. 2023. Manufacturing and Access to Vaccines, Medicines and health technology products in Africa. Capacity4Dev. Team Europe Initiative. Brussels: European Commission (EC).

EUR-Lex. 2022. Proposal for a COUNCIL DECISION establishing the position to be adopted on the Union's behalf by the Participants to the Arrangement on Officially Supported Export Credits ("Arrangement") with regard to the modernisation of the Arrangement. Document 52022PC0456. COM/2022/456 final. Brussels: EUR-Lex, Access to European Union (EU) law.

Gavas, M. and Pérez, A. 2022. The future of the European Financial Architecture for Development. Study. Strasbourg: Think Tank of the European Parliament (EP).

Gold, S. 2022. IMF's Africa chief warns of economic 'dark period' without more aid. World Bank Annual Meetings 2022. Washington, DC: Devex.

Große-Puppendahl, S., Karaki, K. and Bilal, S. 2016. Investment promotion for sustainable development: The roles of DFIs and export credit agencies. ECDPM Discussion Paper 208. Maastricht: ECDPM.

Grund, S. and Fontana, S. 2023. Debt-for-Nature Swaps: The Belize 2021 Deal and the Future of Green Sovereign Finance. Social Science Research Network (SSRN).

IFU. 2022. Danish SDG Investment Fund Impact Report 2021. Copenhagen: Investment Fund for Development Coutries (IFU).

ILX Fund. N.a. ILX Fund - SDG-Focused Emerging Market Credit Fund. Amsterdam: ILX Fund.

ILX. 2022. ILX & ILX Fund – Frequently Asked Questions. Amsterdam: ILX Fund.

Jones, A. and Teevan, C. 2021. Team Europe: Up to the challenge? ECDPM Briefing Note 128. Maastricht: ECDPM.

Jones, A., Bilal, S. and Sergejeff, K. 2022. Tailored, multidimensional and coherent: Towards a renewed EU partnership with least developed countries. ECDPM Discussion Paper 319. Maastricht: ECDPM.

Jones, A. and Sergejeff, K. 2022. Half-time analysis: How is Team Europe doing? ECDPM Briefing Note 149. Maastricht: ECDPM.

Karaki, K. 2022. Debt reform for climate action: Demand grows louder, but will Europe respond? ECDPM Commentary. Maastricht: ECDPM.

Karaki, K. and Ahairwe, P. 2022. Operationalising pharma manufacturing hubs in Africa: Policy options for the EU. ECDPM Discussion Paper 329. Maastricht: ECDPM.

Karaki, K., Ahairwe, P. and Bilal, S. 2022. African regional hubs to manufacture health products: Towards comprehensive joint AU-EU actions. ECDPM Briefing Note 145. Maastricht: ECDPM.

Karaki, K. and Bilal, S. 2022a. Engaging the European private sector in EU development cooperation and finance. ECDPM Discussion Paper 333. Maastricht: ECDPM.

Karaki, K. and Bilal, S. 2022b. Donors, implementing agencies and DFI/PDB cooperation European donors' partnership with the EIB. Brussels: European Think Tank Group (ETTG).

Karaki, K. and Bilal, S. 2023. Upscaling debt swaps for greater impact. ECDPM Discussion Paper 343. Maastricht: ECDPM.

Keijzer, N., Benedikt, E., Burni, A. and Friesen, I. 2021. The Rise of the Team Europe approach In EU Development Cooperation: Assessing a moving target. IDOS Discussion Paper 22/2021. Bonn: German Institute of Development and Sustainability (IDOS).

Macron, E., Mottley, M. A., Lula Da Silva, L.I., Von Der Leyen, U., Michel, C., Scholz, O., Kishida, F., Ruto, W., Sall, M., Ramaphosa, C., Bin Zayed Al Nahyan, M., Sunak, R. and Biden, Jr. J. 2023. A green transition that leaves no one behind. New York, NY: Project Syndicate.

Marbuah, G., Te Velde, D.W., Attridge, S., Lemma, A. and Keane, J. 2022. Understanding the Role of Development Finance Institutions in Promoting Development: An Assessment of Three African Countries. SEI report. Stockholm: Stockholm Environment Institute (SEI).

OECD. 2021. Closing the SDG Financing Gap in the COVID-19 era. Scoping note for the G20 Development Working Group. Paris: Organisation for Economic Cooperation and Development (OECD).

OECD. 2022. Green, social, sustainability and sustainability-linked bonds in developing countries: how can donors support public sector issuances? Paris: Organisation for Economic Cooperation and Development (OECD).

Owen, N. 2022. Belize: Swapping Debt for Nature. IMF Country Focus. Washington, DC: International Monetary Fund (IMF).

Sarazin, L. 2020. Working better together as a Team Europe. Through joint programming and joint implementation. Guidance. Brussels: European Commission (EC).

Schlögl, L., Pfaffenbichler, D. and Raza, W. 2023. Aligning European export credit agencies with EU policy goals. In-depth Analysis requested by the INTA Committee. Policy Department for External Relations. Directorate General for External Policies of the Union. PE 702.590. Strasbourg: European Parliament (EP).

SDG. 2023. With clock ticking for the SDGs, UN Chief and Barbados Prime Minister call for urgent action to transform broken global financial system. New York, NY: United Nations (UN) - Sustainable Development Goals (SDG).

Selassie, A.A. 2023. IMF's Sub-Saharan Africa Regional Economic Outlook the Big Funding Squeeze. Press Release No. 23/119. Washington, DC: International Monetary Fund (IMF).

Teevan, C. 2023. Global Gateway as new approach, not simple funding pot. Brussels: Euractiv.

Teevan, C., Bilal, S., Domingo, E. and Medinilla, A. 2022. The Global Gateway: A recipe for EU geopolitical relevance? ECDPM Discussion Paper 323. Maastricht: ECDPM.

About ECDPM

ECDPM is an independent 'think and do tank' working on international cooperation and development policy in Europe and Africa.

Since 1986 our staff members provide research and analysis, advice and practical support to policymakers and practitioners across Europe and Africa – to make policies work for sustainable and inclusive global development.

Our main areas of work include:

- EU foreign and development policy
- Migration and mobility
- Digital economy and governance
- AU-EU relations
- Peace, security and resilience
- Democratic governance
- Economic recovery and transformation
- Climate change and green transition
- African economic integration
- Sustainable food systems

For more information please visit www.ecdpm.org

This publication benefits from the structural support by ECDPM's institutional partners: Austria, Belgium, Denmark, Estonia, Finland, Ireland, Luxembourg, The Netherlands and Sweden.

ISSN1571-7577

ecdpm

HEAD OFFICE
SIÈGE
Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands *Pays Bas*
Tel +31 (0)433 502 900

BRUSSELS OFFICE
BUREAU DE BRUXELLES
Avenue des Arts 44, 1000
Brussels *Bruxelles*
Belgium *Belgique*
Tel +32 (0)28 825 008

info@ecdpm.org
www.ecdpm.org
KvK 41077447