

BRIEFING NOTE No. 144

Catching up with Global Europe: 15 QUESTIONS ON THE EU'S NEW FINANCIAL INSTRUMENT ANSWERED

By Katja Sergejeff, Ennatu Domingo and Alexei Jones

February 2022

The European Union (EU) has set itself high ambitions and is changing significantly the way it organises its external cooperation and spending outside of Europe.

With a new financial instrument for neighbourhood, development and international cooperation (the so-called NDICI-Global Europe instrument), the EU has given itself the means to enhance its external action. It is now in the process of programming and implementing the new instrument, with a clear focus on new strategic priorities and new ways of working. The meaning, scope and implications of such changes are still difficult to grasp – yet, they are far-reaching.

In this note which builds on and refers to relevant ECDPM publications and analyses, we summarise the main aspects and novelties of the EU's approach to development and international cooperation, and provide answers to some key questions you may have on the NDICI-Global Europe.

1. The NDICI-Global Europe: Why now, and what's new?

Faced with growing scepticism about its ability to address the competing demands of its internal and external policy priorities, the EU has developed a new financial instrument called the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI-Global Europe). The increasing competitiveness of the geopolitical environment meant that the EU had to review all its external instruments and policy frameworks for cooperation to remain a relevant global actor and be able to promote its policy priorities. One of the main strategic changes is that the EU is now much bolder about protecting its interests and promoting its values, including through development cooperation, which goes beyond poverty reduction.

In 2018, the European Commission submitted a proposal (EC 2018) for a new financial instrument that would give the EU the financial and operational means to strengthen its relationships with partner countries. To shift from a fragmented architecture to a more coherent geopolitical approach (EC 2021), the EU undertook a radical overhaul of its financing architecture with the goal of making it more flexible and transparent. This new instrument reflects the EU's ambition to become a more strategic, responsive and coherent global actor.

After three years of negotiations between the European Commission, the European Parliament and the Council of the EU (representing the member states), the regulation (EP and CoEU 2021) establishing the NDICI-Global Europe was adopted on 9 June 2021, as part of the EU's long-term budget (the so-called Multi-Annual Financial Framework, or MFF) (EC n.d.-a) for the 2021-2027 period. The regulation is the legal basis for the EU to spend the money.

2. What does the NDICI-Global Europe replace?

The NDICI-Global Europe replaces and merges ten previous external financial instruments (Jones et al. 2018) and programmes that the EU used between 2014 and 2020 – including the Development

Cooperation Instrument (DCI), the European Neighbourhood Instrument (ENI), the European Instrument for Democracy and Human Rights (EIDHR), the Instrument contributing to Stability and Peace (IcSP), the Partnership Instrument (PI), the European Fund for Sustainable Development (EFSD), the Guarantee fund for external actions, as well as the off-budget European Development Fund (EDF) – into a single instrument covering most of the dimensions of EU external action. These financial instruments however won't disappear overnight, as there will still be some spending drawing from these, but the future is the NDICI-Global Europe.

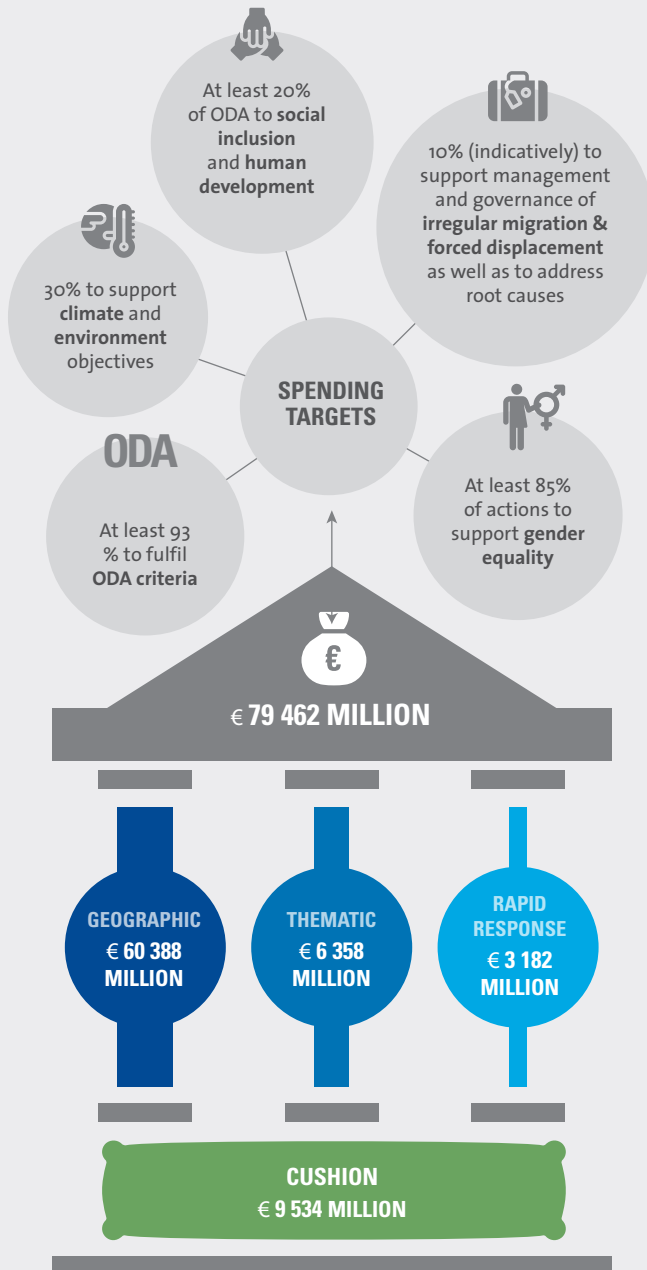
One of the boldest moves has been the integration of the intergovernmental EDF into the EU budget (the so-called EDF budgetisation), which raises a number of questions on what the change from EDF to NDICI-Global Europe means for sub-Saharan African, Caribbean and Pacific countries. The African Peace Facility, the main channel for African peace support operations since 2014 which was funded through the EDF, has been dissolved into the off-budget European Peace Facility outside of the NDICI-Global Europe (Hauck 2020a).

3. A closer look at NDICI-Global Europe financial envelopes: How much and for what?

The NDICI-Global Europe is a €79.5 billion financial envelope. While the overall amount is 10% lower than what the European Commission initially proposed in 2018, it is nonetheless a 3% increase (Di Ciommo 2020) compared to the overall amount of all previous external action instruments now consolidated in the NDICI-Global Europe. The cuts made during the negotiations were not as harsh as anticipated (Sherriff et al. 2018) in the wake of Brexit and less significant than in other budget headings (Jones and Ahairwe 2020), which suggest a strong and stable level of political support for EU external action.

The NDICI-Global Europe is built on three pillars – the geographic, thematic and rapid response pillars – and has a significant flexible 'reserve'. This so-called cushion can be used for unforeseen and emerging challenges.

NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT (NDICI) / GLOBAL EUROPE



Overall objective: to uphold and promote the Union's values, principles and fundamental interests worldwide, in order to pursue the objectives and principles of the Union's external action - including the reduction and, in the long term, the eradication of poverty, consolidating, supporting and promoting democracy, rule of law and respect for human rights, sustainable development and the fight against climate change and addressing irregular migration and forced displacement, including their root causes.

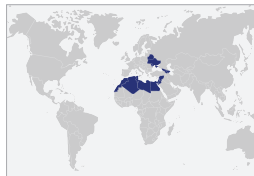
GEOGRAPHIC PILLAR

(at least 75% of NDICI total envelope)

- To support and foster **dialogue** and **cooperation** with third countries and regions
- To develop special **strengthened partnerships** and enhanced **political cooperation** with the European Neighbourhood



at least **€ 29 181 million** for sub-Saharan Africa



at least **€ 19 323 million** for the Neighbourhood



€ 8 489 million for Asia and Pacific



€ 3 395 million for the Americas and Caribbean

Investment framework for external action:
 €53 449 million European Fund for Sustainable Development (EFSD+) and External Action Guarantee (EAG)

THEMATIC PILLAR

- Global Challenges: € 2 726 million
- Human Rights and Democracy: € 1 362 million
- Civil Society Organisations: € 1 362 million
- Peace, Stability and Conflict Prevention: € 908 million

RAPID RESPONSE PILLAR

To respond rapidly to:

- situations of **crisis, instability** and **conflict**;
- resilience challenges** and linking of **humanitarian aid** and **development** action;
- Union foreign policy** needs and priorities

EMERGING CHALLENGES & PRIORITIES CUSHION

- Respond to **unforeseen circumstances**
- Address **new needs** or **emerging challenges**
- Promote new **EU or international initiatives**

Flexible reserve to fund new and unforeseen actions in the geographic, thematic and rapid response pillars

In the **geographic pillar**, which accounts for 75% of the overall instrument, financial envelopes are foreseen for different regions of the world. The EU neighbourhood (East and South) and sub-Saharan Africa remain the priority regions, receiving €19.3 billion and €29.2 billion respectively. ECDPM calculations (Di Ciommo 2020) show that there is a 1% increase (in constant prices) in the overall allocations dedicated to sub-Saharan Africa compared to the previous funding instruments. In addition to the dedicated envelope in the geographic pillar, all countries can also benefit from funding through the instrument's other thematic and rapid response pillars.

In the **thematic pillar**, the focus is on thematic priorities such as human rights and democracy, civil society, stability and peace, and global challenges. The thematic pillar complements geographic programmes and funds activities that are best addressed at a global level. The thematic pillar builds on previous EU thematic instruments and programmes, but also comes with a significant decrease of funding as a result of the stronger emphasis on EU cooperation either at country or regional level.

The **rapid response pillar** with €3.2 billion is a non-programmable envelope that will allow the EU to respond more rapidly to situations of crisis, instability and conflict, and emphasises the links between security interventions, humanitarian aid and development assistance to implement the so-called triple nexus. It builds on the former Instrument contributing to Stability and Peace (IcSP), which funded crisis response, conflict prevention and peacebuilding (Hauck 2020b).

The **emerging challenges and priorities cushion**, which represents close to 11% of the instrument's overall budget allocation, is a reserve of funds allowing the European Commission to respond to unforeseen circumstances, new needs or emerging challenges, and new Union-led or international initiatives. It can be used to top up and fund projects and initiatives in all three pillars.

In the NDICI-Global Europe regulation, the EU has also set itself spending targets in certain priority thematic areas.

- Overall, at least 93% of the funding should meet the official development assistance (ODA) criteria. From the ODA-eligible funds, at least 20% should be allocated to social inclusion and human development.
- From the NDICI-Global Europe overall spending, 30% should be targeted to support climate change and environment objectives.
- The EU has also set itself an indicative 10% spending target to support management and governance of irregular migration and forced displacement, and to address the root causes of migration.
- Finally, at least 85% of new actions implemented under the instrument should have gender equality either as a primary or significant objective.

4. What is the EU's new external investment framework?

The geographic pillar of the NDICI-Global Europe includes a unified financial architecture (Bilal 2019) for external investment: the European Fund for Sustainable Development Plus (EFSD+) and the External Action Guarantee (EAG), which aim to boost support for sustainable investment worldwide by mobilising public and private sector investment. According to the NDICI-Global Europe regulation, the EU may offer guarantees under EFSD+ up to €53.5 billion between 2021 and 2027, with the expectation that the leverage effect could raise up to €0.5 trillion (EC 2020) in public and private investments.

As part of a broad debate (Bilal 2021) on how to streamline the complex web of European financial institutions for development and improve their efficiency, in June 2021 the Council of the EU adopted conclusions (CoEU 2021) on enhancing the EU financial architecture for development. The EU intends to capitalise on the diversity and coordination of European actors and instruments to strengthen cooperation between European financial institutions for development, and in particular the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). The purpose is to provide blended finance and guarantees from the

EU budget to all public development banks and development financial institutions that comply with the EU's budgetary requirements. These comprise mainly European financial institutions. Another requirement is that these institutions will have to respond to the EU's own priorities and those identified in the EU multiannual indicative programmes (MIPs) in partner countries and regions.

If the EU wants to achieve its overarching goal of increasing its geopolitical and geo-economic influence, it must also speak with one voice in multilateral development banks and fora (Bilal 2021). This means that the EU institutions and member states should coordinate beyond the EU budget and strengthen their ties with partner countries (Bilal et al. 2021a).

5. What are the key principles guiding the NDICI-Global Europe programming?

As soon as it took office in 2019, the European Commission labelled itself as a geopolitical Commission (Teevan 2021a) and pushed for the advancement of the EU's geopolitical priorities (the Green Deal, digital transformation, growth and jobs, migration, and governance) through development and international cooperation. Through the programming of its external cooperation, these five geopolitical priorities have to be reconciled with the Sustainable Development Goals (SDGs), as well as country priorities and needs. As previously noted, 93% of funding has to meet ODA criteria.

Four intertwined key principles guide the design, programming and implementation phases of NDICI-Global Europe: 'policy first', geographisation, partnership, and integrated approach.

The EU's 'policy first' principle (Di Ciommo and Sergejeff 2021) stems from stronger political framing. It usually refers to the fact that the EU's external action should be guided by the policy priorities of the EU and its partner countries, as opposed to being driven by the funding instruments. This instrument-led cooperation has limited the strategic efficiency of EU external action (Bossuyt et al. 2017) in the past decades. The policy first principle also means widening

the EU's scope of engagement beyond financial transfers into stronger political and policy dialogue (Rodriguez Prieto 2021) on issues of common concern such as digital governance, climate change, gender and security. For instance, during the pre-programming phase and the design of Team Europe Initiatives, EU delegations, member states and partner countries identified common priorities. However, only time will tell how the policy first principle will be reflected in the implementation.

The geographisation (Jones and Keijzer 2021) principle implies an increased focus on bilateral cooperation with partner countries and regions. The objective is to localise and support as many activities as possible through the geographic pillar, which accounts for the lion's share of the instrument. Through the geographisation principle, the EU seeks to advance its priorities and implement actions at the most appropriate level, starting from the national level and moving to the regional and global levels.

The NDICI-Global Europe regulation also mentions that the EU seeks to enhance partnerships. The reason behind this principle is that the EU needs to invest in long-term and mutually beneficial partnerships (Veron and Sergejeff 2021) with a wider scope of international and local actors. As part of its efforts to ensure local ownership, the instrument foresees a minimum of €500 million in the geographic pillar to enhance the role of local and regional governments (Platforma 2021) in the design of EU development programmes. Furthermore, the NDICI-Global Europe supports cooperation with all partner countries regardless of the level of development, and allows the EU to engage more strategically with upper-middle-income countries, thus moving away from the principle of graduation that prevailed in the previous MFF. Pushing for a more agile, tailored and strategic cooperation with partner countries (Di Ciommo and Sergejeff 2021) based on shared policy priorities and goals will be crucial to the success of the new instrument.

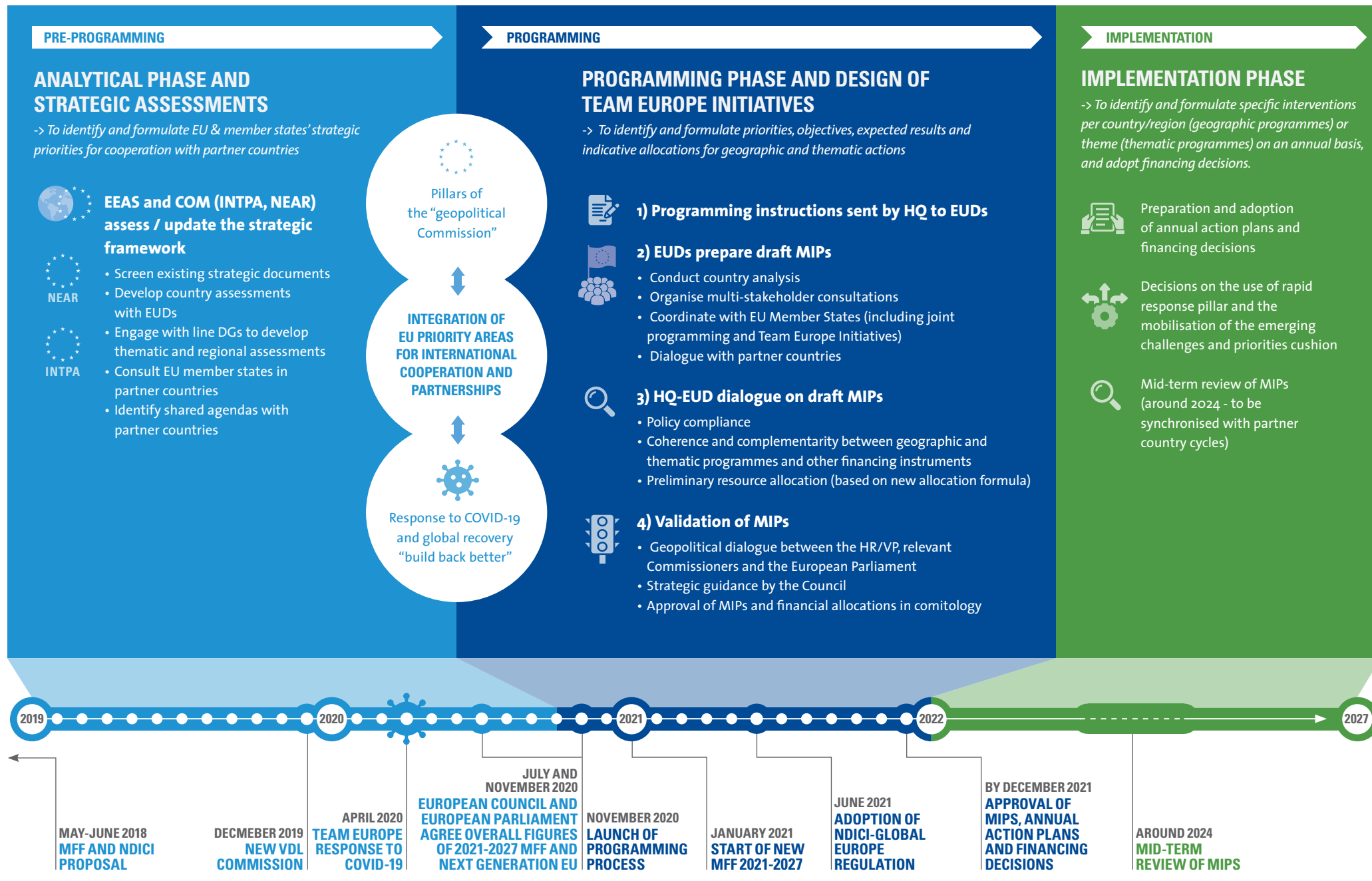
The NDICI-Global Europe also adopts a more integrated approach (Di Ciommo and Jones 2019), bringing together different areas of EU external action and the external dimension of EU internal policies. The integrated approach also implies cooperation beyond development and beyond aid. The idea is to address

interlinkages between the SDGs, to promote integrated actions that can create co-benefits and meet multiple objectives at the same time.

6. What is the state of play in the programming exercise, and what are the next steps?

The programming process of the NDICI-Global Europe formally started in November 2020 and was concluded

in December 2021. Programming is traditionally a long process aimed at determining the EU's cooperation priorities and indicative financial allocations for the whole budgetary period. The programming is undertaken in collaboration with partners and many other stakeholders. Given the high stakes, all EU institutions as well as other stakeholders want to influence where priorities and resources are targeted. This time around, the programming process was even more complex because of the new approaches and ambitions of the NDICI-Global Europe, but also more analytical homework was done.



The programming process was preceded by a year-long ‘pre-programming’ phase during which the EU institutions and EU delegations carried out substantial analytical work and consultations to identify and formulate the EU’s strategic interests and priorities for cooperation with partner countries. One part of the pre-programming was looking for the ‘match’ between country and regional priorities and what the EU had to offer. This analytical work then served as a basis for the programming process and the formulation of MIPs at country, regional and thematic levels.

Country MIPs have been prepared by the EU delegations and validated at the EU headquarters, and then formally approved by the EU member states. They are now available as public documents (EC n.d.-b). The MIPs define the EU’s cooperation priorities and overall financial allocations for each partner country for the period 2021-2027. They will be followed by the adoption of respective annual action plans and financing decisions, which marks the end of the programming process and will set the tone for the coming years. The programming process is just one phase of the longer process. The implementation phase that will start soon will determine the success of the programming exercise and the long-term impact of NDICI-Global Europe, as well as the exact nature of most of the specific initiatives to be supported. The implementation and monitoring of the NDICI-Global Europe is just as crucial as the programming itself.

It remains to be seen whether the EU will be able to meet all of the NDICI-Global Europe ambitions. A very tight calendar, strong path dependency, and limited capacity and expertise on certain thematic priorities (such as digital transformation) may have constituted serious constraints this time around.

7. What are the main differences in the programming process compared to the past?

The current programming cycle puts emphasis on the shared interests between the EU and its partners. The regulation highlights principles such as ownership, partnership, synchronisation with partner countries’ budgetary and political cycles and tailor-made

cooperation based on their needs, capacities and commitments to reforms.

A change from the past programming exercises is that the EU is much bolder and assertive about its own values and interests. The stronger political framing around EU values and interests constituted the basis for programming, alongside the needs and interests of partner countries, and thus required a carefully-crafted match between the strategic interests of the EU and those of its partner countries and regions. Despite this, the ownership of partner countries and the potential benefits and costs for development priorities in the context of broader geopolitical concerns are still questioned.

Another important shift away from the previous programming exercise is the geographisation approach (Jones and Keijzer 2021), according to the subsidiarity principle. These changes allow for greater flexibility in regional and multi-country cooperation, giving the EU the possibility to work with partners in various configurations and at the most appropriate level. Regional cooperation should complement country programmes on issues that are best addressed regionally or through multi-country programmes, with the most appropriate country groupings (including but not limited to regional organisations). While regional organisations and regional economic communities remain important counterparts for the EU, cooperation at the regional level is more pragmatic and flexible and can also be undertaken through multi-country programmes. These do not necessarily involve regional organisations, which often lack financial resources, capacity and strong coordination mechanisms. This has raised some concerns from regional organisations and the EU should spare no efforts to further explain the implications of these changes to its regional partners.

Another novelty is that the MIPs are designed around broad priority areas, moving beyond the strict limitation to three traditional focal sectors that prevailed in the previous programming documents (Herrero et al. 2013). This broader approach should allow for more interlinked responses and synergies across different sectors of intervention. The idea is to make use of the full range of EU external policies and a toolbox of implementing modalities, including innovative instruments with leverage effect. The EU is also for the first time trying to include

support to public and private investments in its programming exercise, giving a more strategic dimension to its blended finance and guarantee activities under the EFSD+. Given the multiplicity of financial institutions, geographic conditions and thematic priorities, this novel exercise is both promising and challenging for all actors, in particular when synergies have to be identified between various modalities of support from a range of actors, at the EU, member state, partner country and region levels.

8. Who will govern and steer the NDICI-Global Europe?

The governance of European external financing instruments and the institutional balance therein has been a sensitive political issue for some years, and was one of the last thorny issues to be resolved during the interinstitutional negotiations. The governance of the NDICI-Global Europe is about how the EU institutions – the European Commission and the European External Action Service (EEAS), the European Parliament, and the Council of the EU / EU member states – cooperate and exercise their respective powers to steer, manage and scrutinise the conduct of European external action.

Beyond the programming and mid-term review phases that are jointly decided by the Commission and the member states through the so-called comitology procedure, member states want to have a more active role in the steering of the NDICI-Global Europe. The NDICI-Global Europe governance (Jones et al. 2018) has largely been built on pre-existing mechanisms and legal procedures, but also include some novelties – such as the biannual geopolitical dialogue between the European Parliament and the High Representative for Foreign Affairs and Security Policy and relevant external action commissioners, as well as the regular exchanges of views with the Council to provide strategic guidance and overall coordination. The interinstitutional power battle on the NDICI-Global Europe governance is one of the challenges that the EU will have to face throughout the implementation of the external instrument, which requires institutional adaptations and new working methods to break silos and ensure better coordination.

In addition, a specific governance setting has to be put in place for the new EFSD+, with the establishment of a strategic board and an operational board, composed

of representatives of the European Commission (which also manage the EFSD+) and of the High Representative, of all EU member states and of the EIB. The European Parliament has an observer status. Discussions are ongoing to also give observer status to other institutions, such as the EBRD and the European development finance institutions (DFIs).

9. What are Team Europe and Team Europe Initiatives?

‘Team Europe’ emerged in April 2020 (Jones and Teevan 2021) in the context of the EU’s global response to the COVID-19 pandemic. It was initially conceived as a way to increase the coordination of the response by the EU and the EU member states, their implementing agencies and their financial institutions, including the EIB and the EBRD. It is used as a brand to give more visibility to collective European support to partner countries. By enhancing the visibility of the EU’s response to the pandemic, the Team Europe approach contributed to demonstrating Europe’s solidarity and leadership. Altogether, the Team Europe response packages amounted to around €46 billion, though many initiatives have initially been difficult to track (Bilal and Di Ciommo 2020) because of their continuous state of evolution.

Building on this momentum, the Team Europe approach is being promoted beyond the response to COVID-19, including as part of recent European international cooperation initiatives (such as the Global Gateway (Bilal et al. 2021b)). It is also a central aspect of the NDICI-Global Europe programming, through the Team Europe Initiatives (TEIs).

TEIs are a major innovation in the NDICI-Global Europe programming process. They are meant to be ambitious and easily recognisable European flagship initiatives in areas where the EU and its member states can collectively have the biggest impact, at country, regional and global level. In turn, this is supposed to position Team Europe as the partner of preference in key areas of cooperation, especially vis-à-vis other partners such as China.

At the country level, TEIs are field-driven and flexible, and are jointly designed by the EU delegations, member states and European financial institutions present in the country. At the regional level, the design of TEIs is done at the EU headquarters, which

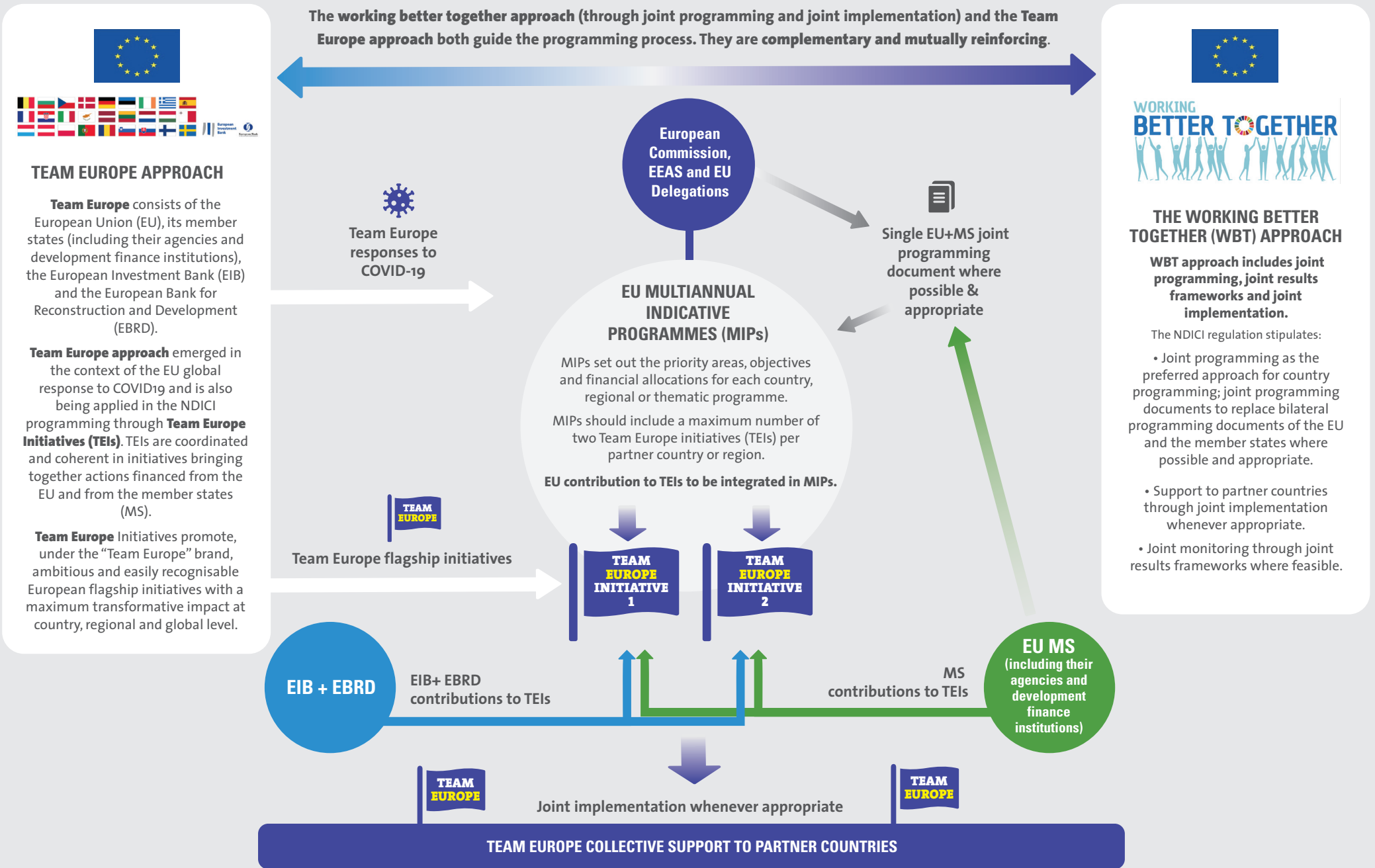
both allows for larger involvement of Team Europe members, including those who are not geographically present in certain countries, but also poses new implementation and coordination challenges.

To date, around 130 TEIs are included in the EU programming documents. While the EU contribution to the TEIs is specified in the respective MIPs, the member states' and DFIs' bilateral contributions can be specified at a later stage, as well as the different implementation modalities. It is not yet clear to what extent the member states will bring in fresh and additional funding as part of their bilateral cooperation to support the TEIs. The level of interest and participation of EU member states differs from country to country.

10. How do the Team Europe and 'working better together' approaches complement each other?

The NDICI-Global Europe programming process has promoted the 'working better together' approach, notably through joint programming, implementation and monitoring of EU and member states' development cooperation. In six countries, the EU programming documents have now been replaced by joint ones. While they differ in terms of process and scope, both the Team Europe approach, with a wider scope, and joint programming processes are seen as complementary and mutually reinforcing.

TEAM EUROPE AND WORKING BETTER TOGETHER IN THE PROGRAMMING PROCESS OF THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT (NDICI) - GLOBAL EUROPE



TEIs are largely built on ongoing joint programming processes, and the latter have also benefited from the momentum created by Team Europe. Yet, moving forward, the EU will need to clarify how both approaches can complement each other, notably on the coordination and joint monitoring of TEIs. TEIs are usually seen as more flexible and less bureaucratic in terms of joint work. Yet, EU member states repeatedly express their desire to actively engage in the process. To date, the TEIs largely rely on a limited number of European players, but they should allow for more participation of member states, including through their respective agencies and financial institutions and at all stages, thus providing opportunities for more inclusiveness (Jones 2021). This also means opening up the process and moving beyond the Eurocentric approach it has followed until now, by involving national authorities and local stakeholders in partner countries, and making sure TEIs are aligned with country needs and priorities.

11. What are the thematic priorities of NDICI-Global Europe?

The EU has set itself five geopolitical priorities for the

current programming period of 2021-2027 (the Green Deal, digital transformation, growth and jobs, migration, and governance). The infographic below shows the key features and the main policies related to each priority area. It also gives information on the funding and spending targets, on programming and on the ways in which the EU is advancing these priorities with its partner countries.

Apart from being strongly interconnected, these priorities also reflect the EU's own internal priorities. In fact, there is a much stronger link between the EU's internal agenda and its foreign and development policy priorities (Jones et al. 2020) than in the past, and the lines between these have become increasingly blurred. To some extent this development can be attributed to the realisation that the EU is not existing in a vacuum: instability and poverty outside of Europe can have negative spill-over effects in the EU, not to mention the impact of global crises like climate change.

These priorities will be reflected in the MIPs depending on the country context and the mutual interests of the EU and the partner country.

ADVANCING THE EU'S GEOPOLITICAL PRIORITIES THROUGH THE PROGRAMMING OF THE NDICI - GLOBAL EUROPE INSTRUMENT

All Geopolitical Commission's priorities for external action are interconnected and have a strong internal dimension. They are to be reflected in Multiannual Indicative Programmes (MIPs) and Team Europe Initiatives (TEIs) in partner countries and at the same time to be aligned with partner countries' priorities. The NDICI is the main external instrument to promote the Geopolitical Commission's priorities, notably through the spending targets. "Programmes and actions under this [the NDICI] Regulation shall mainstream the fight against climate change, environmental protection, human rights, democracy, gender equality and, where relevant, disaster risk reduction and shall address interlinkages between SDGs, to promote integrated actions that can create co-benefits and meet multiple objectives in a coherent way.

ALLIANCES FOR SCIENCE, TECHNOLOGY, INNOVATION AND DIGITAL

- Policies:** GDPR (2016); Communication and council conclusions on shaping Europe's digital future (2020); Draft AI regulation (2021).
- Funding:** No particular spending targets for digital; included in the NDICI geographic programmes and the "global challenges" under the thematic pillar.
- Programming:** Digital transformation as a priority in all regions*.
- Tools:** Regulatory collaboration (standard setting in AI, 5G etc), technical support, capacity and skills building, leveraging investments in infrastructure, cooperation and research.

GREEN ALLIANCES AND PARTNERSHIPS

- Policies:** European Green Deal (2019)
- Funding:** NDICI spending target; 30 % of the overall MFF supporting climate objectives + 7,5% to biodiversity in 2024 and 10 % in 2026 and 2027
- Programming:** A key priority in programming; Mainstream the green deal in EU external action; Address interlinkages with other areas (e.g. human development and digital).
- Tools:** Cooperation and investments in research, innovation, technology and infrastructure, regulatory cooperation and technical assistance, climate and energy diplomacy, carbon border adjustment mechanism.

ALLIANCES FOR SUSTAINABLE GROWTH AND JOBS

- Policies:** External Investment Plan (2016); Aid for Trade Communication (2017); Communication on a new Africa – Europe Alliance for Sustainable Investment and Jobs (2018).
- Funding:** Sustainable and inclusive growth and decent jobs priority in NDICI geographic and thematic programmes; Thematic target for the geographic pillar of the NDICI of at least 45 % for inclusive and sustainable growth for human development* / EFSD+ focus on local companies and micro, small and medium-sized enterprises + on promoting decent job creation.
- Programming:** Ensure appropriate balance between bending and budgetary guarantee operations under the EFSD+ as well as other types of financing.
- Tools:** Policy dialogue; public-private dialogue; private sector engagement; capacity building; technical assistance; trade instruments.

GEOPOLITICAL COMMISSION 5 PRIORITIES FOR EXTERNAL ACTION

indicatively 10 % of NDICI envelope to be dedicated to actions supporting management and governance of irregular migration and forced displacement, as well as root causes.

PARTNERSHIPS FOR MIGRATION AND MOBILITY

- Policies:** New Pact on Migration and Asylum (proposed in 2020, still under negotiation); Voluntary Return and Reintegration Strategy (2021)
- Funding:** NDICI spending target;
 - Migration, forced displacement and mobility priority under the NDICI geographic and thematic programmes;
 - Flexibility brought by NDICI rapid response pillar and emerging challenges and priorities cushion;
 - EFSD + to contribute to addressing specific socioeconomic root causes of irregular migration and root causes of forced displacement.
- Programming:** Migration systematically factored in as a priority across different headings.
- Tools:** Comprehensive, tailor-made & mutually beneficial partnerships with key third countries of origin and transit; Deploy wide range of policies & policy tools (development cooperation, security, visa, trade, employment, energy, environment, education).

85% of new external action initiatives to have gender as a significant or principal objective.

PARTNERSHIPS FOR HUMAN DEVELOPMENT, PEACE AND GOVERNANCE

- Policies:** Human Rights and Democracy Action Plan 2020-2024; EU Global Strategy for foreign and security policy (2016); Council Conclusions on Strengthening Team Europe's commitment to Human Development (2021).
- Funding:** NDICI spending target for human development;
 - Good governance, rule of law, human rights, democracy and Peace, stability and conflict prevention are priorities of the NDICI geographic and thematic programmes.
 - Thematic target for the geographic pillar of at least 15 % for human rights, democracy and good governance*.
 - NDICI rapid response pillar.
 - Off-budget European Peace Facility to cover all EU external actions that have military or defence implications.
- Programming:** Programming = opportunity to put human development front and centre + link it with geopolitical priorities;
 - Apply a performance-based approach (indicatively 10% of financial envelope) based on partner countries' progress towards democracy, human rights, rule of law, cooperation on migration, economic governance and reforms.
 - Carry out a conflict analysis in countries and regions in crisis or post-crisis, as well as in fragile or vulnerable situations; Take into account more systematically the humanitarian-development-peace nexus.
- Tools:** Political; policy dialogue; capacity building; technical assistance; support to non-state actors; electoral support; Capacity Building for Security and Development; Common Security and Defence Policy missions; and budget support.

*Draft delegated act supplementing the NDICI regulation

12. How is the EU planning to work with partner countries to tackle climate change?

With the European Green Deal (EC 2019), the EU wants to position itself as a global leader (Teevan et al. 2021a) in climate action and make Europe climate neutral by 2050. The NDICI-Global Europe seeks to build the external dimension of the Green Deal through investment and development programming, adopting a collaborative approach. The NDICI-Global Europe regulation requires that climate change and environmental protection are mainstreamed throughout all programmes and actions (Di Ciommo and Ahairwe 2021a), and it seems that the green agenda will indeed feature prominently in MIPs and TEIs.

With the NDICI-Global Europe, the EU has the opportunity to raise the bar (Di Ciommo and Ahairwe 2021b) on adaptation finance and support to the countries most vulnerable to climate change, particularly in Africa. The NDICI-Global Europe programming offers opportunities to scale up climate financing. Apart from the spending target of 30% from the overall spending under NDICI-Global Europe, the EU will increase its financial commitment by adding €4 billion (von der Leyen 2021) to its support to partner countries' fight against climate change. During COP26 (Knaepen 2021a), the EU pledged €100 million to the [Adaptation Fund](#). However, even with these additional investments, the financial means (Hackenesch et al. 2021) are not enough to realise the ambitions for global leadership on climate change.

In addition, the EU hopes to leverage external investments to tackle climate change through blending and guarantees (Di Ciommo and Ahairwe 2021a). Aligned with NDICI-Global Europe priorities, the EFSD+ will be an important tool to mobilise additional climate adaptation (Knaepen 2021b) finance from the EU and its member states. But the question is whether the EU will manage to mobilise enough, particularly when finance for climate change adaptation is considered less 'bankable' for European DFIs.

13. How will the EU advance gender equality, and what does the gender target mean?

In recent years, there has been much more of a political push for promoting gender equality in EU external action. This is linked to stronger political leadership in the EU, but also to the #metoo and Black Lives Matter movements. These, coupled with disproportionate effects that COVID-19 pandemic has had on women, have created political pressure to raise the level of commitments to gender equality. This can be seen in the successive gender action plans (GAPs), the latest of which (GAP III) marks a new level of ambition and political buy-in (Teevan et al. 2021b) compared to its predecessors.

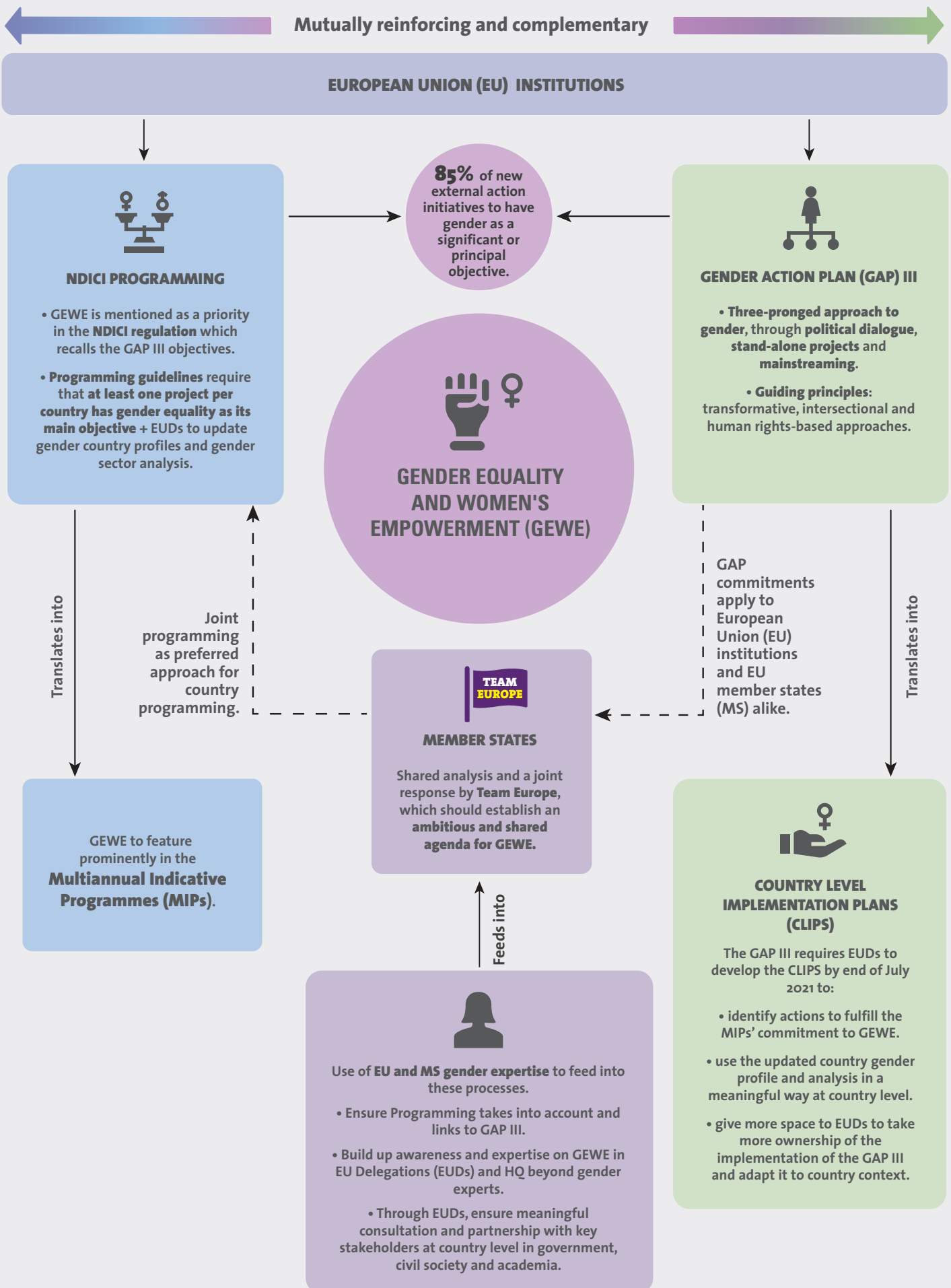
Gender equality is an important cross-cutting priority under the NDICI-Global Europe regulation, which stipulates that 85% of new external action initiatives should have gender as a significant or principal objective, and 5% of these initiatives should have gender as a principal objective. While this target implies that most EU interventions will need to have a gender equality angle, the target is set for the NDICI-Global Europe as a whole, and not for individual partner countries or actions. Alongside the programming process, the GAP III introduces the formulation of country-level implementation plans (CLIPs). This is a new feature of programming that aims to increase the ownership of EU delegations when it comes to the implementation of the GAP and translating gender equality commitments into practice.

Our analysis has shown that the EU delegations feel some pressure (Di Ciommo 2021a) to meet the gender target. While some EU delegations have a stronger vision and expertise (Teevan 2021b) on gender (for example, in Mozambique (Di Ciommo and Cumbi 2021b), the EU delegation has shown a high level of commitment in steering the gender agenda), other EU delegations are weaker in terms of capacity and expertise, which is also illustrated by the different levels of length, depth and scope of CLIPs (Desmidt 2021).

The GAP III commitments apply to both the EU institutions and the EU member states. The TEIs and

joint programming under the NDICI-Global Europe also offer opportunities for the EU and member states to work together (Di Ciommo 2021a) and strengthen European leadership on promoting gender equality. Yet, while it will be difficult to achieve the 85% target

in NDICI-Global Europe without successfully mainstreaming gender in TEIs, it is still unclear how they will address the gender equality objectives.



Translates into

Use of **EU and MS gender expertise** to feed into these processes.

- Ensure Programming takes into account and links to GAP III.
- Build up awareness and expertise on GEWE in EU Delegations (EUDs) and HQ beyond gender experts.
- Through EUDs, ensure meaningful consultation and partnership with key stakeholders at country level in government, civil society and academia.

Feeds into

14. How will the EU advance digital transformation globally, and is it falling short on its digital ambitions before implementation?

Over the past years, digital transformation has rapidly climbed the EU's development policy and high-level geopolitical agenda (Domingo and Sherriff 2021). The COVID-19 pandemic has accelerated the EU's and its partner countries' digital transformation. While the EU falls behind the US and China in terms of investment in digital infrastructure, it hopes to shape global digital governance through its 'human-centric approach' – with a strong focus on making technology work for citizens and protecting individual liberties. With its greater focus on digital policy (including topics such as promoting access to digital technologies, skills development, strengthening digital rights and improving regulatory environment), the EU hopes to make Europe a global leader (Teevan 2021c) and a model of values-based regulation in the digital sphere.

EU leadership is also pushing for a strong digital dimension in the overall programming of the NDICI-Global Europe and EFSD+. While the regulation mentions digital transformation as one of the EU's five priorities, it does not include financial targets for digital transformation of partner countries, because it is mainly considered a cross-cutting theme to be integrated in all development sectors. Yet, the December 2021 communication on the Global Gateway tells us that approximately 10% of the funding under NDICI-Global Europe (EC n.d.-c) will be targeted towards digital activities.

The European Commission's Directorate-General for International Partnerships (DG INTPA) has set up a new digital unit and been working with delegations to promote a more strategic engagement in international partnerships (Teevan 2021c) on digital transformation. The EU's [Digital for Development \(D4D\) Hub](#), created under the Team Europe approach, is also meant to scale up investment in the digital transformation of its partner countries, but much remains to be clarified on how it works and fits together with the programming

of funding under the NDICI-Global Europe.

According to some preliminary information, digital transformation will be featured in roughly 80% of the MIPs outside the EU Neighbourhood, yet only very few MIPs are likely to include digital transformation as a standalone priority area. Digital transformation is also expected to be featured in the TEIs. This reflects the EU's ambition for a mainstreamed approach, but whether this will be enough to realise the EU's digital ambitions remains to be seen.

15. Is human development a priority under NDICI-Global Europe, how is the EU planning to work on this?

Human development, as one of the more 'traditional' topics of development cooperation, has had its ups and downs in the EU's political agenda. It had lost some momentum in recent years – before the pandemic – in the face of other priorities, but the COVID-19-induced health and socioeconomic crisis brought human development quickly back on the agenda (Veron and Sergejeff 2021).

In the NDICI-Global Europe, the EU has reiterated its commitment to allocate 20% of its ODA to social inclusion and human development. Human development includes support to areas such as basic health, education, nutrition, water, sanitation and hygiene, and social protection. Furthermore, European Commissioner Jutta Urpilainen has pushed for a 10% target for education within this commitment. These spending targets are considered important to ensure funding to human development objectives in the coming years. Yet, other priorities have not disappeared (Veron and Di Ciommo 2020), and topics like education and health will have to climb a long list of priorities both at the EU and partner country level.

First indications reveal that human development will likely be featured in over 90% of MIPs, either as a direct area of EU cooperation or indirectly. This suggests that rather than including it as a specific priority area, human development will be advanced through other priorities, such as climate change, job creation or digital transformation. The first

estimations of the Commission also indicate that the EU is on track to meet the 20% spending target based on the planned allocations. While there is very limited available information on TEIs so far, there are indications that human development will be widely featured in them. However, it is unclear how many of the TEIs will have a primary focus on human development, or how they will directly contribute to human development.

The emerging priorities cushion of NDICI-Global Europe could be used to help the recovery from the pandemic. Furthermore, beyond the traditional grant-based aid, the EU could also leverage funding beyond ODA to meet the needs of the pandemic recovery. More innovative ways to finance human development (Veron and Sergejeff 2021), and a possible role for the EFSD+ could be further explored. Yet, our interviews indicate that there is limited interest from the EU side to leverage financing from the private sector, because it's considered a 'mixed bag' with some risks as well (Jones and Keijzer 2021).

Annex. A small NDICI-Global Europe glossary

Blending, blended finance	Blending is an innovative finance mechanism aimed at leveraging additional development finance, using public development finance in the form of grants to mobilise additional finance in the form of loans from public and/or private sources, with the objective of contributing to sustainable development.
CLIP	Country-level implementation plans, CLIPs, are documents that are used to identify the actions which the EU delegation in a given country will take to fulfil the commitments to gender equality made in the MIPs.
Comitology	Comitology is a decision-making procedure through which member states scrutinise and control how the European Commission implements EU regulations. Comitology is exercised through committees formed by representatives of member states and chaired by the European Commission. This allows member states to approve, by qualified majority, all specific funding decisions taken by the Commission through implementing acts.
Geographisation	A principle implying an increased focus on bilateral cooperation with partner countries and regions with the objective to localise and support as many actions as possible through the geographic pillar of NDICI-Global Europe.
Graduation principle	Principle according to which the EU puts an end to its bilateral grants for countries that become upper-middle-income countries or represent 1% or more of global GDP. It is a principle used in the former Development Cooperation Instrument.
MIP	The multi-annual indicative programme is the result document of the EU's programming phase, covering countries, regions and thematic areas. The MIPs define the EU's cooperation priorities and overall financial allocations for each partner country for the period 2021-2027.
Policy first	Principle under NDICI-Global Europe which emphasises that policies and political priorities of the EU and its partner countries should be driving the EU's external action as opposed to funding instruments. Largely, this principle is a response to criticism of the EU's external action being led by its funding instruments.
Pre-programming	One of the novelties of the NDICI-Global Europe: an extensive phase of analysis of the country context and needs taking place before the actual programming exercise.
Programming	Process through which the EU determines its cooperation priorities with partner countries and regions, and decides on the financial allocations for the budgetary period.
Team Europe	Team Europe was initially conceived as a way to brand European collective support to partner countries in response to the COVID-19 pandemic. Team Europe consolidates the collective means and resources of EU institutions, EU member states and their implementing agencies and development finance institutions (DFIs), as well as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD).
Triple nexus	The triple nexus approach refers to the objective of strengthening collaboration, coherence and complementarity between humanitarian, development and peace activities and actors.

Acknowledgements

This note was prepared by [Katja Sergejeff](#), [Ennatu Domingo](#), [Alexei Jones](#) and [Catarina Farinha](#). For further information on this note, please contact Katja Sergejeff at: ks@ecdpm.org or Alexei Jones at: aj@ecdpm.org. To find out more about ECDPM's work on the Multiannual Financial Framework (MFF), contact Alexei Jones at: aj@ecdpm.org.

References

- Bilal, S. 2019. *Leveraging the next EU budget for sustainable development finance: The European Fund for Sustainable Development Plus (EFSD+)*. ECDPM Discussion Paper 243. Maastricht: ECDPM. 18 February 2019.
- Bilal, S. 2020. *The beauty contest is over: High time to reform the European financial architecture for development*. ECDPM Commentary. Maastricht: ECDPM. 21 June 2021.
- Bilal, S. and Di Ciommo, M. 2020. *Following the money: Why a COVID-19 marker might not help*. ECDPM Commentary. Maastricht: ECDPM. 29 June 2020.
- Bilal, S., Keijzer, N. and Ahairwe, P. E. 2021a. *Towards a renewed Africa-Europe partnership for investment*. ETTG, DIE and ECDPM in cooperation with ACET. 25 October 2021.
- Bilal, S., Medinilla, A., Karkare, P., Tondel, F., Ahairwe, P. E. and Sherriff, A. *The EU's Global Gateway: Groundbreaking initiative or smart rebranding?* ECDPM Commentary. Maastricht: ECDPM. 6 December 2021.
- Bossuyt, J., Caputo, E., and Schwarz, J. 2017. *Coherence report - Insights from the external evaluation of the External Financing Instruments*. Brussels: European Commission. July 2017.
- CoEU. 2021. *Press release: Council adopts conclusions on enhancing the European financial architecture for development*. Brussels, The Council of the European Union. 14 June 2021.
- Desmidt, S. 2021. *How the women, peace and security agenda is integrated into the EU's gender action plan*. ECDPM Briefing Note 141. Maastricht: ECDPM. 25 October 2021.
- Di Ciommo, M. and Jones, A. 2019. *A necessary shake-up: EU programming for international cooperation*. ECDPM Discussion Paper 263. Maastricht: ECDPM. November 2019.
- Di Ciommo, M. 2020. *Crunching the numbers of the long-term EU budget*. Maastricht: ECDPM. 22 July 2020.
- Di Ciommo, M. 2021a. *Matching ambition with reality: How the EU's gender action plan fits into the programming of its external action*. ECDPM Briefing Note 138. Maastricht: ECDPM. 18 October 2021.
- Di Ciommo, M. and Cumbi, M. 2021b. *The EU's gender action plan and the realities of Mozambique*. ECDPM Discussion Paper 312. Maastricht: ECDPM. 15 November 2021.
- Di Ciommo, M. and Ahairwe, P. E. 2021a. *The EU budget and external climate financing: The state of play*. ECDPM Briefing Note 132. Maastricht: ECDPM. 21 May 2021.
- Di Ciommo, M. and Ahairwe, P. E. 2021b. *Financing the EU Green Deal: Putting Africa and adaptation higher on the agenda*. ECDPM Great Insights magazine, Volume 10, Issue 2. 27 September 2021.
- Di Ciommo, M. and Sergejeff, K. 2021. *Getting up to speed: The EU and the development in transition agenda*. ECDPM Discussion Paper 302. Maastricht: ECDPM. 21 June 2021.
- Domingo, E. and Sherriff, A. 2021. *The EU's digital talk in 2022 needs financial walk*. ECDPM Commentary. Maastricht: ECDPM. 13 December 2021.
- EC 2018. *Proposal for a Regulation of the European Parliament and of the Council: establishing the Neighbourhood, Development and International Cooperation Instrument*. Brussels, European Commission. 14 June 2018.
- EC. 2019. *Communication from The Commission: The European Green Deal*. COM(2019) 640 final. Brussels, European Commission. 11 December 2019.
- EC. 2020. *Questions and answers: the EU budget for external action in the next Multiannual Financial Framework*. Brussels, European Commission. 2 June 2020.

- EC. 2021. *Speech by Commissioner Urpilainen at the First NDICI-Global Europe Geopolitical Dialogue with the European Parliament*. Brussels, European Commission. 15 June 2021.
- EC. n.d.-a. *2021-2027 long-term EU budget & NextGenerationEU*. Brussels, European Commission.
- EC. n.d.-b. *Global Europe - Programming*. Brussels, European Commission.
- EC. n.d.-c. *Global Gateway*. Brussels, European Commission.
- EP and CoEU. *Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU and repealing Regulation (EU) 2017/1601 and Council Regulation (EC, Euratom) No 480/2009*. Brussels, The European Parliament and The Council of the European Council. 9 June 2021.
- Hackenesch, C., Högl, M., Iacobuta, G., Knaepen, H. and John Asafu-Adjaye. 2021. *Green Transitions in Africa–Europe relations: What role for the European Green Deal?* Produced by ETTG members DIE and ECDPM in cooperation with ACET. 23 April 2021.
- Hauck, V. 2020a. *The latest on the European Peace Facility and what's in it for the African Union*. ECDPM Briefing Note 120. Maastricht: ECDPM. 28 September 2018.
- Hauck, V. 2020b. *How the EU can step up its support to conflict prevention and peacebuilding*. ECDPM Commentary. Maastricht: ECDPM. 7 December 2020.
- Herrero, A., Galeazzi, G. and Krätke, F. 2013. *Early experiences in programming EU aid 2014-2020: Charting the Agenda for Change*. ECDPM Briefing Note 54. Maastricht: ECDPM. September 2013.
- Jones, A., Di Ciommo, M., Sayós Monràs, M., Sherriff, A. and Bossuyt, J. 2018. *Aiming high or falling short? A brief analysis of the proposed future EU budget for external action*. ECDPM Briefing Note 104. Maastricht: ECDPM. 3 September 2018.
- Jones, A., De Groof, E. and Kahiluoto, J. 2018. *Governing a new broad instrument for EU external action: The ins and outs of the institutional power struggle*. ECDPM Briefing Note 107. Maastricht: ECDPM. 3 December 2018.
- Jones, A. and Ahairwe, P. 2020. *The state of the negotiations on the long-term EU budget after summit ends with black smoke*. ECDPM Commentary. Maastricht: ECDPM. 24 February 2020.
- Jones, A., Keijzer, N., Friesen, I. and Veron, P. 2020. *EU development cooperation with Sub-Saharan Africa 2013-2018: Policies, funding, results*. ECDPM and DIE Study commissioned by the Policy and Operations Evaluation Department of the Ministry of Foreign Affairs of the Netherlands. 26 May 2020.
- Jones, A. and Keijzer, N. 2021. *Programming the NDICI in times of COVID-19: Five takeaways from a recent webinar*. ETTG, ECDPM and DIE. 1 March 2021.
- Jones, A. and Teevan, C. 2021. *Team Europe: Up to the challenge?* ECDPM Briefing Note 128. Maastricht: ECDPM. 25 January 2021.
- Jones, A. 2021. *Fostering inclusiveness in a Team Europe approach*. ECDPM Discussion Paper 298. Maastricht: ECDPM. 7 June 2021.
- Knaepen, H. 2021a. *COP26 through an Africa-Europe lens*. ECDPM Commentary. Maastricht: ECDPM. 22 November 2021.
- Knaepen, H. 2021b. *Climate adaptation takes a seat at the table, finally*. ECDPM Commentary. Maastricht: ECDPM. 1 February 2021.
- Platforma. 2021. *EU dedicates €500 million for towns and regions under NDICI*. Brussels, Platforma. 20 January 2021.
- Rodriguez Prieto, S. 2021. *Rebooting policy dialogue*. ECDPM Guest Commentary. Maastricht: ECDPM. 15 November 2021.
- Sherriff, A., Sayós Monràs, M. and Jones, A. 2018. *Wanted: A new alliance to defend the neighbourhood and the world in the next EU budget*. ECDPM Commentary. Maastricht: ECDPM. 18 June 2018.
- Teevan, C. 2021a. *Geopolitics for dummies: Big challenges await the new European Commission*. ECDPM Commentary. Maastricht: ECDPM. 2 December 2019.

-
- Teevan, C. 2021b. *The EU's gender action plan: Principles and practice*. ECDPM Briefing Note 139. Maastricht: ECDPM. 18 October 2021.
- Teevan, C. 2021c. *Building strategic European digital cooperation with Africa*. Briefing Note 134. Maastricht: ECDPM. 6 September 2021.
- Teevan, C., Medinilla, A. and Sergejeff, K. *The Green Deal in EU foreign and development policy*. 2021. ECDPM Briefing Note 131. Maastricht: ECDPM. 21 May 2021.
- Teevan, C., Tadesse Shiferaw, L. and Di Ciommo, M. 2021. ECDPM Discussion Paper 297. *Taking the gender agenda forward in EU programming*. Maastricht: ECDPM. 19 April 2021.
- Veron, P. and Di Ciommo, M. 2020. *Fit for purpose: The EU's role in global health in the era of COVID-19*. ECDPM Discussion Paper 282. Maastricht: ECDPM. 12 October 2020.
- Veron, P. and Sergejeff, K. 2021. *Reinvigorating human development in EU external action*. ECDPM Discussion Paper 296. Maastricht: ECDPM. 12 April 2021.
- Von der Leyen, U. 2021. *2021 State of the Union Address by President von der Leyen*. Brussels, European Commission. 15 September 2021.

About ECDPM

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

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

Our main areas of work include:

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

For more information please visit www.ecdpm.org

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

ISSN1571-7577

ecdpm

Making policies work

HEAD OFFICE
SIÈGE

Onze Lieve Vrouweplein 21
6211 HE Maastricht
The Netherlands *Pays Bas*
Tel +31 (0)43 350 29 00
Fax +31 (0)43 350 29 02

BRUSSELS OFFICE
BUREAU DE BRUXELLES

Rue Archimède 5
1000 Brussels *Bruxelles*
Belgium *Belgique*
Tel +32 (0)2 237 43 10
Fax +32 (0)2 237 43 19

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