# The New European Financial Architecture for Development: Change or Continuity?*

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*After years of discussions, the European Union's (EU's) new development finance architecture finally came into being under the umbrella of the 'Status Quo Plus'. This article aims to, firstly, bring much-needed clarification in the nebulous landscape of EU development finance; and secondly, gain a more profound understanding of recent changes by examining to what extent they witness change or continuity. Based on a large variety of empirical data and secondary literature, we find that EU development finance has witnessed significant institutional changes while ideological trends are continued. Institutionally, we elaborate on the simplification of instruments, a shift in their accessibility – in favour of national development agencies and private actors whereby the European Investment Bank (EIB) loses its monopoly on commercial guarantees – and a reshuffling of power play in favour of the European Commission and (larger) EU Member States. In terms of policy content and underlying ideology, however, we observe a deepening of the trend towards financialization within EU (development finance) institutions which ties in with the geopoliticization of aid. We conclude that the 'Plus' represents institutional change that nevertheless primarily served (intentionally or not) to support a continuing ideological commitment to selling development finance to the market. The conclusions summarize the main findings and formulate suggestions for further research.*

**Keywords:** European Union (EU), development, financialization, geopoliticization, private finance, European Investment Bank (EIB), blending, public development banks

## 1 INTRODUCTION

The European Union's (EU) development finance institutions seem to be undergoing significant changes. In 2021, longstanding debates on the budgetary and organizational dimension of EU development cooperation have finally resulted in a number of key policy decisions at EU level. First, controversies around the role of European development banks have resulted in an agreement on the new European

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Financial Architecture for Development (EFAD). This agreement has ramifications for the oversight power of the European Commission, the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), national development banks and the EU Member States. Second, discussions on the EU's new budget for the period 2021–2027 have resulted in the creation of the 'Global Europe: Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)' which incorporated the intergovernmental European Development Fund (EDF) as intergovernmental budget and the 'European Fund for Sustainable Development' (EFSD). Furthermore, the EU has embarked on a 'Team Europe' approach in development which aims to also streamline financial processes in development policies.

Except for the most seasoned observers and experienced stakeholders, the new picture seems endlessly complex. The involvement of new actors, new instruments, including financial mechanisms, and of course also new acronyms, has made it ever more difficult to grasp the nature of EU development finance. Furthermore, there is much confusion on whether these reforms constitute a major change. While the abovementioned changes seem significant, they may also constitute a continuation of existing trends or even serve as a smokescreen of new acronyms behind which much remains the same as before. Uncertainties around the nature of the restructurings are well-illustrated by the EU's use of the term 'Status Quo Plus'. Certain actors argue that the 'plus' represents a full reform, whereas others believe it functions to hide the embarrassment of an outcome perceived as only a little bit better.[1] Some, then, put the term in brackets as they are content with the status quo. Almost all observers, however, focus mostly on institutional reforms and ignore ideological undercurrents.

Hence the aims of this article are twofold. First, we want to bring much-needed clarification in the nebulous landscape of EU development finance. We will do this by means of a mapping of institutional and budgetary reforms, including the creation of figures that visualize these developments. Second, we envisage a more profound understanding of the nature of the changes by examining to what extent the field of EU development finance is witnessing change or continuity. For this purpose, we will not only analyse the institutional arrangements but also the underlying ideological trend of financialization and its geopolitical underpinnings. Many of the reforms appear to reflect the emergence of a new global consensus on development policy – labelled by Daniela Gabor as the 'Wall Street Consensus'–[2]

1 S. Bilal, *The Beauty Contest Is Over* (21 Jun. 2021), https://bit.ly/3N0rSQy; *Annual Report to the European Council on EU Development Aid Targets*, Council Conclusions Nr. 9549/21 (2021).

2 D. Gabor, *Securitization for Sustainability* (Heinrich Böll Stiftung 2019); *The Road to Dignity by 2030*, GA Res. 68/6, UN SG, 69th Sess., UN Doc. A/69/700 (2014); Overseas Development Institute et al., *European Report on Development* (2015); WB & IMF, *From Billions to Trillions DC2015-002* (2015).

Academic studies on the financial architecture of EU development policy are remarkably scarce. Even the specific role of the EIB has barely been researched[3]; the bank barely features in major reference works such as Holland and Doidge's[4] textbook, Carbone's[5] comprehensive review, recent special issues on EU development policy,[6] and the Routledge handbook on EU-Africa relations.[7] Some scholars have analysed the EU's increased use of blending instruments,[8] but in-depth and comprehensive studies of financialization of EU aid policy are lacking. We can build on insights from these studies, the work of think tanks such as ECDPM and IDOS[9] who have illustrated most technical and policy dimensions of the EFSD+[10] and the New Architecture for Development,[11] and media reports which explain the institutional power struggle between the European Commission, the EIB, and other actors involved. On the other hand, the emerging literature on financialization of development policy[12] and developing countries[13] has mostly ignored recent EU initiatives. Some exceptions would be Bonizzi et al.,[14] but their study does not focus on the recent EU reforms. Likewise,

[3] *See* however Langan's case study of the EIB Investment Facility. M. Langan, *A Moral Economy Approach to Africa-EU Ties: The Case of the European Investment Bank*, 40(3) Rev. Int'l Stud. 465–485 (2014).

[4] M. Holland & M. Doidge, *Development Policy of the European Union* (Macmillan International Higher Education 2012).

[5] M. Carbone, *Development and Foreign Aid*, in *The SAGE Handbook of European Foreign Policy* 2, 898–912 (Sage 2015).

[6] M. Furness et al., *EU Development Policy*, 16(2) J. Contemp. Eur. Res. (2020); T. Hackenesch et al., *The Politicisation of European Development Policies*, 59(1) J. Com. Mkt. Stud., (Special Issue) (2021); S. Steingass et al., *Development and International Partnerships in the EU's External Relations*, 7(4) Global Aff. (Special Issue) (2021).

[7] T. Haastrup, L. Mah & N. Duggan, *The Routledge Handbook of EU-Africa Relations* (Routledge 2020).

[8] P. Holden, *Irreconcilable Tensions? The EU's Development Policy in an Era of Global Illiberalism*, 16(2) J. Contemp. Eur. Res. (2020); T. Haastrup, N. Duggan & L. Mah, *Navigating Ontological (in) Security in EU–Africa Relations*, Global Affairs, 541–557 (2021); L. Mah, *Promoting Private Sector for Development: The Rise of Blended Finance in EU Aid Architecture*, ISEG-CESA, 171 (2018); M. Langan & S. Price, *Toward a Post-Westphalian Turn in Africa-EU Studies?*, in *The Routledge Handbook of EU-Africa Relations*, 282–292 (Routledge 2020).

[9] A. Jones et al., *Aiming High or Falling Short* bn. 104 (ECDPM 2018).

[10] S. Bilal, *Leveraging the Next EU Budget for Sustainable Development Finance*, ECDPM, 243 (2019).

[11] B. Erforth & L. Kaplan, *The Future of European Development Finance*, DIE, 20 (2019).

[12] O. Dimakou et al., *Never Let a Pandemic Go to Waste*, 42(1–2) Can. J. Dev. Stud. 221–237 (2021); Gabor, *supra* n. 2; R. Rowden, *From the Washington to the Wall Street Consensus* (Heinrich Böll Stiftung 2019); E. Van Waeyenberge, *The Private Turn in Development Finance*, SOAS (2015).

[13] C. Allami & A. Cibils, *Financialization and Development: Issues and Perspectives*, in *Handbook on Development and Social Change* (Edward Elgar Publishing 2018); B. Bonizzi, *Financialization in Developing and Emerging Countries*, 42(4) Int'l J. Pol. Econ. 83–107 (2013); B. Bonizzi, A. Kaltenbrunner & J. Powell, *Subordinate Financialization in Emerging Capitalist Economies* (University of Greenwich 2020).

[14] B. Bonizzi, C. Laskaridis & J. Toporowski, *EU Development Policy and the Promotion of the Financial Sector*, SSRN (2015).

Mertens et al.[15] examine national development banks' move to private finance, yet focus on intra-EU development and do not discuss the EFAD.

Our analysis is based on a mapping exercise that triangulates data from primary documents, reports, grey literature, secondary literature, participant observation in (online) public events, policy, and three confidential interviews with stakeholders. We will show that, during the time period between 2014 and 2022, EU development finance has witnessed significant institutional changes while ideological trends are continued. Institutionally, we will point to a simplification of the development instruments and facilities, a shift in their accessibility – in favour of national development agencies and private actors whereby the EIB loses its monopoly on commercial guarantees – and a reshuffling of power play in Brussels. Ideologically, we observe a deepening of the continuous trend towards financialization within EU (development finance) institutions, both in discourse and budgetary allocation.

The remainder of the article is structured as follows. The next section outlines the institutional contours of the topic with a specific focus on the ten years of EFAD and NDICI-Global Europe reforms (section 2.1 and 2.2). We then evaluate the change and continuity related to the institutional and budgetary levels, where we look at the changes in Brussels power play (section 3.1) and elaborate on the ideological dimension of the debate, which conveys itself through financialization of aid and is reinforced by geopoliticization agendas (section 3.2). The conclusions summarize and reflect on the main findings, and make suggestions for further research.

## 2 TEN YEARS OF REFORMS

Discussions on the role of development finance (institutions) in the EU have been lingering since the financial crisis of 2008–2009 and the subsequent 'Agenda for Change' on 'increasing the impact of EU development policy'.[16] After more than a decade, some key policy decisions have been made. This section aims to clarify the key evolutions in this area by focussing on two distinctive but interrelated domains: first, the changing role of European development finance *institutions*, and second, the evolving EU *budgetary* framework on development cooperation.

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15 D. Mertens, M. Thiemann & P. Volberding, *The Reinvention of Development Banking in the EU* (Oxford University Press 2021).

16 EU Council, *Agenda for Change*, 3166th For. Affairs Council mtg., EU Council Conclusions Nr. 130243/12 (2012).

### 2.1 Institutions: The new financial architecture for development

Institutional debates on EU development finance have essentially revolved around the role of the EIB and the EBRD, while also the European Commission and the (larger) EU Member States have played a key role. Despite its misleading name, the EBRD is not an EU institution in any way, and its geographic mandate is subject to limitations. Still, the EBRD is considered the 'rockstar' on private sector engagement given its longstanding experience in development assistance.[17] In contrast, the EIB is usually described as 'no development bank', yet has plenty of experience with big projects and in Africa. Debates on the exact role and division of labour between European development finance institutions led to the 'Camdessus Report' of 2010. Specifically, the report concerned the position of the EIB in the EU's external action.[18] The group of experts led by Michel Camdessus, former International Monetary Fund Managing Director, recommended that the EU should create a single development bank that would incorporate parts of the EBRD and EIB, claiming that the bank could be 'the European rival to the World Bank'.[19] One advantage of the bank, according to the group, is that it would create sophisticated, 'blended' instruments tailored to recipient's needs by combining the financing of loans with the payment of grants. Since its first mention in the Agenda for Change in 2012, the European Commission has become increasingly ambitious in promoting different forms of blended finance and other risk-sharing mechanisms,[20] and has to a very large extent relied on the EIB, EBRD and national development banks for the implementation of its blending activities.[21]

At the end of 2017, debates flared up again when the EIB presented its own plan for a subsidiary. This 'EU Bank for International Partnership' would provide a platform for cooperation with national development agencies to invest in projects outside the EU. Alluding to many inefficiencies in the European development landscape, EIB President Werner Hoyer envisaged an EIB subsidiary that focuses on projects outside the EU. The move raised concerns that it would weaken the influence of the Member States and European Commission in international development spending and potentially set off a turf-war with the EBRD. An open

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17 A conversation with Koen Doens on European financial architecture for development (ECDPM 21 Jul. 2021) (Webinar Interview).

18 Steering Committee of 'wise persons', *Camdessus Report. Mid-term Review of EIB External Mandate*, No 633/2009/EC (European Union 2010).

19 J. Brunsden, *Radical Reforms to European Lending* (3 Mar. 2010), https://www.politico.eu/article/radical-reforms-to-european-lending.

20 EU Council, *Agenda for Change*, *supra* n. 16; EU Commission, *The EU Budget Powering the Recovery Plan for Europe*, EU Doc. COM(2020) 442 final (2020).

21 Mah, *supra* n. 8.

dispute between the Commission and the EIB ensued.[22] What is more, a few Member States such as France, Germany, Italy and Spain have an institutional interest in the matter because of their respective national development banks; Agence Française de Développement (AFD), Kreditanstalt für Wiederaufbau (KfW), Agencia Española de Cooperación Internacional para el Desarrollo (AECID). All are ambitious to receive a larger share of the EU budget allocation. France even set its sights on relocating the headquarters of the EBRD to Paris after the completion of Brexit, as part of Macron's plan to establish Paris as the global development finance hub. Simultaneously, the EBRD was considering a move into sub-Saharan Africa (SSA).[23]

While all actors called for better coordination of EU development finance institutions, they differed in who should be in charge. The EIB argued that it should take the lead given its role as the EU bank and its track record of supporting projects outside the EU. Meanwhile, the Commission saw its power erode through this EIB initiative and intended to provide a stronger policy steer by breaking up the monopoly of the EIB (regarding guarantees for sovereign loans) and playing a central role in the distribution of funds through other development banks.[24] In June 2018, the Commission declared its ambition to play a leading role in steering investments from European development actors, including national players such as the AFD and KfW. The Commission initiated the creation of a 'single instrument' to bring together all actors benefiting from EU budget guarantees for external investment, as an intrinsic part of its proposed 2021–2027 budgetary framework.[25] The instrument was dubbed 'NDICI-Global Europe' with an overall allocation of EUR 79.5 billion covering EU cooperation with all third countries. The initial proposal for the Multiannual Financial Framework left no more room for the EIB, which would lose its EU budget guarantee (the so-called external mandate) under which it carries out most of its financing operations outside the EU.

The EIB and the Commission requested a resolution from the European Council but were left to resolve the issue on their own when the Council passed the buck.[26] Through a Franco-German Meseberg declaration in June 2018 – and pushed upon the EIB and Commission – a 'High-Level Group of Wise Persons'

[22] V. Chadwick, *EU Institutions Cross Swords Over Future of Development Finance* (20 Sep. 2018), https://www.devex.com/news/eu-institutions-cross-swords-over-future-of-development-finance-93445.

[23] *Interview With Belgian Diplomat* (29 Jan. 2021).

[24] Chadwick, *supra* n. 22.

[25] EU Parliament, *Report on the Proposal for a Regulation of the European Parliament and of the Council Establishing the NDICI, COM(2018)0460-C8-0275/2018-2018/0243(COD)*, A-8-2019-0173 (2019).

[26] *Interview*, *supra* n. 23.

was established on 9 April 2019, which would become the successor of the ill-fated Camdessus Report.[27] Soon after, foreshadowing the ultimate outcome, the Commission declared that all that was needed is better coordination, or in other words a Status Quo Plus.[28] The Wise Persons Group's (WPG's) mandate, was to set out the opportunities and challenges for rationalizing the EFAD, particularly the roles of the EIB and EBRD. The group was tasked to look at what best delivers 'development impact', 'strengths and weaknesses of the mandates and instruments of all actors involved', and 'the strategies put forward by the EIB, EBRD and Commission to further develop their mandates to enhance private sector development and sovereign lending, particularly in least-developed and fragile countries'.[29]

The WPG Report,[30] chaired by economist Thomas Wieser, head of the European Council's Economic and Finance Committee, and the subsequent Feasibility Study[31] criticized the Luxembourg-based bank for 'being an insufficient development actor despite its extensive experience'. The EIB has been found to not have enough development impact, lack expertise in low-income countries and private sector investment, and have little presence on the ground outside of the EU.[32] Moreover, to warrant its triple A-rating for lending within the Union, the EU bank has been found to have a risk-averse profile in external lending even though enhanced risk is a key component of development aid outside of the EU, particularly in low-income countries. This makes the EIB a rather expensive option for the EU, as the EU-funded guarantees that the bank requires for its risk-coverage of loans to Low-Income Countries (LICs) are on a higher scale than other European development banks.

The EBRD had been praised by independent experts for its excellent track record at both project and macroeconomic levels, with good sub-sovereign and private sector experience, and its well-staffed country offices on the ground. Still, it was (and remains) unclear whether the bank's good record in delivering impact in mostly middle-income countries could easily be extended to low-income countries with significant institutional fragilities and distinct challenges as well as to development areas different from those involved in transition strategies (e.g., social policies). The EBRD, too, had significant shortcomings to becoming the

[27] *Franco-German Meseberg Declaration* (19 Jun. 2018).
[28] EU Commission, *Communication on a New Africa: Europe Alliance for Sustainable Investment and Jobs*, COM/2018/643 (2018).
[29] EU Council, *Council Decision on the Establishment of a High-Level Group of Wise Persons on the EFAD* 10 (2019).
[30] Council of the EU, *WPG, the Future of the European Financial Architecture for Development* (2019).
[31] EU Council, *ToR for a Feasibility Study on Options for Strengthening the Future EFAD*, General Secretariat of the Council (2020).
[32] *Ibid.*; Council of the EU, *supra* n. 30.

supervisor of NDICI-Global Europe: its mixed-ownership by seventy-one shareholders and the fact that it is not yet active in SSA. The EBRD is not an EU institution, and thus the EU has no blocking-mechanism. Whereas a decision requires 80% of the vote, post-Brexit the EU holds only 54% and will therefore always have to count on the US or China's support. An EBRD expansion into Africa would warrant a shareholder decision including many non-EU countries who are not keen on in expansion to SSA. Moreover, the EBRD advocated for an expansion into more advanced African countries, where private players are already present and risks are lower. This clashed with the EU Council who wants to focus its attention on low-income countries.[33]

The WPG coined the idea of a new European Climate and Sustainable Development Bank. On the one hand, it argued that the new bank could deal with the complex web of EU development finance, and the sometimes-overlapping work and complementary expertise of the EIB and EBRD. On the other hand, the better branding of EU development under one EU flag would allow the Union to compete with the growing Chinese development impact. Despite its promise for better coordination and thus more efficiency and visibility, a new bank is something all three actors rather not see happen. Back in 2010 when Camdessus initiated the one development bank idea, then-EIB president Philippe Maystadt asserted that placing the EIB, the Commission and other players within the same structure was 'rather radical'.[34] The EBRD reacted that any reforms would have to take into account the need to preserve the bank's 'unique' skills and expertise.[35] The Commission, then, reluctant to see its powers diminished, was only likely to support the creation of a new bank if it could play the leading role, something that Member States – as shareholders of the EIB and EBRD – were unlikely to allow.[36]

Still, once again, the prospect of merging the EIB and EBRD as suggested by the 2010 Camdessus Report[37] was put on the table. Three scenarios were discussed: (1) the creation of a new bank, (2) the EBRD taking over the EIB operations outside the EU and becoming the EU development bank, and (3) the creation of an EIB subsidiary for its activities outside the EU which takes over from the EBRD. Although not allowed to express their political preferences, most experts in the WPG favoured the second option, as recognized by its chair Thomas

33 Council Conclusions, *supra* n. 1.
34 Brunsden, *supra* n. 19.
35 *Ibid.*
36 *Ibid.*
37 Steering Committee of 'wise persons', *supra* n. 18.

Wieser.[38] Further, the WPG explicitly cautioned that 'maintaining the status quo is not an acceptable option for the future, especially in view of the NDICI reform proposal'.[39]

Again, however, there was no consensus amongst EU Member States on any of these options. In December 2019, in an attempt by the divided Member States to win some time and work towards a compromise, the European Council commissioned a feasibility study. The study had to assess the viability of either the EIB or EBRD as the EU bank and consider a third option of improving the current institutional set-up called the 'Status Quo+'. The study cost EUR 500,000 and has yet to be made public due to its 'geostrategic importance' (EU Council 2020). Whereas the report of the WPG analysed the added value of the current development institutions, the feasibility study focused on the technical implications (resources) of the different scenarios of an EFAD reform (e.g., new development bank). The findings of the feasibility study mainly served to substantiate the political decision on the EFAD.[40] Option one was soon labelled as 'too costly and long-winded', while the other two options turned out to be not so simple given both banks' shortcomings (discussed above) and the difficulties of transferring assets from one bank to the other.[41] At the end of all its exploring, the discussion resulted in June 2021 with what the EU commonly calls the 'Status Quo+'.[42]

The Status Quo + has often been equated to a 'Team Europe' approach with a *'transformational impact'*.[43] Team Europe – consisting of the EU, the EU Member States and their national development banks, the EIB and the EBRD – was initially a branding exercise to give more publicity to EU aid in the context of the Covid-19 pandemic. The EU and Member States believe that its collective interventions are not visible enough, undermining their geopolitical weight, particularly vis-à-vis China and other external powers. Thus far, cooperation between EU development actors mostly consisted of ad hoc initiatives characterized by a lack of EU coordination. That is where the 'Team Europe initiatives' come into play: the Commission attempts to deploy the EIB, EBRD, EU Member States and their national development banks to make Europe top of mind in partner countries'

38 Bilal, *supra* n. 1.
39 Council of the EU, *supra* n. 30.
40 Council Conclusions, *supra* n. 1.
41 Council of the European Union, *Feasibility Study on Options for Strengthening the Future European Financial Architecture for Development*, Unpublished Report. Particip, Lion's Head & ADE, doc. ST 6961/21 (2021).
42 European Council, *supra* n. 1.
43 J. Urpilainen, *Commission Adopts a Roadmap to Improve the EFAD* (25 Mar. 2022), https://ec.europa.eu/international-partnerships/news/commission-adopts-roadmap-improve-european-financial-architecture-development_en.

development cooperation.[44] Still, while the flagship initiatives have been presented as an innovative element of country programming, there has been little clarity about the linkages between the Team Europe Initiatives and broader programming processes during their early phase of implementation.[45]

### 2.2 Budgets and facilities: The NDICI-Global Europe instrument

In the following section, we reconstruct the establishment of the new NDICI-Global Europe instrument for EU external action from 2014 to the present. First, we outline the changes at the budgetary level. Second, we map the developments regarding its facilities. Third, we offer an overview of how the budgets and (blending) facilities relate to each other within the new NDICI-Global Europe.

Despite agreement at the level of the Committee of Permanent Representatives (COREPER) to disentangle the two issues, the EFAD debates inevitably were intertwined with the discussions on the EU's long-term budget or Multiannual Financial Framework.[46] Germany and France also insisted that the results of the Wise Person Report should be taken into account when revising the Multiannual Financial Framework.[47] A major restructuring simplified the financial architecture significantly by combining eleven funds into one: NDICI-Global Europe, which became the main instrument of the Multiannual Financial Framework for funding external policy and development cooperation with a budget of EUR 79.5 billion (Figure 1). It incorporates the cooperation with Africa, the Caribbean, and the Pacific into the EU budget, previously financed by the EDF. Previously, the EDF was directly financed by the EU Member States and thus not subject to the scrutiny of the European Parliament. The inclusion of the EDF in the Multiannual Financial Framework (MFF), will provide the European Parliament with a chance for a greater say in how the EU aid funds are distributed.

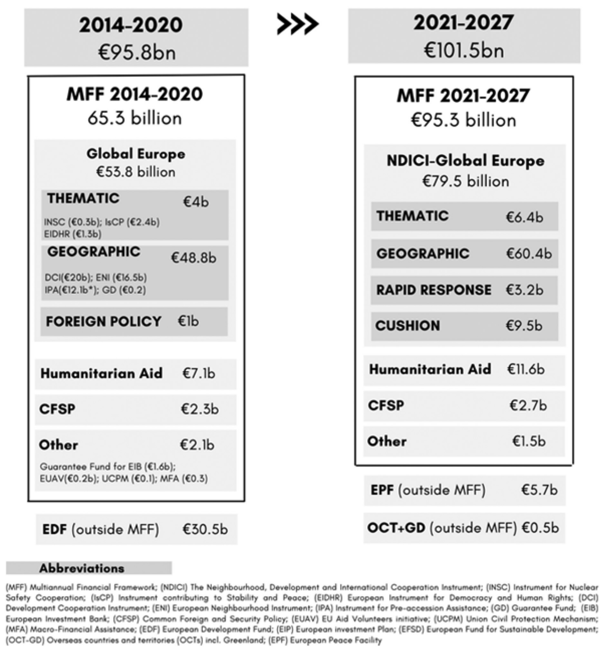
44 V. Chadwick, *A First Look at the 'Team Europe Initiatives'* (15 Mar. 2022), https://www.devex.com/news/a-first-look-at-the-team-europe-initiatives-99354.

45 A. Jones & C. Teevan, *Team Europe: Up to the Challenge?*, ECDPM Bn.128 (2021); N. Keijzer et al., *The Rise of the Team Europe Approach in EU Development Cooperation* (DIE 2021).

46 *Interview With Belgian Diplomat* (4 Apr. 2022).

47 *Ibid.*

*Figure 1 EU External Action Framework – Budgets*




*Source*: Authors' own creation based on EU Commission Regulation[48]

Since the 2010s, the EU has created a myriad of blending initiatives that cater to different geographic regions. Blended finance uses public money to cover part of the costs of a development project to get it off the ground, with public and private investors financing the rest. In 2014, along with the private finance-focused Juncker Plan's European Fund for Strategic Investment – of which the EIB was in the driving seat – regional blending facilities gained further momentum into the EU's development finance architecture.[49] This accelerated a shift in the use of EU budgetary resources for external action away from grant finance towards blended finance. The following years, the sudden boom of new financing tools and instruments led to a complicated and hard to access web of EU development financing, to which the EFSD in 2016 – which combined the Africa Investment Facility (AfIF) and Neighbourhood Investment Facility (NIF) – offered some

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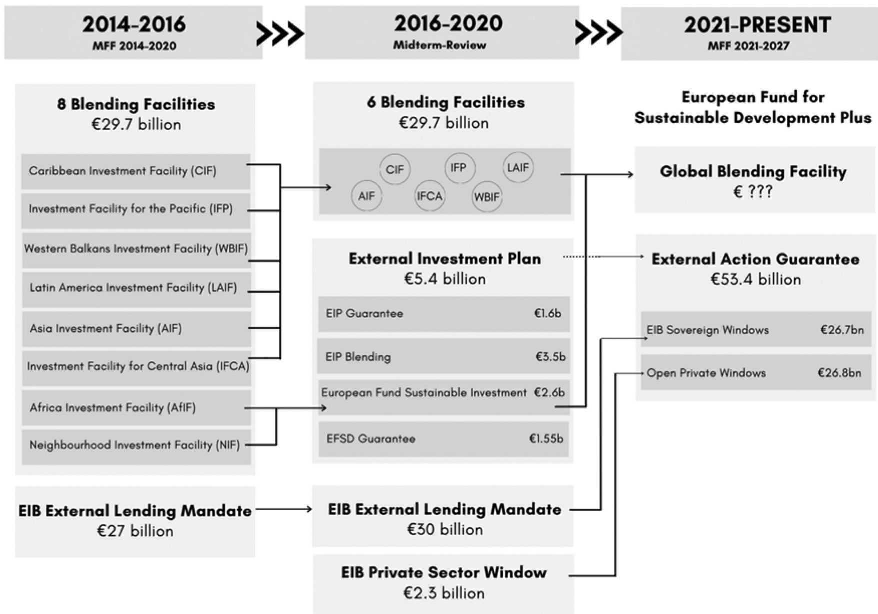
48 EU Commission, *Impact Assesment* (2018), https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52018SC0337&rid=4.

49 T. Antonio & X. Sol, *Re-building the World: The Structural Adjustment Through Mega-infrastructures in the Era of Financialization* 53–58 (Palgrave Macmillan 2016).

clarity. In 2021, to address the issue of complexity and overlap, the reform of the EFAD established a one-stop-shop for investors seeking EU support: the EFSD Plus (EFSD+). The EFSD+ integrated the six remaining blending facilities[50] into a single 'Global Blending Facility', and the EFSD Guarantee, the EIB External Lending Mandate and the External Action Guarantee (EAG) Fund into the 'EAG' (Figure 2).

*Figure 2 EU External Action Framework – Blending Facilities*




*Source*: Authors' own creation

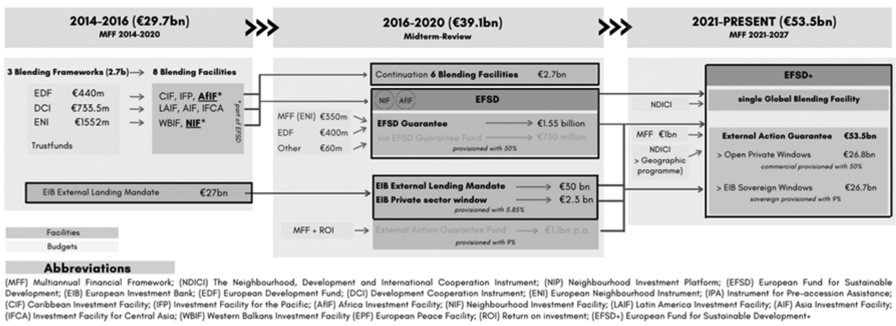
NDICI-Global Europe includes an external action investment framework which intends to leverage private capital. The EFSD+ has become an integral part of Global Europe and scales up the number of blending operations and other forms of Public-Private-Partnerships. The previous EFSD had a budget of EUR 5.1 billion with EUR 1.55 billion allocated for guarantees.[51] Now, the EFSD+ ensures world-wide coverage for blending, budgetary guarantees, and other types of financing, and is backed by a EUR 53.5 billion EAG, more than thirty-five

50 Caribbean Investment Facility (CIF), Investment Facility for the Pacific, Latin America Investment Facility (LAIF), Asia Investment Facility (AIF), Investment Facility for Central Asia (IFCA), Western Balkans Investment Framework (WBIF).

51 EU Parliament & Council, *Regulation on Establishing NDICI-Global Europe*, Art. 31, 2021/947 (2021).

times the previous allocation for guarantees (Figure 3).[52] The expanded EFSD+ includes a simplified structure for blending, while the new EAG replaces all existing guarantee systems and will allow to partially cover the risk of investment operations made by the private and public sector in partner countries under the EFSD+. Through the EAG the EU will share the risk associated with investing and lending in developing countries, facilitating the financing of development projects by private investors and development banks. Whereas previously Member States accepted risks from national development institutions, some of these risks are now being passed onto the EU. The EAG risk coverage or provisioning rate ranges from 9% for sovereign loans to 50% for commercial loans, depending on the type of operations and associated risks.[53] Based on very optimistic accounting and estimations of the EAG's leveraging effect, NDICI-Global Europe is expected to catalyse an estimated half a trillion euro in investments for the period 2021–2027.[54]

*Figure 3 Evolution of the EU External Action Investment Framework – Budgets & Facilities*




## 3 THE STATUS QUO PLUS: INSTITUTIONAL CHANGE AND IDEOLOGICAL CONTINUITY

After years of discussions, the EU's new development finance architecture finally came into being under the umbrella of the 'Status Quo Plus'. In order to assess how significant the reforms have been, this section distinguishes between the institutional power play within the EU and the ideological trends that underly recent evolutions. We will argue that the 'Plus' represents a non-negligible degree

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52 *Ibid.*

53 *Interview*, *supra* n. 46.

54 European Parliament, *A New NDICI–Global Europe*, European Parliamentary Research Service (2021).

of institutional change that has nevertheless primarily served (intentionally or not) to support a continuing ideological commitment in favour of selling development finance to the market.

### 3.1 Institutional changes in Brussels power play

When we take the perspective of the most radical option that was proposed in the Camdessus Report and the WPG – the creation of one European development bank – the changes are clearly limited. Clearly, the political compromise on these issues could not extend too far from existing power balances. The debate immediately turned towards the narrower question *who* within the existing institutions should receive more responsibility, and fill the private sector EU development gap in Africa.

Nonetheless, there are some relevant changes. As the previous section illustrates, there will be more mainstreaming of European policy-making processes in terms of institutions and budgets. Institutionally, the major reform concerns the loss of the EIB monopoly over commercial and the extension of the EBRD mandate to operate in SSA. Budgetary, main reforms are the budgetization of the EDF and the integration of financial instruments. Three EU blending frameworks, made up of eight blending facilities, are now converted into one Global Blending Facility; and four guarantee systems[55] funded in hard-to-grasp ways by many different budgets, became a single EAG. The EU has further assured that the complicated and lengthy procedure to access the funds, which had turned off investors in the past, will be simplified.

Another way of evaluating the significance of these institutional changes, is to consider the gains and losses of key European stakeholders in the 'Status Quo Plus'. We will respectively evaluate the impact of the new financial architecture for the European Commission, the European Parliament, the EU Member States (France and Germany), the EIB, and the EBRD.

First, the European Commission seems to be the winner of the EFAD restructuring as it accomplished its goals of simplifying the external action instruments while still allowing a flexible response, and gained substantial power within the development landscape. NDICI-Global Europe will at last be managed by the Commission, who will be advised by a strategic board. The composition of the strategic board includes representatives of the Commission, the European External Action Service, the Member States and the EIB, with the Parliament as an observer (other stakeholders can also have observer status if needed). Within NDICI-Global

[55] EFSD Guarantee, EIB External Lending Mandate, EIB Private sector window, External Action Guarantee.

Europe, the Commission is now in charge of managing the financial flows of grants and guarantees upon which the EIB, EBRD and national development banks can rely. Still, despite controlling the money, many actors have pointed out the Commission's lack of extensive experience in dealing with the private sector, its limited banking and risk-management knowledge, and minimal capacity. The latter will be resolved through additional recruitment of staff. Under the much smaller EFSD, the Commission struggled to process applications, deterring several European (private) actors.[56] The inadequate qualifications to manage the highly technical EFSD+ might call for reliance on external actors from the private sector or financial institutions.

Second, the European Parliament has received a greater say in how EU aid is distributed because of the inclusion of the EDF into the regular budget. Importantly, it concerns one third of EU external cooperation funding, over which the Parliament now has political and budgetary oversight.[57] In addition, after a long institutional battle with the EU Council and Commission over the governance of the instrument,[58] the newly added Delegated Acts,[59] which brings programming documents under its scrutiny competence, further eat away at the Commission's influence in favour of the European Parliament. The Delegated Act grants Members of the European Parliament (MEPs) the power to veto the Commission's choices on topics such as the issues it prioritizes in different areas, and where and with what risk appetite it deploys budget guarantees. Still, its exclusion from final programming decisions at the country level remains a thorn in the side of the European Parliament. As a compromise, the Commission promised the European Parliament a biannual High-Level Geopolitical Dialogue.[60] Additionally, despite the European Parliament's push for more transparency, there are still many unclarities regarding the new external action instruments.

Third, the major EU development donors France and Germany are content with a potentially larger role of their development banks, respectively AFD and KfW in the now open architecture: as less than 50% of the EAG's EUR 53 billion has been earmarked for EIB loan guarantees, the potential pool of guarantees national (and other European) development banks can apply for, grew from EUR 2.6 billion to EUR 26.8 billion. As such, NDICI-Global Europe will not only facilitate an expansion of the extra-EU lending activities of the AFD and KfW

56 European Parliament, *The Future of the EFAD* [Workshop] (Belgium 7 Feb. 2022); Particip, Lion's Head & ADE, *supra* n. 41.

57 M Cadilhac & A. Jones, *The European Parliament and the New External Financing Instruments*, European Union (2018).

58 A. Burni, B. Erforth & N. Keijzer, *Global Europe? The New EU External Action Instrument and the European Parliament*, Global Affairs, 471–485 (2021).

59 Instead of 'implementing acts' which they were before.

60 Burni, Erforth & Keijzer, *supra* n. 58.

but also allow France and Germany to pass a large part of the risks associated with these loans onto the EU budget. The two Member States are also very satisfied with the outcome[61] of a stronger European Commission who manages more funds, as they hope to close deals for their companies more easily through the Commission as a 'subsidy channel'.[62] EU Member States in general, are satisfied to have more control over the strategic steering of EU external action policy. Since the Commission is having a hard time getting the Member States to make explicit how much they will bilaterally contribute to Team Europe Initiatives, they received the ability to earmark contributions toward the Guarantee Fund, giving them a voice in the board.[63]

Fourth, the EIB's leeway has been affected, but probably less than it seems at first sight. The bank appears to have argued its way from an EIB subsidiary to a minimized external mandate. Within NDICI-Global Europe, the EIB has lost its monopoly on all commercial operations and must now compete for those with national development banks, EBRD and other non-European development finance institutions for EU guarantees. Moreover, the bank will no longer be financed directly but through the Commission at the country level and is therefore dependent on Commission, who can refuse to fund certain EIB projects or demand the EIB to extend funding in countries where the bank currently has no interests.[64] Even so, the bank has been able to enforce more than the opening bid regarding its exclusive windows. The EIB has further protected its portfolio by negotiating concrete numbers into the NDICI. The EU bank has been able to hold on to an exclusive mandate to implement an investment window for sovereign and non-commercial sub-sovereign operations. This allows the EIB to collect up to EUR 2.4 billion[65] risk coverage through the ESFD+. The EU bank further received two potential 'non-exclusive windows for trade, the promotion of foreign direct investment, and the internationalization of partner countries' economies'. When managing those funds, the EIB will be under the scrutiny of the strategic board.[66] Nevertheless, while its guarantee budget shrank from EUR 32.3 billion under the External Lending Mandate (ELM) to EUR 26.7 billion under the exclusive window, the EIB still has access to the remainder of the EAG.[67] Thus,

[61] While many small EU Member States supported the line of the EIB in these discussions, France's position was rather pro EBRD (Interview, 3 Feb. 2021), and Germany supported the 'status quo plus' option.

[62] *Interview With Belgian Diplomat* (8 Mar. 2020).

[63] Personal Communications (7 Feb. 2022).

[64] *Interview With Belgian Diplomat* (19 Jan. 2021).

[65] 9% provisioning rate of the EIB's EUR 26.7 billion window.

[66] E. Lundsgaarde, M. Sanchezbarrueco & A. Hancu Budui, *The New EFSD+ and the EIB's External Lending Mandate* (European Parliament 2022).

[67] The EUR 26.7 billion exclusive EIB window falls under the EUR 53.5 billion External Action Guarantee (EAG). The EIB also has access, however through the open architecture, to the remaining EUR 26.8 billion under the EAG.

while there is a reduction in volume of the EIB's exclusive mandate compared to the ELM (Figure 2), the EIB did manage to extend its geographic scope. The EIB now has access to a smaller piece of a bigger pie.

Fifth, the EBRD has apparently been equated with other development institutions such as KfW and AFD, and thus suggests little changes in its institutional position. The bank will, however, thanks to France's pro-EBRD-position, be able to rely on the expanded EAG which includes two non-exclusive windows for trade, the promotion of foreign direct investment, and the internationalization of partner countries' economies.[68] The EBRD's engagement in Africa so far remains limited to North African States.[69]

Last but not least, the degree of change will depend on the success of the Team Europe approach. In its most radical degree, in the sense that the activities of the different European finance institutions are perfectly aligned and coordinated. It would make utmost use of existing diversity in terms of thematic and geographic expertise and funding resources and scale up coordination in a way that enhances the EU's leverage. However, it is difficult to assess the extent to which this may happen. On the one hand, the rejection of the 'one development bank' scenario confirms the sensitivities amongst key stakeholders about losing their existing budgetary and institutional privileges. Overlaps, competition, bureaucratic hindrances and path-dependencies may hamper effective coordination.[70] This would confirm existing literature on the European development coordination agenda that was advanced in the mid-2000s, with initiative such as 'division of labour' and 'joint programming'. Many studies have illustrated the political, economic and institutional obstacles against enhanced coordination in development aid.[71] Overall, such coordination has remained limited and ad hoc. So far, the Team Europe initiatives have likewise been limited to non-committal and ad-hoc efforts of the Commission to facilitate more and better coordination and cooperation.

On the other hand, it might be different this time. The impetus for coordination on finance might be bigger compared to previous aid coordination attempts, given that the potential economic gains for financial players involved are much

68 Particip, Lion's Head & ADE, *supra* n. 41.

69 *Interview*, *supra* n. 46.

70 J. Alexei, *Fostering Inclusiveness in a Team Europe approach*, ECDPM, Discussion Paper 298, 11 (2021).

71 T. Bodenstein, J. Faust & M. Furness, *European Union Development Policy: Collective Action in Times of Global Transformation and Domestic Crisis*, 35(4) Dev. Pol'y Rev. 441–453 (2017); M. Carbone, *Make Europe Happen on the Ground? Enabling and Constraining Factors for European Union Aid Co-ordination in Africa*, 35(4) Dev. Pol'y Rev. 531–548 (2017); I. Olivié & A. Pérez, *Why Don't Donor Countries Co-ordinate Their Aid? A Case Study of European Donors in Morocco*, 16(1) Progress Dev. Stud. 52–64 (2016); S. Klingebiel, M. Negre & P. Morazán, *Costs, Benefits and the Political Economy of Aid Co-ordination: The Case of the European Union*, 29(1) Eur. J. Dev. Res. 144–159 (2017).

higher *and* given that a more unified approach would strengthen Europe's geopolitical posture in Africa. As argued by Delputte and Orbie,[72] the EU's aid coordination agenda has moved from developmental and technocratic aspirations towards becoming more geopolitical since the mid-2010s. While geopolitical objectives have arguably always been central to EU relations with the 'South', not least because of colonial continuities in EU development policy, in the current political climate it is no longer a taboo for the EU to openly pursue geopolitical goals in Africa. With a European Commission that claims to be 'geopolitical' and the increased perceived importance of 'geopolitics' in international relations, not least in Africa where the EU aims to compete with investments from China, the incentives for an upscaled Team Europe approach may be higher than ever. For instance, in May 2021, four major European development banks, the AECID, AFD, CDP and KfW, created the 'Enhanced Partnership' initiative to foster a 'joint co-financing platform'. In line with the Team Europe discourse, they stated that their diversity is a richness more than an obstacle, and that the real challenge is to compete with non-European banks that do not take into consideration EU-values such as human rights or environmental standards.[73] This brings us to the dynamics of financialization and the related geopoliticization of EU aid, which constitute longer-term continuities that will be explained in the next part.

### 3.2 Wall Street Consensus and financialization of aid

Notwithstanding these institutional shifts, there is an underlying ideological continuity. Many of the reforms appear to reflect the current global consensus on development policy – labelled by Daniela Gabor as the 'Wall Street Consensus', which seeks to raise the amount of financing available for projects in developing countries by attracting new streams of private investment from capital markets.[74] As part of a distinctively neoliberal agenda, financialized aid refers to a growing practice (most clearly since the mid-2010s) of private blending, whereby official development aid and other public resources are used 'to de-risk investment, "escort" capital to "frontier" markets, and carry out the mundane work of transforming objects into assets available to speculative capital flows'.[75] The basic idea is that public funds are insufficient to fill the gap in global investment required

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72 S. Delputte & J. Orbie, *EU Development Cooperation With Africa: The Holy Grail of Coordination*, in *Routledge Handbook of EU-Africa Relations* 144–158 (T. Haastrup, L. Mah & N. Duggan eds, Routledge 2021), Ch. 10.

73 *A Conversation on the European Financial Architecture for Development With European DFIs* (ECDPM 7 Dec. 2021) (Webinar Interview).

74 D. Gabor, *The Wall Street Consensus*, 52 Dev. & Change 429–459 (2021).

75 E. Mawdsley, *From Billions to Trillions: Financing the SDGs in a World Beyond Aid* 264 (Dialogues in Human Geography 2018); Y. Dafermos et al., *Decarbonising Is Easy: Beyond Market Neutrality in the*

to achieve the Sustainable Development Goals (SGDs) in the Global South. As private funding delivered by institutional investors from the Global North (e.g., private pension funds and other asset managers) will also be needed, official development aid and other public funds need to de-risk these private investments as much as possible through grants, guarantees and other forms of blended finance. By doing so, more development projects should become 'bankable' – i.e., profitable – for these private investors.

At the global level, the EU has been a central driving force of this global agenda through their membership of key institutions like the International Monetary Fund (IMF), the World Bank and G20. The 'finance for development' push is led by the IMF, the World Bank, the G20 countries and their development finance institutions. The EU countries have extensive voting power in the IMF and World Bank and both the EIB and EBRD were actively involved in the preparation of key documents like '*From Billions to Trillions*', which recommended 'a paradigm shift on how development will be financed … to unlock the resources needed to achieve the SDGs': official development aid and multilateral development banks must create 'a supportive investment climate to mobilize private capital for investment in development'.[76] The EU countries also have considerable influence in the G20, which in 2018 created a roadmap to 'developing infrastructure as an asset class' – a new collaborative approach to 'crowd in private capital in order to harness the large pool of private savings looking for long-term investment'.[77] European development banks like the EIB and EBRD have all pushed the narrative of the necessity of private finance for aid and its essential alignment with the liberal market logic.[78]

The financialization agenda of EU aid goes back at least fifteen years and predates these global initiatives. The EU pioneered the notion of blended finance and has gradually aimed to attract private finance to complement its aid at least since 2007.[79] In 2012 the Commission launched the 'EU Platform for Blending in External Cooperation' to mobilize public and private resources for development by scaling up and increasing the efficiency of EU blending mechanisms. The creation of the EFSD in 2016 can be seen as another milestone in EU blended finance, which led to a much larger deployment of risk-sharing instruments and a substantial increase in (larger) projects allocated to private sector development and co-financed with private financial resources. The EFSD+ seeks to substantially scale up the EFSD by folding

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*ECB's Corporate QE* (New Economics Foundation 2020); Van Waeyenberge, *supra* n. 12; Gabor, *supra* n. 2; Rowden, *supra* n. 12; Dimakou et al., *supra* n. 12.

76 WB & IMF, *supra* n. 2.

77 G20 & OECD, *Roadmap to Infrastructure as an Asset Class* 1 (G20 2018).

78 B. Erforth, *The Future of European Development Banking: What Role and Place for the European Investment Bank?*, Discussion Paper No. 11/2020 (DIE 2020).

79 Bonizzi, Laskaridis & Toporowski, *supra* n. 14; Holden, *supra* n. 8.

in all the regional blended finance facilities and replacing all existing guarantee systems with the EAG, which Regarding budgets, we can expect a boom and shift in the use of funds to de-risk development projects in a bid to attract the private sector. As Figures 1 and 2 above show, funds earmarked for the blending facilities grew from EUR 29.7 (or 55% of Global Europe budget) to EUR 53.5 (almost 70% of the NDICI-Global Europe budget).[80] As the EAG is a risk covering guarantee for (private) investors, it replaces the traditional way of directly funding projects.

These developments coincided with a clear discursive shift in official EU regulations, reports and other documents, an illustration of this trend is the discourse moving away from 'business environment support' towards 'investment climate support'.[81] This reflects an additional focus on macroeconomic stability – low fiscal deficits and price stability – and market reforms to address key constraints to private investments.[82] In SSA countries that implement an Economic Partnership Agreement with the EU, for instance, 'reforming the investment climate' has become more prominent in the preparation of National Economic Partnership Agreements Implementation Plans (EPA-IPs) by EU Delegations. These EPA-IPs are reminiscent of the 'Project Preparation Facilities' of the Western Balkan Investment Framework, which had a strong emphasis on promoting public-private-partnerships and has consistently been praised as an example of a good approach that should inspire the Status Quo Plus.

These observations reveal how the EFAD reform reflects a deepening of the ideological trend towards private financing for development in both discourse and in budgetary shifts even though many observers have raised critical reservations about the effectiveness of blended finance.[83] Indeed, financialized aid can have far-reaching implications for putative beneficiaries in the Global South: development aid increasingly seeks to financialize these countries by promoting local capital markets and liberalizing financial systems.[84] Critical authors have pointed to the harmful effects of financialization, especially for the people and communities in the Global South, such as the increased financial instability and vulnerability,

[80] The EUR 53.5 billion EAG mostly stems from the geographic pillar (EUR 60.4 billion) of the total NDICI budget (EUR 79.5 billion).

[81] A. Bougrea, *The Role of the EIB in the Implementation of EU Development Policy. A Comparative Analysis of Multi-Annual Indicative Programmes* (2022). Unpublished, data based on: https://doi.org/10.5281/zenodo.6802420.

[82] European Commission, *Handbook on Improving the Investment Climate Through EU Action: Implementation of Pillar 3 in the Integrated Approach of the External Investment Plan* (Brussels May 2019).

[83] Concord & Eurodad, *The European Fund for Sustainable Development Plus (EFSD+) in the MFF2021-2027: Ten Areas to Consider in the NDICI Regulation* (Concord 2018); Bilal, *supra* n. 10; F. Sial et al., *The Use of Development Funds for De-risking Private Investment: How Effective Is It in Delivering Development?* (European Parliament Think Tank 2020).

[84] Gabor, *supra* n. 2.

undermined policy space for national governments to establish a state-led development model, and deepened inequality within and between countries in favour of profit-recipients in the Global North.[85] As such, the Wall Street Consensus can be seen as 'an attempt to reorient the institutional mechanisms of the state towards protecting the political order of financial capitalism against climate justice movements and Green New Deal initiatives'.[86]

Given these criticisms, a key question is what motivates the EU to deepen the financialization of its development aid via the EFAD reforms. One possibility is that these reforms have been shaped by a geopolitical logic of containing Chinese influence in Africa.[87] Already back in 2019, the WPG had pushed for the short-term recommendation of adopting a 'branding and narrative' for the EU's global development strategy, 'along the lines of China's Belt and Road Initiative'.[88] Europe's Global Gateway strategy aims to *mobilize* up to EUR 300 billion[89] in public and private funds by 2027 to finance EU infrastructure projects abroad, which it pitched as an alternative to China's Belt and Road Initiative.[90] The money will stem from the leveraged NDICI budget (including EFSD+) and a new 'facility' with the EIB. The private sector is being framed as an absolute necessity to 'offer a true alternative', as it brings on top 'a private sector that in such as way does not exist in China'.[91] Here, guarantees to attract private funding, are employed to ensure a level playing field for EU businesses vis-a-vis China in third country markets. The Council Conclusions[92] also acknowledge that the EFAD reforms reflect an adaptation to the 'new political context of a geopolitical commission and far more global competition'.

As such, the EU is no longer hiding its purpose of development aid as a political tool as an official of the European External Action Service stated 'This is political, this is far beyond development. Once again, there is still too much focus on development impact, this is geopolitical'.[93] Just as clearly, Jutta Urpilainen, Directorate-General for International Partnerships (INTPA) Commission said about the new NDICI-Global Europe 'We have designed a ground-breaking

85 Bonizzi, Kaltenbrunner & Powell, *supra* n. 13; I. Alami, et al., *International Financial Subordination: A Critical Research Agenda*, Working Paper (GPERC 2021).
86 Gabor, *supra* n. 74, at 431.
87 This relates to Patrick Holden's (2019) geoeconomic motivation, *supra* n. 8.
88 Council of the EU, *supra* n. 30.
89 EUR 135 billion leveraged via budget guarantees, EUR 18 billion in grants, and EUR 145 billion in investments already planned by European development finance institutions (EDFI's).
90 U. von der Leyen, *Speech, Global Gateway: Opening Remarks by President von der Leyen* (Brussels 1 Dec. 2021), https://www.youtube.com/watch?v=CaVSPgYpJUY&ab_channel=EuropeanCommission.
91 U. von der Leyen, in V. Chadwick, *EU Targets Subsidies in Battle Against Chinese Investments* (2 Dec. 2021), https://www.devex.com/news/eu-targets-subsidies-in-battle-against-chinese-investments-102219.
92 Council Conclusions, *supra* n. 1.
93 EEAS Employee at European Parliament, *The Future of the EFAD* [Workshop] (Belgium 7 Feb. 2022).

instrument at the service of our geopolitical objectives'.[94] Moreover, Urpilainen justified the new Joint EU-Africa strategy 'due to increased geopolitical competition',[95] when addressing criticism that the EU already has enough documents governing its relationship with Africa. The renewed geostrategic interest in Africa is also underpinned by a number of recent initiatives by the Member States, including Germany's Marshall Plan with Africa[96] – which prioritizes encouraging private investment while reducing or shifting Official Development Aid (ODA) – and former President Juncker's call for an Africa–Europe Alliance for Sustainable Investment and Jobs[97] – which seeks to de-risk investment in Africa with financial instruments that move away from grant-based logic.

## 4 CONCLUSION

Our study reveals that the EFAD brought about significant changes; such as a simplification of the development instruments and facilities, a shift in their accessibility – in favour of national development agencies and private actors whereby the EIB loses its monopoly on commercial guarantees – and a reshuffling of power play in Brussels to the benefit of the Member States and the European Commission. At the same time, we observe a strengthening of the continuous trend towards financialization within EU (development finance) institutions concerning policy content. This ideological trend remains constant in both discourse – stressing a growing faith in the private sector and its emphasis on investment climate support to solve governments' budgetary constraints regarding development aid – and in budgetary shifts – a continuing increase in blending and guarantees replacing direct public investment.

We have also pointed to some explanations for the boom in new financing instruments (guarantees) and scaled up collaboration of European development finance institutions. In no small part because of China's emergence as a rival development actor, the EU wants to scale up its development finance. Apparently lacking the funds to reach their development goals, EU policy-makers widely believe that the leveraging of the private sector is the only solution to the

94 J. Urpilainen, Speech, *First NDICI-Global Europe Geopolitical Dialogue With the European Parliament* (Brussels 15 Jun. 2021), https://ec.europa.eu/commission/commissioners/2019-2024/urpilainen/announcements/speech-commissioner-urpilainen-first-ndici-global-europe-geopolitical-dialogue-european-parliament_en.

95 J. Urpilainen, in V. Chadwick, *EU Offers Blueprint for Relations With Africa* (9 Mar. 2020), https://www.devex.com/news/eu-offers-blueprint-for-relations-with-africa-96693.

96 Bundesminister für Wirtschaftliche Zusammenarbeit und Entwicklung (BMZ), *Cooperation With Countries in Africa: A New Partnership for Development, Peace and a Better Future*, https://bit.ly/3Q3dlVT (accessed 16 May 2022).

97 N. Mimica, *Opinion: What's to Come for the Changing World of Development* (29 Nov. 2019), devex.com/news/opinion-what-s-to-come-for-the-changing-world-of-development-96130.

funding gap. There is little questioning of this ever-growing paradigm on the merits of development finance.

While this particular blending of neoliberal and geopolitical motivations appears to be new, the Eurocentric, modernist and colonial paradigm underlying EU development policy likely remains untouched.[98] Future research, perhaps from a postcolonial perspective,[99] could investigate historical continuities in how states (public authorities) and financial institutions interact in (neo)colonial enterprises. Furthermore, more attention should be paid to effective impact on people and communities in so-called beneficiary countries and to agency of the global south in negotiating, implementing and possibly contesting financialized aid.

98 S. Delputte & J. Orbie, *Paradigm Shift or Reinventing the Wheel? Towards a Research Agenda on Change and Continuity in EU Development Policy*, 16(2) J. Contemp. Eur. Res. 234–256 (2020).

99 *See* e.g., W. Rodney, *How Europe Underdeveloped Africa* 41–89 (Verso Books 2018); W. Dalrymple, *East India Company Became so Powerful Because British Parliament Colluded With It* (The Print India 18 Jan. 2020) (Webinar Interview); R. W. Sebhatu, *Applying Postcolonial Approaches to Studies of Africa-EU Relations* 38–50 (The Routledge handbook of EU-Africa relations 2020); Haastrup, Duggan & Mah, *supra* n. 8; P. Hansen & S. Jonsson, *Eurafrica: The Untold History of European Integration and Colonialism* (Bloomsbury 2014); G. Garavini, *After Empires: European Integration, Decolonization, and the Challenge from the Global South 1957-1986* (Oxford University Press 2012).