



Beyond the Union: a new platform for European cooperation

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Abstract

The Covid-19 crisis is a reminder that international cooperation is needed to resolve collective challenges that do not respect national borders. The crisis has also reaffirmed the continued relevance of nation-states with often diverging interests and priorities. This requires new and pragmatic coalitions.

We propose the creation of a flexible platform for European cooperation on development and foreign policy: the European Platform for International Cooperation, comprising the European Union (EU), the European Free Trade Area (EFTA) members and the UK, in concert with regional development banks and development finance institutions.

Together these countries and institutions have a unique and complementary network of influence and significant combined financial power. The platform will enable them to coordinate and amplify their collective efforts by brokering pragmatic alliances, enhancing operational cooperation on development and pooling efforts to increase the effectiveness of investments.

Geographically, the focus will be on cooperation with the EU neighbourhood, the Middle East, Central Asia and Africa. Thematically, the platform would focus on shared policy challenges that require collaboration across countries, including climate change and environmental protection, global health, peace, security and governance.

Introduction

The Covid-19 crisis has demonstrated that international cooperation is needed now more than ever to respond to collective challenges that do not respect national borders. At the same time, this crisis has reaffirmed the continued relevance of nation-states, whether through their health systems and social safety nets or through nationally set policies to manage the pandemic. The crisis has also magnified the tensions between these two levels.

Within the European Union (EU), tensions and diverging interests among member states are not new: they have existed since its creation. Recent examples include the EU's failure to agree a sound and coordinated response to the large numbers of refugees entering its territory, or obstruction by coal-dependent countries to EU targets for carbon emission reductions. And, of course, the UK leaving the EU is a major illustration of this national versus supra-national tension.

There are also many policy challenges where the interests of like-minded and neighbouring nation-states like the UK, EU members and other European countries are closely aligned. At the global level, issues including climate change, global health (including pandemic preparedness and response), global migration and the effectiveness of multilateral finance systems cannot be resolved by individual countries. Closer to home, there is a common desire to build stronger partnerships, support peace and stability and open societies and promote greater prosperity in neighbouring regions.

The UK, the EU and other European countries can potentially have greater influence working together to resolve these problems than in isolation. Much has been said about the need for the UK and the EU to continue to cooperate, but less attention has been paid to the broader set of alliances that could be forged in the European space. We believe an innovative yet flexible model of cooperation should be created to better manage the tensions between national interests and international cooperation and build momentum for collective action. This European Platform for International Cooperation would include the EU but also other European countries, such as the European Free Trade Area (EFTA) members – Iceland, Liechtenstein, Norway and Switzerland – and the UK, in concert with regional development banks and development finance institutions (DFIs). Closer cooperation between these countries and institutions would make added sense in a context where there is also a need to reinvigorate relations with traditional allies and other global powers.

Such cooperation would build on and strengthen existing partnerships between the EU and other European countries that are already collaborating effectively to address common objectives, despite disagreements on issues of trade or finance. For instance, in May 2020, Norway, Switzerland and the UK made large pledges to support Covid treatment and vaccine development at an EU-organised pledging conference.¹ The association of European Development Finance Institutions comprises members both within and outside the EU (Norfund and the UK's CDC).² In October 2019, the EU, Iceland and Norway agreed common objectives for emissions

¹ <https://www.dw.com/en/world-leaders-pledge-74-billion-for-european-commissions-coronavirus-vaccine-fundraising-conference/a-53322501>

² <https://www.edfi.eu/members/meet-our-members/>

reductions.³ To date, however, agreements such as these have often been made bilaterally and in a piecemeal or ad hoc fashion. Given rapidly changing global challenges, a more strategic approach maximising broad-based alliances on targeted issues would better serve the needs of European countries inside and outside the EU.

Against this backdrop, we propose the creation of a platform enabling the EU, the UK and the EFTA states to coordinate and amplify their collective efforts to support international development and cooperate on specific foreign policy issues. Such a platform acknowledges the realities of a more fractured Europe on certain issues, while offering the opportunity to maximise the collective influence of European states on issues where interests are more closely aligned.

A platform for enhanced European cooperation on international relations and development: a proposal

The proposed platform between the EU, the UK and the EFTA countries would first and foremost enhance collective efforts to support international development. The platform could also be used to work in partnership with Europe's national development banks and in coordination with the European-led multilateral development banks, the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB).

This platform would not replace or compete with existing institutions or multilateral arrangements. Rather, it would complement them by creating a space for brokering pragmatic alliances, both between its affiliates and with other partners, enhancing operational cooperation on development policies and programmes and pooling efforts to increase the effectiveness of investments. As such, it would build on the strengths and functions of its affiliates, while amplifying their collective voice on matters of international cooperation.

Such a proposal is deliberately intended to maintain cooperation between the EU and the UK following Brexit, while recognising that the relationship will necessarily be different. This proposal also seeks to provide a framework for more strategic collaboration on development issues with EFTA members. Below, we set out an overview of what this platform could look like, and consider: (i) arrangements to make the platform operational; (ii) potential areas for collaboration; and (iii) the tools the platform would offer its members to achieve meaningful results.

³ https://ec.europa.eu/clima/news/european-union-iceland-and-norway-agree-deepen-their-cooperation-climate-action_en

What would this platform look like?

The platform for cooperation would have as its affiliates the relevant directorates and cabinets of the EU dealing with external actions and development policies, as well as representation from the foreign and/or development ministries of countries within EFTA, the UK and individual EU member states (bilateral donors may have an interest in participating as well). The EBRD and EIB and the European DFIs would also be invited as active observers. We propose a bi-annual or annual dialogue at the highest level of decision-making authority and strategic direction, alongside more ad hoc arrangements for thematic discussions or in preparation of international dialogues or negotiations such as COP and International Development Association (IDA) replenishment rounds.

A dedicated secretariat would support the operations of the platform, to identify key contacts in different institutions to facilitate collaboration at a technical level, and – in an informal and ad hoc way – help pinpoint and sound out areas where the EU and other European countries see potential benefits in working together more closely. The secretariat would also provide relevant knowledge to the platform affiliates and broker technical discussions in particular policy areas.

A platform for what? A forum for collaboration on shared international policy interests

In a number of policy areas and regions of the world, there will continue to be a common interest and desire to cooperate among European countries. Our proposed platform would facilitate this by providing a forum to share information and intelligence, a space where collective power can be harnessed to broker pragmatic alliances and push policy agendas forward.

The platform would also facilitate the creation of more nimble, smaller alliances and groupings among its affiliates in the absence of broad-based consensus within existing institutional arrangements. For example, EU member states struggle to find unanimity on migration and asylum policies, and yet some countries, such as Germany and Portugal, could benefit from cooperating with other affiliates of the platform on very practical actions, such as facilitating integration, accelerating asylum decisions and integrating human mobility in development policies.

Geographically, there is scope for continued cooperation as part of support programmes and diplomatic relations with countries of common interest. For instance, UK Prime Minister Boris Johnson has indicated a desire to increase UK influence in the Western Balkans. Common interests exist in the EU neighbourhood (to the east and south) more generally, as demonstrated by the uniform positions taken by European countries in response to recent events in Ukraine and Belarus. Central Asia is another area where an aligned European effort could potentially offer a compelling alternative to reliance on Russia, through the Eurasian Economic Union, and China's Belt and Road Initiative. Given its proximity to Europe, the African continent presents shared challenges and opportunities for European countries, especially in development policy. In each of these cases, there would be clear benefits to building upon the EU's existing architecture in support of neighbouring countries and other partner states.

Thematically, we believe this platform could bring European actors together around policy challenges where there are potentially closely aligned interests. Below are some areas that could initially be part of a collaborative policy agenda.

Climate change and environmental protection

Addressing climate change is the most formidable challenge of our era, and measures taken by European countries demonstrate that they share this view. Many EU member states are setting ambitious carbon emission reduction targets as part of their commitments, and the EU's economic recovery package, which will provide grants to member states, has earmarked 30% of the funds to fighting climate change.⁴ The UK also has ambitious plans and, as the host of COP26 this year, has a clear interest in working closely with partners on this issue. Meeting the Paris Agreement commitments will require European action, but also commitments from other leading emitters such as China, the US and India to radically shift their carbon emission trajectories. As a group of like-minded actors, the EU, the UK and EFTA countries all have a common interest and ability to act, both in meeting their own commitments and working together to support the transition to lower carbon pathways globally.

Global health

Like other health crises, such as Ebola, swine flu and SARS, the global Covid-19 pandemic has powerfully reaffirmed the importance of cross-border cooperation and solidarity. Covid-19 has triggered a response on an unprecedented scale. European countries have worked together to collaborate on research, support the work of the World Health Organization (WHO) and other health organisations such as GAVI (The Vaccine Alliance) and partner in an international pledging conference to develop and deploy coronavirus vaccines, tests and treatments across the world. But health events with potential impacts on a global scale occur on a regular basis and require a long-term approach to build prevention and preparedness capacity. The EU, the UK and EFTA should pool resources and exploit their joint strengths, including world-class research expertise and hosting some of the world's leading pharmaceutical companies. European countries also represent a huge market and can use this as leverage with private sector actors.

Peace, security and governance

Large areas of Europe's periphery are experiencing instability in the form of internal conflict, tense relations with neighbours or social unrest. While this instability primarily harms the citizens of these countries, it also has repercussions for Europe, including large and difficult to manage migration flows, radicalisation and terrorism, the growing appeal of populist ideas and disenchantment with political leaders and institutions, and more generally a retrenchment away from multilateralism. From an economic, social and security point of view, none of this is desirable. As neighbours in the same region, the EU, the UK and EFTA countries should identify areas and states where coordinated approaches can be agreed and proactive steps taken to support peaceful political change, enhanced security and improved governance and state capacity.

⁴ https://ec.europa.eu/info/strategy/recovery-plan-europe_en

Equality of opportunity and digital transition

The Covid-19 pandemic has highlighted the potential of digital technologies, as well as the need for more equitable opportunities for young people to use technology to further their education and acquire skills fit for the jobs of tomorrow. This is a challenge all countries face, whatever their income level. And it is a challenge that will determine a country's ability to offer bright prospects for their people in future. European countries are working domestically and at the international level to ease this transition and make sure no one is left behind. They are also active in this field as part of their development programmes, and as such could benefit from sharing lessons and coordinating their development action to achieve greater results. Our proposed platform would offer a forum for this.

How will it work? A platform that draws on the collective influence and financial power of its members

Together the EU, the UK and EFTA countries have a unique and complementary network of influence. Their bilateral and multilateral diplomatic channels and commercial relationships span the globe. Through the platform this group of countries can support one another in international policy processes to exert greater influence.

The 32 countries that would comprise the platform also have significant combined financial power. The EFTA countries, the EU and the UK accounted for two-thirds of OECD-DAC (Development Assistance Committee) official development assistance (ODA) in 2019.⁵ Our proposed forum would provide an opportunity to identify areas where there could be benefit in aligning and coordinating funding in ways that maximise the impacts of that collective financial clout. As an example, the EU, EFTA countries and the UK have played leading roles in funding the COVAX programme.

The countries in question are also large shareholders in the major international financial institutions and multilateral agencies. The EU-27, the UK and EFTA contributed more than half of the most recent IDA replenishment, and represented nearly a quarter of contributions made to the WHO in its 2018–2019 budget (see Table 1).

⁵ OECD International Development Statistics: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/>

Table 1 Shares of ODA, IDA-19 replenishment and WHO contributions

	ODA flows 2019 (as a proportion of DAC members' net disbursements)	Shares at IDA-19 replenishmentⁱ	Contributions to the WHO (2018–2019 bi- annual budget)
EU member states and institutions	50.1%	25.1%	13.9%
UK	12.0%	12.1%	7.6%
EFTA	4.8%	3.3%	2.3%
Others	33.1%	32.5%	76.2%

ⁱAs per World Bank methodology, total shares are calculated using the unmet target amount for IDA19, which is why total shares do not add to 100%.

Sources: OECD [DAC 1]: <https://stats.oecd.org/>; World Bank IDA 19 Replenishment Annex 14:

<http://documents1.worldbank.org/curated/en/459531582153485508/pdf/Additions-to-IDA-Resources-Nineteenth-Replenishment-Ten-Years-to-2030-Growth-People-Resilience.pdf>; WHO contributions 2018–2019 budget:

<http://open.who.int/2020-21/contributors/contributor>

The EU, the UK and EFTA countries jointly hold a significant proportion of shares in the World Bank, the EBRD and the African Development Bank (see Table 2). Unsurprisingly, and conveniently, this is closely aligned with the regions of joint interest described earlier (i.e. the European neighbourhood, Central Asia and Africa). With their combined financial power, European countries have scope to increase their influence over the strategies and programming orientations of these organisations. This is a channel of influence that is currently under-utilised. Our proposed platform would facilitate a better alignment of European positions and allow its members to make use of their shareholding weight in the decision-making bodies of major development banks to steer them closer to the European development agenda.

Table 2 Shareholding in the World Bank and main regional development banks

	Shareholding in the EBRD	Shareholding in the IBRD	Shareholding in the AfDB	Shareholding in the IADB	Shareholding in the ADB
EU member states and institutions	54.4%	23.3%	18.8%	9.2%	8.4%
UK	8.6%	4.1%	1.5%	1%	2%
EFTA	3.7%	2.1%	3.3%	0.6%	0%
EU+UK+EFTA	66.7%	29.5%	23.6%	10.8%	10.4%
Other non-EU G7 members					
Canada	3.4%	2.9%	3.2%	4%	5.2%
Japan	8.6%	8.0%	4.5%	5%	15.6%
United States	10.1%	16.5%	5.5%	30%	15.6%

Sources: European Bank for Reconstruction and Development (EBRD): <https://www.ebrd.com/shareholders-and-board-of-governors.html>; International Bank for Reconstruction and Development (IBRD): <https://finances.worldbank.org/Shareholder-Equity/IBRD-Subscriptions-and-Voting-Power-of-Member-Coun/rcx4-r7xj/data>; African Development Bank (AfDB): <https://www.afdb.org/en/documents/afdb-statement-subscription-and-voting-powers-31-july-2020>; Inter-American Development Bank (IADB): <https://www.iadb.org/en/about-us/capital-stock-and-voting-power>; Asian Development Bank (ADB): <https://www.adb.org/work-with-us/investors/credit-fundamentals#accordion-0-4>

We believe the platform would also provide a space in which to draw on specialist expertise by bringing together development experts and foreign policy practitioners from affiliate countries. This is in contrast with member countries' representation in multilateral development banks, which often comes from finance ministries with different expertise, incentives and objectives. This does not necessarily lead to effective development policy decisions.

Conclusion

This note sketches out one option for future cooperation on development and foreign policy issues between the EU, the UK and the EFTA countries. There is work to be done by the countries in question to agree on the vision, objectives and areas where collaboration is sought by all parties. We have set out an overall approach and a set of geographical and thematic areas where we believe there would be appetite for and value in increased coordination. Much of the infrastructure and many of the instruments to operationalise such a platform are already in place. It is therefore a question of making the best use of what is already out there, without introducing more complexity and fragmentation.

This proposal is intended to start a conversation and we would welcome views and comments.



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