November 6th, 2019

Joint Statement on the High-Level Wise Persons Group Report on the European Financial Architecture for Development

The European Commission, the EU Member States and the European financial institutions deliver more than half of official development finance worldwide. Given the protracted global climate, and socio-economic and political challenges, particularly in Africa, an efficient and inclusive system of European institutions and instruments is more than ever key to help meeting the Sustainable Development Goals and the commitments under the Paris Agreement.

The current discussions on the "Neighbourhood, Development and International Cooperation Instrument (NDICI)" for the upcoming Multiannual Financial Framework 2021-27 and the report of the Wise Person's Group (WPG) on the European Financial Architecture for Development represent an excellent opportunity to further increase both impact and efficiency of European development finance.

We, the 19 European bilateral public Development Banks (DBs) and Development Finance Institutions (DFIs), welcome the WPG's statement that Europe needs its system of development finance institutions and instruments to act in synergy with a view to achieving faster results in countries of intervention and mobilizing additional resources from the public and private sector.

We agree with the findings that European sustainable development and climate finance has the potential to achieve more global leverage and impact if it becomes more focused on key priorities and is better coordinated. For this reason, we strongly support the short-term recommendations of the report, and in particular:

- The need for a more strategic political steer with an overall branding and narrative to increase the awareness of EU and Member States' development policies and accountability vis-à-vis EU citizens,
- The strengthening of coordination at country level and at institutional level (with more joint initiatives of European development actors and enhanced coordination of EU and Member States participation in the boards of multilateral development institutions),
- The support for an open EU development finance architecture with an equal access for European financial institutions to the EU blending grants and budgetary guarantees in compliance with international blended concessional finance principles. We believe that these EU instruments are also important to incentivize financial institutions to work on a *level playing field* and adhere to important common standards, such as for risk management and safeguards to avoid crowding out national institutions and the private-sector.

Regarding the suggested institutional changes the WPG report rightly concludes that these need to be carefully assessed. We share the WPG's view that European development finance must further build on the respective strengths of bilateral and multilateral European development banks in order to reach its full impact. There is indeed a significant potential for the European institutions to be more complementary, and any institutional reforms should include specific plans to increase synergies with national DBs and DFIs, with a view to create a strong policy centre in the EU.

To foster such synergies and to implement the WPG's short term recommendations, the European instruments and institutions will need to become more coordinated and flexible, and more harmonised in the way impacts are measured and communicated. It is critical that the NDICI regulation will strongly promote such improved alignment and increased financial cooperation. We are ready to contribute concrete proposals for how such improvements can be achieved, e.g. in the following fields:

- the promotion of improved local currency finance,
- a formalized set of rules and modalities for increased and efficient co-financing,
- harmonized methodologies to assess impacts and results of development policies and projects,
- enhanced management of exposure limits among European financial institutions,
- capital-relieving regulations for impact-generating equity investments,
- improved refinancing opportunities among European development partners.

Based on this, we call for an enhanced sustainable development and climate partnership based on European values and the financial capacities and know-how of all European financial institutions and the private sector. Such a partnership could build upon the existing institutional set-up and also strengthen it through better coordination, a clearer narrative and a common label. Engagement with the wider development banking community of the Global South, particularly with the members of the International Development Finance Club (IDFC) should also be a priority.

As the WPG report points out, the European bilateral DBs and DFIs are a fundamental pillar of the European financial architecture. They committed more than 27 billion € of new finance in 2018. They deliver close to 60% of all European concessional lending to the public and private sector worldwide and even more than 80% in Sub-Saharan Africa. Thanks to their embeddedness in the local constituencies of EU Member States, they have also a crucial role to play in terms of accountability towards and dialogue with the European citizens, thereby enhancing their adherence and support to the global European effort for the benefit of our partner countries.

We stand ready to contribute to the debate about the financial architecture for development and to support - both financially and with our expertise - a more forceful system for European development and climate finance.

About AECID - the Spanish Agency for International Development Cooperation (AECID) is the main management body of the Spanish Cooperation, aimed at poverty reduction and sustainable human development. Its strategic roadmap, in line with Agenda 2030, is the 5th Master Plan for Spanish Cooperation, based on a human rights approach; it pays special attention to three cross-cutting issues: gender, environmental quality and respect for cultural diversity. AECID's toolbox includes technical assistance and financial cooperation, managed through FONPRODE (Fondo para la Promoción del Desarrollo). Launched in 2011, it includes grants and loans, and implements both debt and equity operations. www.aecid.es

About AFD - the Agence Française de Développement Group (AFD) funds, supports and accelerates the transition to a fairer and more sustainable world. Focusing on climate, biodiversity, peace, education, urban development, health and governance, our teams carry out more than 4,000 projects in France's overseas departments and territories and another 115 countries. In this way, we contribute to the commitment of France and French people to support the Sustainable Development Goals (SDGs). www.afd.fr

About CdP – the Cassa Depositi e Prestiti (CdP) is the National Promotion Institution that has supported the Italian economy since 1850. It finances public investments, supports international cooperation and is a catalyst for the Development of the Country's infrastructure. It supports Italian Companies, encouraging their innovation and growth, promoting their export and internationalization, and contributes to the development of the Italian real estate market as the main operator of social and affordable housing. www.cdp.it

About KfW – the KfW Group is one of the world´s largest promotional banks, established in 1948 as a public law institution. KfW Development Bank carries out the official development finance on behalf of the German government and other donors, such as the European Commission. The 700 personnel at headquarters and about 300 specialists in 70 offices worldwide cooperate with partners in more than 100 development countries and emerging economies, in order to combat poverty, secure peace, protect environment and climate and make globalisation fair. www.kfw.de

About EDFI – the Association of European Development Finance Institutions (EDFI) promotes the work of 15 bilateral European development finance institutions that invest in the private sector in emerging and frontier markets to create jobs, boost growth, and fight poverty and climate change. Since EDFI was set up in 1992, its members have invested in app. 15,000 projects, and they now manage a combined investment portfolio of US$50 billion across financial services, clean energy, industry and many other sectors in more than 100 countries. An important part of EDFI's work is to promote financial cooperation between its members and with the EU institutionsand for this purpose EDFI has established the EDFI Management Company and other joint financing facilities. www.edfi.eu