

The EU beyond 2020

Future Development Instruments: A UK Perspective

We stand at a key point in the future of EU development architecture. Debate on the shape of the post-Cotonou political framework for the EU's strategic engagement with African, Caribbean and Pacific (ACP) states and Overseas Countries and Territories is underway, and discussions are also taking place on the future financial frameworks for all EU development assistance from 2021.

A flexible, open and responsive EU is in everyone's interests. We have seen how creating new, open, instruments, such as the migration Trust Funds, has enabled us to respond swiftly and effectively to large scale crises, working with the right partners in the right places. The flexibility shown by ECHO in opening up to externally assigned revenues (EAR) from third parties to participate in specific programmes, such as in the Sahel, where the EU is the lead humanitarian donor and has a strong field presence, has allowed key partners to boost the collective effort, and coalesce around a flexible but coordinated approach.

We are all clear that the development challenges facing us are only likely to increase in the coming years: reaching the SDGs, security, peace and stability, governance, human rights and the rule of law, migration management, investment worldwide, Africa, humanitarian aid and crisis response and conflict prevention. The \$2.5 trillion funding gap to achieve the SDGs alone is well known. But it is also the complexity of the challenges that will require new and innovative approaches. We need therefore to collectively match this growing challenge with an increased level of ambition and creativity. Reaching out to a wide variety of partners which can offer technical expertise, geographical knowledge or presence, resources and/or funding, will increase the ability of the EU to develop new, joint approaches and increase our collective impact.

The EU has the opportunity now to design a set of future instruments which builds on the positive examples of the last few years, and creates an open and flexible enabling framework, within which the EU and its partners can work together to tackle these global challenges and help to build a secure, stable and prosperous world.

The EU will remain one of the largest development actors in the world, and the UK wants to retain a close partnership with the EU in the future. We share the same concerns, the same values and the same commitment to the SDGs, to the Paris climate change agenda and the Addis Ababa agreement on financing for development. We share a commitment to 0.7% and to testing new and innovative approaches.

We suggest that the new instruments are designed so that they are open to external partners that share these values and commitments, to enable this

free-flow of ideas, pooling of technical expertise and resources, and joint approaches. Partners should be invited to participate at a strategic level, with a seat at the table, where they are able to contribute expertise or resources (funding or in kind). Partners should be able to earmark funding within the geographical funds for Africa, the Caribbean and the Overseas Countries and Territories, and the Pacific, as well as to the neighbourhood.

The EU plays a global role in funding and responding to humanitarian crises, working with a wide variety of partners. The existing flexibility demonstrated by ECHO should be preserved, and further maximised by allowing key partners to contribute core, unearmarked, funding, in return for a close, strategic partnership in tackling the world's humanitarian crises.

We welcome that the Commission's proposal for new Post-Cotonou Agreement is open to external partners. This should be on an opt-in basis at a strategic level, with clear governance arrangements. We agree that political steering and activity takes place within the regional pillars, to ensure each region is given specific attention taking into account its particular challenges and needs, rather than at an ACP-wide level.

We suggest a coherent approach to migration, focussed on a "whole of route" approach. The trust funds have worked well, and their principles of flexibility and openness should be retained within any new instrument. A migration specific instrument could support joint European efforts, together with third countries and international partners, to better manage irregular flows, address their root causes, respond to humanitarian needs and maximise the development potential of migration.

The flexibility of the EDF to support peace keeping activities has worked well. We can see benefits in the proposal for a separate instrument to support global peace and security activities (including peacekeeping) but would like to continue to engage with discussions about the right structure. Given the global and regional nature of peace and security issues, the EU will need to preserve the ability to work with partners who have the relevant capacity and expertise. Any instrument should therefore be open to external partners to contribute on a case-by-case basis where priorities and objectives are shared, and governance mechanisms must ensure that partners have a strategic voice over activities to which they contribute.

We note the discussion on the EU's investment instruments, and the proposal from the EIB for a new development subsidiary. We believe that here the same principles of open partnership and sharing of expertise should apply. In the future architecture for external investment, we would like to see particular attention paid to the importance of crowding-in private sector investment, facilitating the long-term development of local capital markets, and leveraging limited ODA budgets for maximising impact. We need to find clever and more efficient and innovative ways of doing this in order to meet the challenge of financing the SDGs.

Priority should be given to the investment needs of least-developed countries and fragile and conflict-affected states, particularly in the areas of critical infrastructure and sustainable economic development. We would also stress the importance of using the EU's investment architecture to promote collaboration between EU institutions and other regional and multilateral development banks, for example the EBRD and African Development Bank.

The call for budgetisation of all EU expenditure is well understood on the grounds of transparency and accountability. But we believe that such transparency and accountability can be achieved with some creative thinking, even if some parts of the EU's development programmes remain off budget. Specific funding streams could still be "ring-fenced" to guard against funds being diverted to other priorities without due process. Having an off budget development programme further enables closer, more strategic partnerships, and thus increases the chances of additional financial contributions. In a world where development resources are increasingly squeezed, the opportunity for such additional contributions should be encouraged.

We welcome these consultations on the EU's future development architecture. As a current and future development partner, the UK has a clear interest in ensuring these discussions result in a flexible and modern development architecture, promoting collaborative partnerships, value for money and development results for partner countries, which is fit for the challenges of the 21st century. We look forward to discussing specific proposals over the coming months.