



Coherence Report – Insights from the External Evaluation of the External Financing Instruments

**Final Report
July 2017**



Lead company

Consortium composed of
Particip, Ecorys, ECDPM, Fiscus, Itad and OPM
Leader of the Consortium: Particip GmbH
Contact Person: Dr Georg Ladj (Georg.Ladj@particip.de)

Team comprised: Jean Bossuyt (Lead Author and Chapeau Team Leader), Enzo Caputo (Quality Assurance) and Julia Schwarz (Project Manager)

***FWC COM 2015
EuropeAid/137211/DH/SER/Multi-
Specific Contract No°2015/373954***

Coherence Report – Insights from the External Evaluation of the External Financing Instruments

**This report was commissioned by the Evaluation Unit of the
Directorate-General for International Co-operation and
Development (European Commission)**

This document has been prepared for the European Commission. However it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Coherence Report

Final Report

The report consists of:

Executive summary

Main report

Annexes

EXECUTIVE SUMMARY

MAIN REPORT

Executive summary

- 1. Purpose, scope and approach**
- 2. Contextualising the assessment of EFIs**
- 3. Key findings on fitness for purpose of current EFI mix**
- 4. Common themes emerging from the reports and resulting policy implications**
- 5. Concluding observations**

ANNEXES

- 1. Annex 1: EU External Financing Instruments**
- 2. Annex 2: Methodology**

Table of Contents

Executive Summary	i
1 Purpose, scope and approach	1
2 Contextualising the assessment of EFIs	1
3 Key findings on fitness for purpose of current EFI mix	3
3.1 Relevance and delivery capacity	4
3.2 Responsiveness to the evolving international context and policy challenges	7
3.3 Consistency	10
3.4 Added value	11
4 Common themes emerging from the reports and resulting policy implications	13
4.1 The place of values in EU external action, and the response capacity of the various EFIs	13
4.2 The overall EU ability to steer mutually-beneficial partnerships – particularly in Upper Middle-Income Countries (UMICs)	14
4.3 The growing weight of EU policy priorities, and implications for partnership principles	15
4.4 The need for more flexibility at different levels	15
4.5 Geographic versus thematic instruments	16
4.6 Influence of implementation arrangements on the performance of EFIs	17
5 Concluding observations	17
5.1 New international co-operation realities require a rethinking of the overall EFI architecture	18
5.2 Multi-actor partnerships and diversified funding	20
5.3 Changing the ways of working and organizing EU external action	20

List of tables

Table 1	EFI delivery capacity: triggers and disruptors	6
Table 2	Key evaluation findings per instrument	7
Table 3	Core challenges and policy implications	18

List of boxes

Box 1	Key lessons learnt regarding the leverage of current EFIs	5
Box 2	Key messages from the evaluation regarding EFI complementarity	10
Box 3	Disaggregating the flexibility agenda	19

List of acronyms and abbreviations

ACP	African, Caribbean and Pacific Group of States
APF	African Peace Facility
BRICS	Brazil, Russia, India, China and South Africa
CFSP	Common Foreign and Security Policy
CIR	Common Implementing Regulation
CSDP	Common Security and Defence Policy
CSO-LA	Civil Society Organisations and Local Authorities
CT/CVE	Counter terrorism / Countering Violent Extremism
DCI	Development Co-operation Instrument
DG-DEVCO	Directorate-General for International Co-operation and Development
DG-ECHO	Directorate-General for European Civil Protection and Humanitarian Operations
DG-NEAR	Directorate-General for Neighbourhood and Enlargement Negotiations
EDF	European Development Fund
EEAS	European External Action Service
EFI	External Financing Instrument
EIDHR	European Instrument for Democracy and Human Rights
EIP	External Investment Plan
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
EPAs	Economic Partnership Agreements
EUD	EU Delegation
EUGS	EU Global Strategy on Foreign and Security Policy
FPI	Service for Foreign Policy Instruments
GD	Greenland Decision
GPGC	Global Public Goods and Challenges
HQ	Headquarters
HRDs	Human Rights Defenders
IcSP	Instrument contributing to Stability and Peace
IMBC	Indirect Management with Beneficiary Countries
INSC	Instrument for Nuclear Safety and Co-operation
IPA	Instrument for Pre-Accession Assistance
LDCs	Least Developed Countries
LMIC	Lower Middle-Income Country
MDGs	Millennium Development Goals
MFA	Macro-Financial Assistance
MFF	Multi-annual Financial Framework

MIC	Middle-Income Country
MS	Member States
MTR	Mid-Term review
NAO	National Authorising Officer
OCT	Overseas Countries and Territories
ODA	Official Development Assistance
PI	Partnership Instrument
SDGs	Sustainable Development Goals
SSR	Security Sector Reforms
TOR	Terms of Reference
UMIC	Upper Middle-Income Country
UN	United Nations

Executive Summary

By the end of 2017, a mid-term review (MTR) of External Financing Instruments (EFIs) has to be presented to the European Parliament and to the Council. External evaluations have been conducted of each instrument¹ and of the Common Implementation Regulation (CIR). This Coherence Report provides a strategic synthesis of these evaluations with a view to addressing the question: *“Were the current instruments fit for purpose at the start (2014) and are they still responsive to the evolving context now (at mid-point), as well as potentially beyond 2020?”* The focus was on four aspects: (i) relevance and delivery capacity; (ii) responsiveness; (iii) consistency; (iv) added value.

In assessing the fitness for purpose of the instruments, it is important to factor in major contextual and influential changes since 2014. These manifested themselves in multiple crises (migration, refugees), more ambitious global frameworks (i.e. the 2030 Agenda on Sustainable Development, the Paris agreement on climate) and new EU policy responses to these challenges (EU Global Strategy on Foreign and Security Policy, new European Consensus on Development). With this dynamic perspective in mind, the following **key findings** on the instruments can be drawn:

- The architecture and related geographic/thematic coverage was, on the whole, **relevant for the EU policy objectives prevailing in 2014** and largely **congruent with partner needs**. Effective delivery capacity of the instruments was enhanced by a number of **triggers** (e.g. differentiation, concentration) but was hampered by **recurrent implementation weaknesses** (e.g. limited political steering, disagreements with partner countries, flexibility and capacity issues). Some instruments acted as **incubators for new forms of international co-operation based on mutual interests** or in giving more prominence to European interests in external action. However, **lack of solid monitoring and evaluation systems** hampers assessment of instrument-level outcomes.
- **Responsiveness** was a major challenge as most instruments had to try to incorporate unforeseen needs and pressing EU internal political priorities. ‘Flexibility’ was reflected in the creation of new implementation modalities (e.g. trust funds) to which several EFIs contributed, but also resulted in major trade-offs related to: (i) the nature of development-oriented EFIs; (ii) the tension between long-term and short-term needs; (iii) the risk of jeopardising EU values as the security agenda becomes prominent.
- In terms of **consistency**, good practices in strategic combination of instruments coexist with ‘silo’ approaches. Joined-up action with Member States shows progress, but limitations persist.
- On the whole, EU actions provided **added value**, but further delineation of core mandates and areas of intervention may be required in the future.
- **As global and EU agendas evolved, gaps in coverage appeared**. First, the EU’s capacity to promote and mainstream its ‘values’ agenda (human rights, democracy, rule of law) may be declining. Second, the set of instruments is not fit for purpose to implement the global agenda including by establishing mutually-beneficial partnerships with the rising number of Upper Middle Income Countries (U)MICs. Third, the growing weight of stability, security and resilience issues requires more holistic approaches and less fragmented instruments. Fourth, accommodating pressing internal EU political priorities within instruments designed for other purposes entails risks and reduces overall coherence.

The conclusions are that: the new international co-operation system – driven by global agendas, crisis and security concerns, mutual interests, multiple actors, and financial flows beyond aid- requires **a major rethinking of the overall package of instruments and related ‘division of labour’**; **clear and coherent choices on different flexibility dimensions** of current and future instruments should be made; **simplification** of the set of instruments may be politically attractive, but has limits and risks; **diversification of funding** (beyond aid) and adopting **multi-actor partnerships** should be considered, along with a wide range of **organisational changes at EU level** to ensure external action is fit for purpose beyond 2020.

¹ The Multiannual Financial Framework includes the following EFIs: the Development Co-operation Instrument (DCI), the European Instrument for Democracy and Human Rights (EIDHR), the European Neighbourhood Instrument (ENI), the Greenland Decision (GD), the Instrument contributing to Stability and Peace (IcSP), the Instrument for Pre-Accession Assistance (IPA), the Instrument for Nuclear Safety and Co-operation (INSC), and the Partnership Instrument (PI). The European Development Fund (EDF) is another major EFI, but is funded from outside the EU budget.

1 Purpose, scope and approach

1. The Multiannual Financial Framework (MFF) of the European Union (EU) lays down the maximum annual amounts that the EU may spend in different areas. It provides a framework for financial programming and budgetary discipline for a period of seven years. The current MFF runs from 2014 till 2020. Within the MFF, Heading IV (Global Europe) covers all external action of the EU. It includes a set of **External Financing Instruments (EFIs)**² and a Common Implementing Regulation (CIR) (see Annex 1 for an overview). Beyond these EFIs, a broader set of instruments is available under Heading IV to pursue EU external action priorities, such as the Common Security and Defence Policy (CSDP), humanitarian assistance – through the Directorate-General for European Civil Protection and Humanitarian Operations (DG-ECHO) – or the Macro-Financial Assistance (MFA)³.
2. By the end of 2017, a mid-term review (MTR) of the instruments has to be presented to the European Parliament and the Council of the European Union. To assist the European Commission (EC) in this task, **external evaluations** have been carried out of each instrument and of the CIR, using a common format. The outcomes of the exercise will help to show whether adjustments are needed to the current regulations. It will also help to set the scene for the next MFF and related EFIs beyond 2020.
3. Within this process, the present Coherence Report aims to draw key insights from the various EFI evaluations. It seeks to respond to the following overarching question: **“Were the current EFIs fit for purpose at the start (2014) and are they still responsive to the evolving context now as well as potentially beyond 2020?”** The focus is on the situation now (at mid-point). The document has been developed on the basis of the external evaluation reports as well as informal consultations with relevant actors of EC services and the European External Action Service (EEAS)⁴. Further methodological details, as well as limitations encountered, are explained in Annex 2.
4. The purpose of the Coherence Report is to provide a **strategic synthesis that helps**, first and foremost, **to inform the MTR report** and possibly also **inspire future policy discussions** on the next generation of EFIs. To this end, the Coherence Report starts with a context analysis, examining the background to the current EFI architecture, as well as major changes that have occurred since 2014 (chapter 2). It then presents, in a structured manner, the key evaluation findings on the overall fitness for purpose of the EFIs taken as ‘a package’ (chapter 3). It subsequently considers a number of common themes that emerge from the various reports (chapter 4). Building on this material, it draws a set of conclusions on what might be required to make future EFIs fit for purpose beyond 2020 (chapter 5).

2 Contextualising the assessment of EFIs

5. The negotiation of an MFF is, by its nature, a highly political process, influenced by contextual factors⁵ involving different institutional actors (EC, EEAS, Council, and the European Parliament) and other stakeholders with diverging interests and priorities. Within this broader framework, parties also need to agree on a suitable set of EFIs for a given MFF cycle, the respective budget allocations, and the conditions for spending the resources (including levels of flexibility allowed to each instrument). Experience from previous MFFs show that EFIs, once put in place, are likely to be affected by changes at EU level or in the wider international context. The

²The MFF includes the following EFIs: the Development Co-operation Instrument (DCI), the European Instrument for Democracy and Human Rights (EIDHR), the European Neighbourhood Instrument (ENI), the Greenland Decision (GD), the Instrument contributing to Stability and Peace (IcSP), the Instrument for Pre-Accession Assistance (IPA), the Instrument for Nuclear Safety and Co-operation (INSC), and the Partnership Instrument (PI). The European Development Fund (EDF) is another major EFI, but is funded from outside the EU budget.

³This report concentrates on the EFIs and the CIR. This broader set of instruments will only be covered if they have been explicitly considered in the various evaluation reports.

⁴The scope and format of the coherence report, as well as the criteria to be applied for the analysis, have been agreed upon between the EU services involved and the independent team in charge of the assignment.

⁵This also applied to the MFF 2014-2020, which was negotiated against the backdrop of the financial and economic crisis in Member States (resulting in a lower amount of resources in comparison with the previous programming period).

context analysis of the current EFI architecture therefore needs a brief retrospective view, as well as a consideration of key evolutions since 2014.

6. Looking back at the history of the negotiation process around the MFF 2014-2020, three elements seem particularly relevant for the present analysis. First, the EFI architecture agreed upon for the period 2014-2020 reflected **“evolution rather than revolution”**. Building on the impact assessments of the previous EFIs, the various Regulations sought to address identified weaknesses and to integrate new concerns, including the need for greater flexibility (e.g. in terms of unallocated resources, programming or implementation⁶). Yet there was a lot of continuity in the overall mix of EFIs compared to the previous period. The main innovation of the MFF relating to external action was the creation of a Partnership Instrument (PI). For the first time, an instrument driven by EU interest was legally enshrined and operationalised as an EU foreign policy instrument with a global reach. Second, the EC services and the EEAS were, on the whole, satisfied with the outcome of the negotiations for the whole set of EFIs – as the EC and European Parliament largely backed initial proposals made⁷. In 2014, the overall perspective was that a **set of instruments** had been put in place **with the potential to be “enabling” and mutually reinforcing** (in terms of synergies and complementarities). Third, the **establishment of the EEAS** in 2011 meant that a new player appeared on the scene – with a mandate to foster more effective, political, coherent and visible EU external action at various levels.
7. This EFI architecture, put in place by 2014, would soon be **affected by a combination of external events, pressing new EU policy priorities, evolving international development agendas and wider contextual changes**. Taken together, these factors exercised a considerable influence on most EFIs, as confirmed by the different evaluation reports. It is therefore important to briefly take stock of major evolutions that impact on the current EFI architecture. **Five main (interlinked) factors** merit particular attention:
 - *Migration/refugee flows and security threats.* Today, unprecedented levels of human mobility can be observed, including migration flows and a growing number of forcibly displaced persons. This situation calls for a wide range of new responses with regard to the external dimensions of the EU’s migration policy – in order to tackle the root causes, enhance protection of migrants and asylum seekers, and stem irregular flows⁸. Furthermore, Europe has been greatly affected in recent years by the proximity of conflict, war and instability. The continent has also been confronted with a growing number of terrorist attacks. In response to these various pressing internal and external political priorities, the EU has sought to mobilise important resources (from various sources), as well as to use new implementation modalities (e.g. EU Trust Funds/Turkey facility).
 - *Wider changes in the international/regional context.* Geopolitics continue to evolve rapidly, confirming major power shifts towards a heterogeneous group of countries, ranging from BRICS countries (Brazil, Russia, India, China and South Africa) to middle-level economies (such as Vietnam, Indonesia, Turkey, Mexico, Nigeria). They are likely to gain more influence, thus making global deals a more complex thing to achieve in a context where multi-lateralism is under threat (particularly following the 2016 change of administration in the US). It may also lead to a further decrease in the EU’s overall leverage. This will be compounded by the reduced importance of official development assistance (ODA) flows as countries move to upper/middle-income status and graduate out of requiring aid. Other key trends include the growing number of fragile and conflict-affected states, and the expanding impacts of geopolitical and security threats (e.g. Russia, ISIS).
 - *Crisis and opportunities at EU level.* EU reports and external analyses⁹ concur that the EU is facing a wide range of crises and challenges of an “existential” nature. This, compounded by the UK’s referendum vote in June 2016 to leave the EU (Brexit¹⁰), has fuelled the search

⁶ For instance, the IcSP Regulation allows for flexible management processes to accelerate contracting procedures and direct selection of implementing partners.

⁷ Although the overall amount provided for Heading IV was lower than the initial EC proposal.

⁸ It has led the EU to establish a new “Partnership Framework with third countries under the European Agenda on Migration”, COM (2016), 385 final, June 2016.

⁹ For instance, the State of the Union reports 2015 and 2016.

¹⁰ Expected outcomes include a reduction of the available budget for external action of the EU, as well as the loss of UK influence and expertise.

for ways to fundamentally reform the EU. Thus, the March 2017 President Juncker paper – White Paper on the Future of Europe – sets out different scenarios for the future¹¹. Within Europe, the idea of having an EU functioning at multiple speeds is making progress. The crisis can also create new opportunities for strengthening the EU (e.g. the EU's new ambitions in the area of security and defence).

- *The EU Global Strategy on Foreign and Security Policy (EUGS)*. This key EEAS document (June 2016) defines the EU's core interests and principles for engaging in an increasingly complex, multi-polar and volatile world. It defines five core priorities linked to: (i) various dimensions of security; (ii) resilience of states and societies; (iii) integrated EU approaches to conflicts and crises; (iv) support to co-operative regional orders; (v) a renewed commitment to a multi-lateral, rules-based system of global governance. In order to translate this vision into action, it calls for 'principled pragmatism', combining internal and external policies, as well as ensuring joined-up action.
 - *The 2030 Agenda for Sustainable Development and the Paris agreement*. The Sustainable Development Goals (SDGs) are universal goals that aim to guide national policies and international co-operation by all UN Member States. The EU strongly supported the universal nature and the thematic scope of the 2030 Agenda. It was also highly instrumental in the adoption by 195 countries in December 2015 of the first universal, legally-binding global climate deal (COP 21). The new EU Consensus on Development¹² (June 2017) is in line with the core building blocks of the 2030 Agenda (people, planet, prosperity, peace and partnership).
8. All these **factors, taken together, call into question some of the assumptions underlying the current mix of EFIs**. The observed trends are blurring the dividing lines between traditional foreign and development policy and other external and internal policies. Tackling the global challenges of the universal 2030 Agenda requires integrated policy responses – beyond established 'silos' in terms of policy domains, agencies or financing instruments. The EUGS stresses the need to promote European foreign policy interests through political co-operation with countries across the globe. This is likely to affect the balance between different building blocks of EU external action – that is, development co-operation, the intergovernmental Common Foreign and Security Policy (CFSP) and the CSDP, and the EU's own foreign policy and security interests. These various dynamics may also require changing the ways of working and organising EU external action.

3 Key findings on fitness for purpose of current EFI mix

9. This section examines the evidence collected by the various evaluation reports on key aspects of the current EFI architecture, including: (i) relevance and delivery capacity; (ii) responsiveness to changes in the context and policy challenges; (iii) consistency; (iv) added value. In order to obtain a global view, the analysis looks at the **EFIs as 'a package'**.
10. The EFIs cover a wide set of objectives related to long-term development co-operation, stability and peace, human rights, civil society and local authorities, global public goods, EU foreign policy interests, nuclear safety, and strategic partnerships with neighbouring countries, pre-accession countries and Greenland (as associated Overseas Country and Territory – OCT). In addition, the regulations, policy frameworks, principles, management approaches¹³ and budgets involved vary widely. The CIR sought to define common rules and procedures for implementation, yet several instruments kept specific arrangements¹⁴. All this puts some limits on comparing EFIs or drawing general conclusions applicable across the board.

¹¹EU 2017. *White Paper on the Future of Europe. Reflections and scenarios for the EU27 by 2025*. The five options are: (i) carrying on; (ii) nothing but the single market; (iii) those who want more do this; (iv) doing less more efficiently; (v) doing much more together.

¹²https://ec.europa.eu/europeaid/new-european-consensus-development-our-world-our-dignity-our-future_en

¹³While the larger instruments (EDF, DCI, ENI) rely on the aid/development principles for management (e.g. ownership), others require direct (PI) or centralised management (INSC) arrangements.

¹⁴"Specific provisions for the different EFIs had to be designed to respond to the needs of individual EFIs in the CIR itself (...)" External Evaluation of the CIR (2017), p. iv.

3.1 Relevance and delivery capacity

11. The issue at stake here is whether the instruments, taken together, are aligned to evolving EU priorities and partner needs, and whether they effectively deliver against their stated objectives. This implies a focus on the overall geographic and thematic coverage, as well as on the match between budgets and objectives.
12. With regard to **relevance in the light of EU priorities as they stood in 2014**, the external evaluation reports are generally positive. They all come to the conclusion that the overall objectives and design of a new set of EFIs was, on the whole, in line with the respective EU policy agendas and management concerns prevailing in 2014. They share the view that the strategic relevance of several EFIs was improved substantially, compared with the previous MFF, as lessons of the past (derived from impact assessments) were integrated into the new regulations. Refinements included: (i) the confirmation of the global reach (IcSP, PI); (ii) new common programming principles (e.g. EDF and DCI); (iii) a greater differentiation (introduced in DCI, ENI¹⁵, IPA); (iv) a sharper focus on sector approaches (IPA); (v) a clarification of specific objectives and enhanced flexibility (e.g. EIDHR); (vi) an enhanced consistency and complementarity between IcSP and CFSP; (vii) the definition of wider political ambitions for the partnership (e.g. Greenland Decision – GD).
13. The evaluations also confirm the **strategic relevance of the thematic programmes** (under the DCI instrument) dealing with Global Public Goods and Challenges (GPGC) and Civil Society Organisations and Local Authorities (CSO-LA). They reflect core EU priorities¹⁶, provide in principle a flexible tool to complement geographic instruments, and allow for EU engagement without prior consent of the government. The introduction of the Pan-African Programme filled a critical gap in the coverage of the overall set of instruments in terms of providing funding for activities of a trans-regional, continental and global nature in the strategic partnership between Africa and Europe. The EIDHR is fully aligned with a wide range of EU policies and priorities – reflecting the observed deterioration of conditions for the fulfilment of human rights and democratisation in a growing number of countries. Its worldwide reach allows the EU to continue engaging on values in countries that graduate from requiring aid.
14. The message emerging from the different evaluation reports, taken together, is that the **EFI architecture – as designed in 2014 – was on the whole relevant from the perspective of the EU’s policy priorities** at that particular time. **On paper, it provided a comprehensive and relatively flexible set of enabling instruments** for policy-driven development/international co-operation, covering the different priorities on the EU agenda, without major gaps¹⁷. Several reports stress the importance of having a mix of instruments making it possible for other EFIs to complement the EU response strategy at various levels (national, regional, continental)¹⁸. However, the observed overall coherence of the EFI package (in 2014) at “instrument level” does not imply that this potential is effectively used **in practice** at “programming level” or during “implementation”. The evaluation reports show how a wide range of **contextual factors and implementation challenges impacted on the overall coherence of the current EFI architecture** (see below).
15. The need to enhance **strategic congruence with partner country** was a guiding principle in preparing the new set of EFIs for the period 2014-2020. The principles of ownership and alignment were already quite firmly embedded in the Cotonou Agreement/EDF. Both the DCI and ENI Regulations sought to reinforce congruence with partner country agendas by relying on national policies and systems, and through inclusive policy. Instruments not development oriented (e.g. IPA, INSC) also rely heavily on effective collaboration with partner countries to achieve their objectives, using different methods to ensure this. By nature, the PI as a foreign

¹⁵Including through the application of the principle of “*more for more*” to reward performing countries.

¹⁶As reflected in the universal 2030 Agenda (which the EU pro-actively supported) and dedicated Communications respectively calling for a more strategic EU engagement with CSO (October 2012) and LA (May 2013).

¹⁷Although the IPA report regrets that the DCI thematic instrument on CSO-LAs does not apply to IPA countries. This is considered as a major loss for LAs, which could enjoy support under IPA-I.

¹⁸A case in point is the GPGC, which allows the EU to profile itself as a global player, while using the instrument to deal with the global and regional dimensions of country programmes concerned with global public goods (e.g. food security).

policy tool is not tied to considerations of ownership and alignment. However, it also found that it can be rewarding to pursue its own agenda in line with the interests of its strategic partners.

16. The question of **how well the EFIs – taken together – delivered against their objective needs to be treated with caution**. All reports argue that it is too early to judge results, as most support programmes have been launched only recently¹⁹. Several instruments have multiple objectives and components whose performance can vary substantially²⁰. Ad hoc success stories on the strategic use of key tools (e.g. programming, policy dialogue, budget support, mainstreaming²¹) co-exist with less effective practices. Some EUDs strategically combine EFIs – thus demonstrating the usefulness of a “mix” of instruments with different mandates and added value); others do not manage to optimally exploit these complementarities – thus giving credence to those who argue that there are too many instruments, leading to ‘silo’ approaches. Furthermore, several external evaluations (e.g. EDF, EIDHR, INSC) observe that monitoring systems tend to focus on outputs rather than on the achievement of outcomes and impact -with the various interventions and with the instrument as a whole²².
17. A case in point to illustrate the complexity of assessing performance relates to the question of EU leverage to induce broader changes through its various EFIs. Box 1 summarises key findings and indicates that performance is largely dependent on factors beyond the instrument (e.g. context, relations with partner countries, EU agency and capacity).

Box 1 Key lessons learnt regarding the leverage of current EFIs

Political leverage refers to the ability of an instrument to incentivise dialogue and ultimately reforms regarding issues such as public financial management, governance and human rights. Financial leverage refers to the ability of an instrument to unlock domestic funds from the partner country, as well as funds from MS, from other donors including IFIs and no least from the private sector. Regarding political leverage most reports observe that the diminishing importance of ODA, the emergence of new actors and the decreasing acceptance of the Western liberal democratic model of development are limiting factors to EU political leverage. There is mixed evidence regarding the leverage exerted in terms of enhanced political dialogue -with more positive assessments for the PI and IPA than for the ENI, the DCI or the EDF. With regard to financial leverage, the record of EFIs ranges from low or mixed (EDF), high (IPA, due to size, DCI through blending), non-applicable (PI does not involve any). The DCI evaluation notes that besides blending, broader engagement with the private sector is limited.

18. Taking into account these limitations, Table 1 analyses the overall delivery capacity of the EFIs by: (i) pulling together the **positive findings** of the various evaluation reports; (ii) identifying the **main ‘EFI disruptors’** – that is, factors that have affected the performance of the current mix of EFIs (beyond their design and strategic relevance).
19. The various evaluation reports do not deal in any systematic way with the fitness for purpose of **the EFI budgets** in the light of stated objectives. Several reports note how important EU grants are in total donor funding for certain key policy areas (e.g. human rights, civil society support) or in the context of other international and bilateral donors pulling out of the country (IPA). Two reports call for an increase in funding for the period 2017-2020, for the ENI (with a view to supporting stabilisation in the region, and specifically to improve the coverage of crisis prevention while maintaining the balance with a long-term development perspective) and for the PI (to enhance the use of the instrument in countries other than strategic partners).

¹⁹Evaluation teams have used proxies to assess delivery capacity, such as looking at the achievements of forerunner programmes (e.g. IPA, INSC, IcSP, DCI) or at the number of actions and levels of expenditure (e.g. EIDHR).

²⁰For instance, the EDF report is overall positive on bilateral programmes, but critical on intra-ACP co-operation regional programmes. In the framework of the Greenland Decision, the policy dialogue on EU support to education was highly effective, whereas the political dialogue on common interests did not fulfil its promises.

²¹For instance, the IcSP report observes progress in the mainstreaming of conflict prevention, governance and democracy, but less on gender and human rights.

²² Monitoring and evaluation at ‘instrument’ level implies an examination of how a given EFI, taken as a whole, has performed in the light of its legal base, various objectives, scope, geographic coverage, added value, results framework, etc.

Table 1 *EFI delivery capacity: triggers and disruptors*

Positive findings of the evaluation reports	'EFI disruptors': recurrent implementation challenges
<ul style="list-style-type: none"> • Relevant outputs with regard to the policy objectives of the respective instruments and related EU policy priorities. • EU policy objectives were mostly translated into national, regional and thematic programming. The concentration of funds in priority areas contributed to ensuring leverage and impact (e.g. IPA). • Differentiation helped to reorient funding to countries most in need, in particular Least Developed Countries (LDCs) and fragile states/countries in crisis or post-crisis (DCI, EDF). • The current EFIs enhanced the EU's response capacity in situations of crisis, conflict and security threats. This is primarily due to the mainstreaming of conflict and security in the EFIs and the availability of the IcSP as a flexible tool to complement humanitarian aid, long-term development co-operation, and EU MS actions. • The EU's ambition to address global challenges as a core European interest gained prominence, particularly through the GPGC and the PI. Allocations made under the DCI are likely to meet most of the financial targets (e.g. climate change) set in the Regulation. • Dedicated efforts were made to broaden EU engagement beyond governments. Notable progress has been achieved in building strategic relations between the EU and civil society at various levels. Similar attempts to reach out to local authorities or the private sector proved more problematic. • Niche instruments such as the INSC provide a unique added value, allowing the EU to play a leading role in a highly-specific policy domain. • Certain instruments acted as incubators for new forms of international co-operation based on mutual interests (e.g. the GPGC, IcSP) or in giving a more prominent place to European interests in external action (PI). • According to the reports, most instruments were able to adapt flexibly to new challenges, linked to their specific domain (e.g. IPA, INSC) or to major changes in the international/EU context – although with risks attached (see section 3.2). 	<ul style="list-style-type: none"> • Unclear political steering on the use of EFIs. Lack of political leadership in defining priorities for a given country/region or crisis situation hampers the scope for a strategic and complementary use of various EFIs, linking up political and policy dialogue, as well as for joined-up action with MS and other key players. • Disagreements between the EU and partner countries. The often-observed mismatch in policy priorities between both sides contributed to the limited progress in mainstreaming global public goods and the values agenda in many partner countries (DCI, EDF, ENI). • Centralised approach. EU co-operation remains highly-centralised, leaving little room for a meaningful participation beyond institutions and governments. • Absorption capacity of partner countries. This factor is seen as a key constraint in making optimal use of the EFI (IPA, INSC). • Knowledge, expertise and EU capacity. The expansion of the global development agenda, the growing volatility of contextual conditions and the proliferation of actors all call for better knowledge, different forms of expertise and new skills in EUDs. Several reports (EDF, DCI, ENI, IcSP) raise major concerns about the overall capacity of the EU to respond to these changes. • Fragmentation of EU policy frameworks and related instruments. Fragmentation makes it difficult to engage strategically and coherently with continental groupings (e.g. EU relations with the African Union, covered by EDF/ENI) and build bridges between regions (e.g. EU relations with Caribbean/Latin America, covered by EDF and DCI), despite the existence of flexibility measures. • Limited flexibility to respond to unforeseen needs. This mainly affects the EFIs oriented to long-term development co-operation (DCI, EDF- although with higher reserves and pluriannual use - and the ENI). The choice of multi-annual programming is consistent with the nature of these instruments, yet it limits the EU's ability to respond quickly to unforeseen needs and conditions. • The shift to new forms of international co-operation. As a growing number of countries graduate to become UMICs or industrialised out of requiring aid, the EU needs to design different, mutual interest-driven co-operation strategies with these partners. This shift has proved to be particularly challenging for the geographic component of the DCI.

3.2 Responsiveness to the evolving international context and policy challenges

20. All evaluations had **to assess to what extent the various EFIs, as adopted in 2014, remained fit for purpose at the midpoint (2017), in the light of key changes** that took place in the international context and at EU level (see par. 7-8 above). This section looks, therefore, at the responsiveness of the instruments (taken together²³). **The evaluation reports use different lenses to look at the issue of responsiveness**, including: (i) the degree of flexibility; (ii) the revision of the underlying policy framework; (iii) the existence of suitable institutional arrangements; and (iv) the continuing relevance of the EFIs in the light of new policy agendas that have emerged after 2014. The core findings on each of these dimensions are briefly presented below.
21. The **level of flexibility** allowed by the various EFI Regulations is another critical factor in terms of ensuring responsive approaches. Table 2 summarises the key evaluation findings.

Table 2 Key evaluation findings per instrument

EFI	Positive Observations	Potential weaknesses
PI	Flexibility allows responsiveness to changing environment.	Risk of funding too many relatively small actions – with unclear potential for larger impact ²⁴ .
IPA	Special measures have allowed a quick reallocation to floods/refugee issues.	Less flexibility to address non-humanitarian aspects.
IcSP	Primary added value is its speed and flexibility in terms of addressing conflict.	Scope to better ground and time actions to the context in which they are implemented.
EIDHR	Additional flexibility introduced for human rights defenders and CSOs.	Reluctance of EUD to effectively use the operational flexibility provided for by EIDHR Regulation.
DCI	The instrument explicitly chooses to support partner country agendas and related development effectiveness principles, including predictability over seven-year life of MFF. This choice, logically, reduces the scope for flexibility.	DCI has only limited adaptability to new conditions, and is too complex and administratively demanding to integrate new demands. Country level political dialogue and partnership are often weak.
ENI	Efforts to streamline its scope and create a balance between focusing on short-term crisis prevention and long-term structural issues (more financial flexibility and agility, special measures).	Flexibility has improved in terms of overall response capacity, but not proportionately to the challenges faced (increasing lack of stability in the Neighbourhood).
EDF	EDF does allow flexibility of funding notably through its substantial reserve (deployed for the EU Trust Fund for Africa). Being outside	There has been some flexibility in response to the migration crisis yet this has tended to undermine the EDF's added-

²³The INSC is a relative outlier in this analysis, due to its highly-specialised mandate and limited linkages with other EFIs. Yet the instrument in itself is considered as being flexible and effective in terms of the timely addressing of evolving challenges in its domain. The same holds true for the Greenland instrument.

²⁴This was linked to the 'demand-driven approach' followed by PI during the initial two years. This led in some cases to a lack of strategic priority setting, insufficient targeting, and fragmentation of support. This risk may be contained by the subsequent adoption of a 'cluster approach' by PI.

EFI	Positive Observations	Potential weaknesses
	of the EU budget it could support activities which are not allowed under the EU treaty (Africa Peace Facility).	value, particularly its long-term, predictable component.

22. The **ENI saw a revision of its underlying policy framework** after 2014, induced by drastically changed conditions on the ground. The resulting European Neighbourhood Policy (ENP) Review (2015) sought to make ENI more congruent with evolving global and regional challenges. It placed *'stabilisation'* at the forefront, and called for further differentiation, greater mutual ownership, focused co-operation, and enhanced flexibility. The ENI is observed to be responsive to the new focus on stabilisation by providing a mix of aid modalities and tools aligned to the unstable conditions prevailing in the region²⁵. However, the evaluation report also notes a lack of conflict-sensitivity analysis in spelling out partnership priorities and related actions as well as the absence of comprehensive crisis prevention strategies.
23. Several reports refer to the **importance of suitable institutional arrangements or procedure to foster responsiveness**. Thus, the PI report argues that the responsiveness is in part due to the active involvement of stakeholders across service lines. With action identification driven by line DGs, the EEAS and EU Delegations, the instrument is able to identify evolving challenges and changing needs. The IPA is seen to have the potential to react promptly to evolving challenges and new priorities in the international context. Key to flexibility has been the use of *'special measures'* that can be adopted in the event of unforeseen and duly justified cases.
24. The external evaluation reports also assess the continuing relevance of the EFIs in the light of new policy agendas that have emerged after 2014. These include:
- The adoption of the 2030 Agenda for Sustainable Development (September 2015);
 - The adoption of the Paris agreement (December 2015)
 - The refugee, migration and security crisis, which propelled *'internal'* EU policy concerns to the forefront of external action;
 - The EU Global Strategy on Foreign and Security Policy (June 2016);
 - The new European Consensus on Development (2017).
25. *The EFIs and the adoption of the 2030 Agenda*. The current EFIs were put in place before the adoption of the 2030 Agenda for Sustainable Development. However, the EU was a key player in the transition from Millennium Development Goals (MDGs) to Sustainable Development Goals (SDGs), which helped to build ownership for this global agenda. This explains why most EFIs are largely aligned and have successfully adapted to it. The EDF, for instance, had already integrated several core components of the SDG agenda in the Cotonou Agreement, and considered blending as a new means of financing EDF 11. Within the DCI, the GPGC is a core driver in terms of enhancing Europe's profile as a global actor in key areas of the 2030 Agenda (e.g. human development, climate change, food security). Direct references to SDGs are logically rare in recent ENI programming (as the 2030 Agenda is not the key policy framework for this instrument), yet they appear to be well integrated. The focus in the 2030 Agenda on rights, gender equality, vulnerable groups and the inclusion of environmental human rights defenders (HRDs) is at the core of the EIDHR mandate. The IcSP (across all Articles) is seen to play an important role in the global peace and security architecture. The EU's leading position in environmental sustainability is supported by, for example, public diplomacy under the PI, with its ability to target any third country.
26. The main challenge, according to the evaluation reports, resides in **how its comprehensive goals are implemented**. The DCI report, for instance, observes that the principle of shared responsibility is diluted by limited commitment displayed by many partner countries to climate and environmental issues. It acknowledges that the GPGC is more coherent than its predeces-

²⁵Including: (i) programmed measures involving bilateral, multi-country, cross-border and Neighbourhood-wide programmes (ranging from democracy to trade); (ii) 'special measures' and EU trust funds; (iii) an incentive scheme with umbrella programmes; (iv) financial flexibility.

sor, yet the instrument remains relatively fragmented, hampering a holistic approach to global challenges. The evaluation also shows that joined-up approaches and multi-actor partnerships still have some way to go. Similar messages emerge from other EFI reports.

27. *The impact of refugee and migration flows, as well as escalating security threats.* Dealing effectively with these various crises is top priority for the EU. Over the last years, the focus has been primarily on *internal* EU interests, and less on partner country needs. Existing EFIs were asked to contribute to addressing specific manifestations of the crises. A case in point is IPA-II. It could quickly reallocate funds to address pressing migration issues in the Western Balkans and the ongoing Syrian refugee crisis in Turkey as part of a wider humanitarian effort²⁶. It was more difficult for long-term development co-operation instruments (DCI, EDF) to integrate these new policy concerns into their programming. The GPGC has a migration component, which has recently seen a substantial increase in funding. However, its focus is primarily on enhancing the partner country capacity to manage refugee/migration flows. It is not primarily set up to deal with the root causes of irregular migration. The PI has built-in flexibility in its decision-making processes that facilitate responsiveness to changing EU priorities (including the active involvement of stakeholders across EU service lines). It funded several actions in response to migration and security challenges²⁷. As the current set of EFIs could not cope with the scale of the problems at hand, the EU established various *Trust Funds* as a rapid response implementation modality to scale up insufficient resources. Several EFIs (e.g. EDF, ENI, DCI, EIDHR) managed to mobilise resources to contribute to these Trust Funds.
28. Different evaluations mention **possible trade-offs** that can result from externalising pressing EU internal concerns. First, the EDF report asserts that the pressures to tackle an increasing number of internal EU demands may be difficult to reconcile with the EDF's core values/founding principles of poverty eradication and partnership with ACP countries. The ENI report observes that the structural lack of stability in the Neighbourhood requires more flexible and swift responses to changing needs. However, this brings along a possible trade-off between focusing on long-term/structural issues and concentrating more on short-term crisis prevention and flexibility/quick adaptation. Another trade-off relates to the possible contradiction between focusing on migration and security on the one hand, and on the defence of the EU values agenda on the other (IcSP). The EIDHR has sought to integrate the rights of displaced persons, migrants and child migrants into its recent calls for proposals. Yet the report recommends that the issue be even more prioritised in future programming.
29. In this context, a critical challenge will be to address effectively the **root causes of migration**, and several geographic and thematic instruments could, in principle, be activated.²⁸ The potential is there, yet it is not clear who should do what, and how the various EFIs could be mobilised to address this key challenge in a joined-up way. This is linked to the current dominant focus on the securitisation²⁹ and management of refugee/migration flows in EU external action – and also in terms of resource allocation.
30. *The EU Global Strategy and the new European Consensus on Development.* Both policy documents were only recently developed, which explains why most reports do not address the degree of responsiveness of the EFIs towards these new agendas. However, there is a wide recognition that the priorities of the EUGS (see par. 8), with its focus on **Europe's own interests** and the related call for '*principled pragmatism*', will increasingly impact on the various EFIs now and after 2020 in ways probably going beyond the existing PI. The new Consensus is to be delivered jointly by EU and MS, but it sets out ambitions that may be difficult to accom-

²⁶The evaluation report notes that for non-humanitarian purposes, IPA II is less flexible and likely to require much more time before approval.

²⁷For instance support to EU-Brazil Common Agenda for Migration and Mobility, focusing on the socio-economic potential for legal migration and the reduction of irregular migratory flows and human trafficking.

²⁸While the migration component of the GPGC focuses primarily on managing migration flows, all the other four thematic components could deal with the root causes of migration by integrating this dimension into their respective policy domains.

²⁹For the evaluators of the IcSP "securitisation" concerns actions and programmes that are aligned to national security interests (of EU Member States and partner countries) and supportive of partner country government stabilization objectives. Within the IcSP portfolio, counter terrorism (CT), countering violent extremism (CVE), organized crime, cyber security, stabilisation (and sometimes migration) are seen as securitised.

modate within some of the existing EFIs, based on current experiences (e.g. the commitment to protect the space for civil society action or the plea to mainstream ‘rights-based approaches’ – see also section 4.1. for more details).

3.3 Consistency

31. This section is concerned with the degree to which the instruments, taken together, contribute to a **consistent EU external action**. To this end, they look at different dimensions of the current EFIs, including: (i) internal coherence (both at the level of their individual components and between each other); (ii) external coherence (in terms of complementarity with the actions of EU MS and other donors, states and organisations); (iii) policy coherence (such as development policy, Neighbourhood policy, foreign and security policy, trade policy/economic diplomacy, as well as the external dimension of internal policies³⁰).
32. With regard to the **internal coherence between the EFIs’ own set of objectives and actions**, most reports concur that coherence at implementation level has, on the whole, improved – although important variations can be observed at the level of EU Delegations. Decisions are generally considered to be consistent with the specific objectives of the instrument. Stronger coherence is mainly found at national level. This is due to better programming instructions, sector concentration, adequate decision-making processes³¹, quality review systems, and dedicated efforts from EU Delegations and HQ. There are also examples of actions aimed at consolidating previous support programmes. The coherence between national and regional initiatives is more challenging in terms of synergies, although better alignment has avoided duplication (EDF). Several instruments combine bilateral, multi-country and cross-border programmes (ENI, IPA), but it is difficult to ascertain to what extent this also leads to operational synergies³².
33. Summarizing the evidence from the external evaluations regarding **complementarity and synergies between EFIs** is a rather complex task. Both the nature of the EFIs and practices in terms of building synergies vary substantially. Some instruments, by their nature, do not lend themselves to complementarities with other EFIs (Greenland Decision) or only to a limited extent (INSC). Other instruments seem natural candidates for effective synergies (e.g. between EIDHR and CSO-LA, a thematic programme of the DCI -) and also manage to achieve this to a great extent. Some others have an explicit mandate to be complementary to other EFIs (EIDHR) or have included in their MIP a provision to function as an instrument of last resort in some circumstances (PI). Institutional arrangements to promote synergies also differ widely across EFIs, and their effectiveness is affected by instrument-specific conditions.
34. Nevertheless, a number of **general pointers** can be derived from the external evaluations, as reflected in Box 2 below.

Box 2 Key messages from the evaluation regarding EFI complementarity

- *Co-existence of good practices and silo approaches.* A mixed track record appears from the reports. There are dynamics pointing to a proactive and strategic search for synergies between EFIs in a given country, region or policy process, on the one hand, and tendencies to deal with EFIs in an instrumental manner (as a self-standing tool), on the other hand. While Trust Funds have proved useful to mobilise funding from different EFIs, there have been fewer instances of a strategic pooling of resources *among* EFIs. It is also interesting to note that most evaluation reports do not expand on the possible synergies with other instruments under Heading IV (except ENI).
- *Complementarity by design.* Effective complementarities often result from the capacity of specific EFIs to support priorities that another instrument cannot fund. A case in point is the added value provided to long-term instruments (such as DCI, EDF, ENI) by a flexible

³⁰In particular, climate change, energy, environment, migration, gender, agriculture.

³¹For instance, decisions regarding Article 5 of the IcSP (assistance in addressing global and trans-regional threats and emerging threats) are underpinned by ‘thematic Multi-Annual Papers’ that develop broader thematic concepts and programme directions, inter-service consultations, annual workplans, as well as projects and tenders that build on these long-term objectives).

³²The ENI report observes that very few strategies or measures are set out as to how expected results are to be achieved in terms of synergies.

instrument such as IcSP (with a substantial envelope for non-programmable, short-term funding).

- *Overlaps and duplications.* On the whole, the various EFIs complement each other, but there are also cases of duplications (e.g. between components of the EDF and DCI such as the intra-ACP and the GPGC, between the DCI regional envelope and PI, or between the EDF and centrally-managed DCI thematic lines).
- *The critical importance of agency.* Several reports conclude that ensuring synergies is (largely) a question of agency, i.e. related to the EU capacity to activate the full potential of the existing set of EFIs. This is an important point for the debate on the next generation of EFIs. The mere existence of a package of specific EFIs *in itself* does not explain why it often proves challenging to ensure a coherent EU response in external action. Other factors (beyond the instrument) linked to programming and implementation are also critical, including strategic agency by the EU.

35. The evaluation reports provide many examples where EFIs sought to align with and **complement efforts of MS, international organisations or other national/regional partners**. However, there are also numerous references to the challenges involved in such collective action. Five overall messages can be identified for this Coherence Report:

- The external evaluations conclude, on the whole, that complementarity exists between EU actions and those of MS (in different degrees and levels of depth).
- Dialogue and co-operation with MS have generally been strengthened. The DCI report observes limited progress in terms of joint programming. However, a recently completed EU evaluation on Joint Programmes concludes that in the vast majority of countries the joint programming process has been a very valuable exercise for the EU and Member States.
- In practice, HQ agendas (by EU and MS) affect coherence and commitment to synergies.
- Policy and financial motivations induce some MS to pull out of several partner countries, particularly Middle-Income Countries (MICs). This increases the pressure on the EU to be present, fill funding gaps, and ensure the political dialogue.
- As the MS are increasingly concerned with safeguarding their economic and security interests, there may be a tendency to leave the EU in charge of sensitive issues such as human rights.

36. It is more difficult to address the issue of **policy coherence**. The various reports do not provide many details. Most core EU policies are translated into specific external action instruments. However, a key issue that is not too often reflected is trade. This is a particularly important field of action in various areas. It should be mainstreamed in the geographical instruments, but often is not. In EDF, the building of Economic Partnership Agreements (EPAs) should bring significant changes and introduce new incentives, helping to respond to some drawbacks of the present co-operation – for example, the low level of incentive of some Lower Middle-Income Countries (LMICs). This is important as well for ENI and IPA.

3.4 Added value

37. The external evaluations looked at the value resulting from the scope and flexibility of the instruments that is additional to the value that would have resulted from engagement by MS or initiated at regional or national levels by public authorities and by non-state actors. **Four key dimensions of EU added value** can be derived from the evaluation reports. They apply, to differing extents, to all EFIs, and relate to the added value that stems from: (i) the EU's competence or expertise; (ii) the EU's nature as a supranational entity, and the political influence and leverage this potentially entails; (iii) the geographic/geopolitical spread (through EU Delegations worldwide) and the size of the funds involved; (iv) the scope of the instruments and modalities used.

38. **EU competence** is a prerequisite for the existence of all EFIs. While in some cases the competence involved in EFIs is exclusive to the EU (INSC, IPA, international trade under PI), most components of the instruments involve shared competences between the EU and its MS. In EFIs focused on development co-operation (EDF, DCI), added value often stems from the **specific expertise** acquired by the EU in the field (e.g. longstanding involvement in a given sector, commitment and diversity of partners). A recurrent EU added value relates to specific technical/regulatory expertise or knowledge of best practices from all over Europe (e.g. on re-

newable energy or climate change mitigation). The EU's expertise in regional integration, territorial development and in political transitions – respectively, linked to its own history, to EU cohesion policies and to the accession of Eastern MS – is particularly an added value for the IPA, ENI and DCI. Some instruments add value by complementing activities of MS with regard to politically sensitive issues (EIDHR, PI), risky aspects (IcSP), costly interventions (EDF, DCI, ENI) or engagement in specific policy areas that are well beyond the capacities of MS and other donors (INSC).

39. The **EU's nature as a supranational organisation and polity** yields added value on several counts. The EU is generally perceived as a stakeholder not bound by a specific national set of priorities. As a result, it may display higher levels of neutrality, credibility and authority in the use of most instruments (DCI, EDF, ENI, INSC, GD³³, IcSP, IPA). The EU's reliance on values allows it to introduce different forms of conditionality, linked to the objectives of the various EFIs³⁴. With regard to the values agenda, EU actions and those of MS are, in principle, closely aligned (e.g. through EU Human Rights and Democracy Strategies). However, the EU adds value by engaging in the observation of elections and in supporting human rights defenders and CSOs (sometimes unregistered). Both are areas in which individual MS would not have the capacity, credibility and latitude to engage. Supranational status provides a particularly solid basis for relations with other regional organisations (e.g. the Pan-African Programme).
40. The PI merits a specific mention under this category. Its creation marked a change of approach, with the EU in a position to decide, unilaterally, what it wants to pursue and to build up a long-term, strategic vision of its role as a global actor. Hence, the added value of the instrument lies in the recognition that action at 'EU level' offers the most appropriate channel (principle of subsidiarity) in terms of scope, approach and leverage.
41. To differing extents, the **size of funds available through the EFIs is a relative added value to most instruments**. Providing an important part of the funds available in a specific field allows instruments to target areas where a critical mass is required for high-impact intervention (e.g. infrastructure, energy). The added value of several EFIs (e.g. EDF, ENI), compared with MS and other donors, is their ability to mobilise large amounts of grants over a longer period. The size of funds increases leverage and allows for policy/political dialogue and conditionality (typically, around a budget support operation) in the ACP under the EDF (where the demand for funds is high), and among pre-*accession* countries under the IPA (where the EU is the dominant development partner). The DCI report concludes that size contributes to, but does not determine, EU comparative advantage. The "*size matters*" argument for EU value added is strongest for thematic programmes. In the case of the GPGC, in addition to contributing European expertise, the EU adds value by being a major financial supporter of global initiatives. The envelope of support under the EIDHR is often lower than what MS and other donors provide in some countries. However, EIDHR can cover 110 countries, and the total level of support provided to human rights and democracy overall by MS /other donors is lower than the total support provided under the EIDHR.
42. A fourth dimension of added value relates to the **scope of the instrument and modalities used**. The EDF stands out for its comprehensive scope. The evaluation report argues that its added value lies in a unique combination of features: size, geographic coverage, the medium-term horizon, core principles, the range and weight of financial modalities it employs, and the different levels at which it operates. The regional and intra-ACP co-operation provides opportunities to address issues that are beyond the instruments of MS. However, the report acknowledges that, in practice, EDF faces major challenges in making the most of its unique combination of features. The DCI Regulation incorporates different principles that are related to the added value of the EU. These include fostering human rights and democracy, promoting a mul-

³³The EU support to Greenland's education sector complements the Danish block grant with conditions that have played a positive role in strengthening the country's PFM system and administrative capacities. The EU can, more credibly than Denmark, base its support on such conditions as it seen as a more neutral partner.

³⁴In the EDF, the good governance and development contracts (GGDC) in principle allow the EU to link general budget support to the respect of fundamental values (human rights, democracy, the rule of law). Additional leverage can be provided through association agreements (ENI) or prospects for accession (IPA). An added value of IcSP interventions is their clear link with European values (e.g. democracy and rule-based approaches) in a context of global 'securitisation' of peace and development.

tilateral approach to global challenges, or sharing reform and transition experiences of MS in development co-operation. Most EFIs allow for a co-ordination of MS efforts (mentioned in DCI, ENI, IPA and EDF evaluations), priorities, and/or expertise (IPA through technical assistance and twinning programmes).

4 Common themes emerging from the reports and resulting policy implications

4.1 The place of values in EU external action, and the response capacity of the various EFIs

43. Building on EU Treaties, the various Regulations and the CIR give a **clear mandate to promote/mainstream a broad ‘values agenda’**. The 2030 Agenda reinforces this by recognising the crucial role of rights. The new European Consensus for Development (7 June 2017) calls for a mainstreaming of rights-based approaches. The EUGS also reiterates the EU’s commitment to foster human rights as a global actor, though it de-emphasises democratisation as a core objective. It furthermore calls for *“principled pragmatism”* – suggesting a less normative, more interest-driven approach in the pursuit of the values agenda.

44. The **overall performance of the current set of EFIs in promoting EU values is mixed**, as observed in the external evaluation reports. Worthwhile interventions have been funded through the EIDHR), and other EFIs sought to mainstream values (EDF, ENI, DCI, IPA, IcSP). However, several reports (ENI, DCI) also make the point that while EU actions may have delivered quality outputs, the overall human rights and democracy situation is bleak, if not deteriorating, in several regions and partner countries. Furthermore, there is a clear message emerging from the reports that the **overall response capacity of the EU (across EFIs) may be declining** or at risk as a combined result of **four trends**:

- *Resistance from a growing number of partner governments to engage with the EU on the values agenda.* This is linked to decreased aid dependency levels, the possibility to diversify partnerships and funding, as well as reduced EU political and financial leverage. As a result, it becomes increasingly difficult for the EU to mainstream values effectively in bilateral and regional co-operation instruments (see DCI, EDF and ENI reports).
- *The closing space phenomenon.* The overall environment for the EU to promote values has become more constrained. A case in point is the tendency of partner governments across the globe to impose major restrictions on civil society and political freedoms³⁵.
- *Securitisation of the peace and development agenda.* In the light of increasingly visible global securitisation trends, the IcSP report notes that EU interventions in securitised sectors involve major risks for the values agenda.
- *Capacity for joined-up action between the EU and MS.* Past evaluations³⁶ show that EU action on values is often hampered by the lack of joined-up strategies and positions. In the current climate of interest-driven co-operation, the risk exists that addressing sensitive issues on values is largely *‘left’* to the EU, as several MS may be loath to jeopardise their bilateral relations (DCI).

45. Considering these trends, the following issues arise with regard to current EFI architecture:

- The observed difficulties of mainstreaming values through geographic programmes may lead to increased pressure on EIDHR (as an instrument that can be used without the consent of governments) to deliver on this agenda.
- The phenomenon of the ‘shrinking space’ for civil society calls for reflection on adequate instruments for effective EU support – possibly including an expanded role for the CSO-LA thematic line.

³⁵Carothers T and S. Brechenmacher. 2014. Closing Space: Democracy and Human Rights Support under Fire. Carnegie Endowment for International Peace.

³⁶European Commission. 2011. Thematic Evaluation on EU support to human rights and fundamental freedoms.

- In order to avoid trade-offs between ‘securitisation’ (see footnote 29) and EU values, a stronger focus on conflict-sensitivity and ‘do-no-harm’ approaches may be required in different EFIs.
- Reflection may also be required on how the values agenda could become better integrated in the overall partnership negotiation at country level – instead of being primarily addressed on a parallel base in the political dialogue.

4.2 The overall EU ability to steer mutually-beneficial partnerships – particularly in Upper Middle-Income Countries (UMICs)

46. This second common theme is linked to the **ongoing transition** from the model of ‘*development co-operation*’ (based on aid transfers and donor-recipient relations) to broader forms of ‘*international co-operation*’ (based on mutual interests and shared responsibilities for global agendas). This transition can also be observed in EU external action. Thus, the 2011 Agenda for Change made a deliberate choice for differentiated partnerships and graduation. The 2015 ENP Review retreated from proposing models for its neighbours, and instead concentrated on co-operation with willing partners in areas where there are concrete interests on both sides. The 2030 Agenda calls for shared responsibilities, multi-actor partnerships, and a diversification of funding sources. The EUGS seeks to combine Europe’s role as a global player with defending its own interests. The new Consensus on development aligns to the 2030 Agenda and embraces the need for multi-actor partnerships.
47. **How do EFIs cope with this major transition process** that is proceeding at an accelerated speed? To what extent do they help the EU to accommodate these much wider (global) agendas and innovative forms of international co-operation? Does the current set of instruments suffice for the EU to steer mutually beneficial partnerships with UMICs that graduated out of aid?
48. Not surprisingly, the DCI report is quite extensive on the above questions, as most countries that graduated out of aid in recent years came from this geographic zone. It concludes that bilateral support under the current DCI cannot easily accommodate these new co-operation agendas. This is linked to its very nature, i.e. as a development co-operation instrument, focused on poverty alleviation (as core objective), financial transfers (as key tool), and central governments (as primary partner). The DCI was not designed to cater for co-operation with graduated countries which require **a new type of partnership**, based on mutual interests, common action at global level and the involvement of all relevant stakeholders at different levels³⁷.
49. Evidence furthermore indicates that **other EFIs and new aid modalities can partly stand in for the new co-operation agenda in graduated countries:**
- The EIDHR and the CSO-LA thematic lines still apply to graduated countries. This is seen as a legitimate choice, considering the major challenges that still exist in the areas of human rights, gender, the rule of law, civil society participation, and with regard to the key role to be played by local authorities in achieving most of the SDGs objectives.
 - The PI has a global reach and a clear mandate to engage with EU strategic partners and also with graduated countries. It has funded relevant policy dialogue activities that complement the DCI in UMIC countries through its various instruments. There are new windows of opportunities that could be seized, but the limited size of the PI budget may reduce the scope for engaging more in countries other than the EU’s identified strategic partners (to whom most of the funds were targeted in 2015-2016).
 - Blending represents an innovative aid modality that has proved increasingly strategic and successful, according to a recent evaluation³⁸. It has been applied in geographic instruments (e.g. regional investment facilities), as well as thematic programmes (e.g. GPGC³⁹). UMICs have absorbed 16% of the funds so far dedicated to blending. The External Invest-

³⁷Evidence points to the challenges encountered by EUDs to find areas of common interest, effectively use other EFIs in such contexts, and mobilise the skills and expertise required to forge such interest-based partnerships.

³⁸EC Evaluation on blending. December 2016.

³⁹From 2014 up to September 2016, some €181 million was dedicated to blending activities from the DCI Global Public Goods and Challenges for engagement in sectors such as energy, agriculture or climate change).

ment Plan (EIP) will provide, when approved, a new and additional tool that can also help to deepen engagement with the private sector.

50. Evaluation findings suggest that broader reflection may be required **on how to organise the framework for co-operation with graduated and soon-to-graduate countries**. A more nuanced approach could be considered, with more sophisticated cut-off points (than criteria now used⁴⁰) and a more phased move from development co-operation to engagement on the basis of mutual interests.

4.3 The growing weight of EU policy priorities, and implications for partnership principles

51. The current EFI architecture has several instruments (DCI, ENI, EDF, IPA) that are geared towards structural co-operation with partner countries/regions in a medium-term to long-term framework. The evaluation reports concerned all confirm the **relevance of this type of instrument** in terms of poverty eradication, the MDGs, aid effectiveness principles (DCI, EDF), and responding to the specific challenges of the Neighbourhood (ENI). The long-term funding perspective generally facilitated the use of budget support, enhanced the potential EU leverage through political/policy dialogue and helped to create added value towards MS.
52. However, the DCI and EDF reports both noted **clear tendencies for HQ-driven agendas** to determine programming (despite enhanced consultations with local stakeholders). They also observed the **growing weight of EU internal political priorities** in co-operation processes (e.g. the 2015 ENP Review). In order to respond swiftly, and with sufficient resources, to these pressing priorities, the EU created several Trust Funds as an innovative implementation modality, to be partly financed with reserves from EFIs. However, evaluators express major concerns that these Trust Funds are managed in a way that risks undermining the primary focus (i.e. poverty eradication), fundamental partnership principles (e.g. ownership, predictability), and the strengths of the EDF and DCI (as long-term co-operation tools).
53. This analysis indicates a number of implications that may have to be considered in revisiting the EFI architecture:
- The EDF report recommends to restoring the partnership principle underpinning the Cotonou Agreement. This implies fostering a truly inclusive multi-stakeholder partnership (as opposed to the current centralised approach, symbolised by the role of the NAO in EDF management) and respecting programming choices made at country level.
 - More broadly, the question for the long-term co-operation instruments (DCI, EDF, ENI) is how a situation can be avoided whereby EU agendas override the objectives foreseen in the respective Regulations. It may imply strengthening the EU's instruments to pursue its own foreign policy and security considerations – instead of trying to integrate these agendas in rather artificial and potentially distortive ways in EFIs designed for other purposes.

4.4 The need for more flexibility at different levels

54. There is now widespread agreement among the EC, MS and European Parliament that the **current volatile global and European context requires much more efficiency and agility** in mobilising and spending EU funds in order to **respond to evolving needs**.
55. The **concept of flexibility manifests itself in different ways and at various levels (regulations, programming, implementation)**. The focus now is primarily on how EFIs can flexibly respond to unforeseen needs (i.e. the rapidly evolving crisis conditions in the Neighbourhood), as well as to pressing EU internal political priorities (i.e. migration and security). However, there are **other critical aspects** that equally deserve attention, including: (i) the EU's ability to act in a context-sensitive and politically-savvy way by adapting programming choices (sectors, partners, methods) accordingly⁴¹; (ii) the flexibility to move resources (e.g. between EFIs, programmes within EFIs, sectors of concentration, or new thematic or geographic priorities); (iii) the potential to leverage additional resources (e.g. through blending or Trust Funds).

⁴⁰This includes development indicators that go beyond income/GDP, and which recognise the inequalities, vulnerabilities and differences that exist among regions, countries and at sub-national level.

⁴¹This type of flexibility is also highly relevant for countries where the political situation deteriorates.

56. A brief recapitulation of the main findings with regard to the flexibility provided by the current set of EFIs offers a mixed picture:

- EFIs that, by their nature, already enjoyed quite a high level of flexibility in terms of responding strategically and timely to evolving needs (e.g. IcSP, IPA, PI, EIDHR) managed relatively well to respond to new needs and European priorities. EFIs that aim at structured, partner-driven development co-operation over a longer period of time (DCI, EDF) proved less flexible as the majority of funds are covered by programming processes.
- Various EFIs could be mobilised to shift resources to Trust Funds as an innovative implementation modality allowing for quick responses. However, they are managed according to principles that differ substantially from those underpinning core EFIs.
- The EU continues to face the challenge of the need to be more context-sensitive and politically savvy. The ENI report is the most outspoken in highlighting this challenge. It asserts that programming documents usually do not include a political economy analysis or risk assessment that goes beyond projects or sectors.
- Programming and implementation flexibility to reach out to actors other than government actors (e.g. private sector) remains limited, or is hampered by procedural obstacles (e.g. local authorities).
- The CIR evaluation concludes that the aspiration of enhancing flexibility has not been sufficiently met. The lengthy procedures, in some cases required by horizontal regulations such as the Financial Regulation and the Comitology Regulation, needed for action programmes, individual measures and special measures hamper the EU's overall capacity to respond in a timely and adequate manner to evolving needs of stakeholders and to changing partner country contexts.

57. What does all this mean for future debates on the various dimensions of the 'flexibility' (see par. 55 above) required for EFIs? Three issues may merit specific attention:

- The **potential 'trade-offs' of greater flexibility** have increasingly come into focus, and will need to be addressed. This implies finding an **appropriate balance between**: (i) short-term and long-term considerations; (ii) legitimate political/security interests and professed EU values; (iii) principles of effective partnerships and more responsive and iterative approaches to programming; (iv) responding faster (as attempted with EU Trust Funds), and ensuring, for example, a clearly spelled-out political strategy, appropriate needs assessments, and political economy contextual analyses; (v) policy direction from the centre, and bottom-up knowledge and adaptability to context.
- Another key question relates to **the nature of EFIs, and the degree to which they can become increasingly flexible without losing their specific added value**. The ENI report provides a case in point. It pleads for more resources to expand the coverage of crisis prevention by ENI – while maintaining the balance with a long-term perspective and the support of the IcSP). However, during consultations, the question was raised as to whether this was the best way forward. It risks diluting the essence of ENI (as a long-term co-operation tool) and turning it into an instrument with too wide a mandate to deliver effectively.
- In a similar vein, the legitimate pursuit of EU internal political priorities may require a **strengthening of dedicated EU foreign policy instruments** – rather than over-stretching EFIs designed for other purposes.

4.5 Geographic versus thematic instruments

58. The **relationship between geographic and thematic instruments is complex and multi-dimensional**. It goes beyond issues of co-ordination and complementarity between EFIs (often mentioned as problematic in EU country or regional strategic evaluations). Other critical issues are the strategic value of the different instruments (in an overall portfolio approach), and their respective political leverage and diplomatic clout.

59. The various evaluation reports provide a wide range of insights and reflections on these questions. Most concern **complementarity issues** – i.e. the ability of the EU to effectively combine EFIs with a geographic and thematic focus. Familiar challenges are noted (e.g. the danger of instrument-led 'silo' approaches, or the tensions that centrally-managed thematic lines can create at field level). The complementary analysis provided in each report (on Evaluation Question

5) shows that **effective synergies largely depend on context and agency**. Thus, the ENI was mutually reinforced by the IcSP – reflecting the stabilisation challenges of the region. The link with other EFIs is generally characterised by broad complementarity.

60. A combined reading of the external evaluations furthermore suggests that a **balanced mix of geographic and thematic instruments remains a valid choice** for a relevant and result-oriented EFI architecture. The current specialised thematic ('niche') instruments have shown their strategic value if properly used alongside geographic instruments. Another perceived advantage is avoiding the risk of creating all-encompassing instruments without a feasible mandate, adequate approaches and working methods, as well as specific expertise and management capacities.

4.6 Influence of implementation arrangements on the performance of EFIs

61. In chapter 3, many examples have already been provided of how suitable implementation arrangements (e.g. with regard to ownership, programming, policy dialogue, synergies between instruments, participation of non-state actors) matter for the effectiveness of the various EFIs. They largely explain possible gaps between the potential of EFIs as an instrument and their actual delivery at the stage of programming and implementation.

62. In addition to the above examples, four important cross-cutting issues relating to implementation arrangements merit attention:

- *EU political leadership*. This is key to ensuring the optimal use of the various EFIs. However, the external evaluations signal that there is often a deficit of such leadership. The EDF report, for instance, concludes that the EU is increasingly focused on administering coordination programmes, instead of acting as a hands-on political player – resulting in negative impact on the effectiveness of dialogue, EU leverage at country level, quality assurance, accountability and visibility. The report on the Greenland Decision notes a lack of interest on both sides to deepen – in a structured and result-oriented way – the political dialogue on global issues (e.g. climate change) and common concerns.
- *Weak country co-ordination power and capacity*. Evidence collected confirms this finding, which is also to be found in many EU strategic evaluations. It explains the weaknesses observed in terms of ensuring coherence of country programmes with the global programmes (GPGC) and/or with horizontal programmes that are centrally managed (e.g. calls for proposal of CSO-LA, but also EIDHR, and sometimes IcSP).
- *Unclear added value and impact of 'incentives schemes'*. The ENI report concludes that the effectiveness of the incentive-based approach foreseen in the ENI Regulation has been limited. In order to make the system more credible, a new set of financial incentives is needed (beyond the current 'umbrella' programmes), with revised criteria for allocation. Non-financial incentives (e.g. market integration and mobility) would provide stronger and more sustainable incentives.
- *Efficiency gains and possible trade-offs*. On the whole, the evaluation reports conclude that the various EFIs are managed in a cost-efficient way. Comparisons between EFIs are not evident, as it depends largely on the specific mix of implementation arrangements⁴² chosen by each instrument (under the CIR).

5 Concluding observations

63. Building on the preceding analysis, this concluding chapter reflects on the type of EFIs that may be required for consistent EU external action beyond 2020. It starts by shedding light on the international co-operation system that is now unfolding and will be dominant by 2020. It then looks at the type of changes this may imply for the current set of instruments, the actors and funding sources involved as well as for the organisation of EU external action.

⁴²The IPA report, for instance, raises an important dilemma. It notes that the introduction of the Indirect Management with Beneficiary Countries (IMBC) mode is a "mixed blessing". It offers improved ownership of the programme, but overall efficiency "invariably suffers in most cases compared with direct management".

5.1 New international co-operation realities require a rethinking of the overall EFI architecture

64. The external evaluations show that the ‘package’ of EFIs, put in place in 2014 was, on the whole, aligned to the ambitions and needs of the then prevailing EU co-operation agenda (see par. 14). However, various (ongoing) processes of change came more forcefully to the forefront soon after 2014. They manifested themselves in multiple crises (such as migration and refugee flows), more ambitious global agendas (SDGs, Paris agreement on climate), and new EU responses to these challenges (e.g. EUGS, Consensus on Development). Combined, they reflect a rapidly evolving **international co-operation system** – driven by global agendas, crisis and security concerns, mutual interests, multiple actors, and financial flows beyond aid.
65. All this has, inevitably, impacted on the package of EFIs at the disposal of the EU. Most EFIs were able to accommodate pressing new demands by extending their mandates and creatively using resources. However, in the process the foundations of the current EFI architecture became less solid, resulting in gaps in terms of coverage and institutional/funding arrangements for new EU policy priorities that may no longer be fit for purpose.
66. Hence, **a rethinking of the overall EFI package and related ‘division of labour’ seems required** in the light of the following challenges experienced by current EFIs:

Table 3 Core challenges and policy implications

Core challenges current set of EFIs	Policy implications
1) Instruments whose core mandate comes under pressure as they are called upon to tackle an increasing number of internal EU priorities and interests (i.e. DCI and EDF).	<ul style="list-style-type: none"> • Recognition that the whole package of EFIs loses coherence if the lines between core mandates and other EU priorities become too blurred. • Recognition that geographic instruments face major limitations in delivering greater flexibility due to their focus on long-term co-operation, ownership, and locked-in funds.
2) Instruments with a mandate to complement other EFIs yet faced with a lack of progress in mainstreaming through geographic programmes (i.e. EIDHR, CSO-LA programme).	<ul style="list-style-type: none"> • Clarification of what limited progress in mainstreaming means for the future of these complementary instruments in terms of roles, funding capacity and ability to generate sustainable results.
3) Instruments not designed to cater for co-operation with graduated countries (e.g. geographic part of DCI with its primary focus on poverty reduction)	<ul style="list-style-type: none"> • The issue may resurface as to whether the EU should pursue poverty reduction in some MICs. • Need to rethink how the wider SDG agenda and implementation of the Paris agreement can be pursued with all countries. This implies further developing mutually beneficial forms of partnership, using different implementation approaches and modalities (as pioneered by PI and the GPGC programme).
4) Instruments whose core mandate is to promote mutual interests, and which have become more relevant in the light of the 2030 Agenda and the Paris agreement on climate change (e.g. the GPGC under the DCI).	<ul style="list-style-type: none"> • Recognition that the GPGC is also confronted with the challenge of limited mainstreaming of the global agenda through other EFIs. • In the light of the scope and centrality of the 2030 Agenda, the question arises whether a much broader ‘SDG instrument’, building on experiences gained by GPGC and also PI, should be considered.
5) The instrument with a dedicated mandate to promote European interests (i.e. PI).	<ul style="list-style-type: none"> • Exploration of how the assets of PI (i.e. focus on EU interests, global reach, new forms of partnership, flexibility) can be consolidated. • Clarification of the future place, scope, outreach and funding of a dedicated instrument like PI in the light of redefined EU foreign policy objectives (EUGS).
6) Instruments dealing with conflict and	<ul style="list-style-type: none"> • Recognition that the IcSP is in ‘high demand’ as

<i>Core challenges current set of EFIs</i>	<i>Policy implications</i>
crises, stability, peace and security.	instability, fragility and conflict situations proliferate. Need to consolidate its assets and clarify its place, scope outreach and funding in future EFI architecture. <ul style="list-style-type: none"> • Considering the political weight given to stability, security and resilience questions (EUGS), there is an opportunity to adopt more holistic approaches by reducing fragmentation⁴³ and sorting out a clear division of roles between the instruments.
7) Other instruments under Heading IV and internal financing instruments.	<ul style="list-style-type: none"> • Exploring ways and means to improve coherence between EFIs and other instruments under Heading IV (e.g. CSDP, MFA, humanitarian aid). • Further reflection needed on how internal financing instruments can contribute to achieving EU foreign policy and security concerns as well as global agendas, through the respective line DGs.

67. Rethinking the current set of EFIs so as to ensure they remain fit for purpose beyond 2020 will also require **clear and coherent choices regarding the different dimensions of flexibility** and possible trade-offs risks and costs (see par. 55-58). In this context, several questions merit particular attention in future EFI/MFF debates.

Box 3 Disaggregating the flexibility agenda

- How to improve risk analysis and understanding of crises so as to improve preparedness to address unforeseen changes?
- How to find smarter forms of rewarding good performance as a way to flexibly respond to the actual mid-term evolution of the context and partner's attitude?
- How to further refine the flexibility function within specific EFIs so as to allow ongoing adjustments and adaptation of the programmes (e.g. by increasing the percentage of unallocated funds)?
- How to use that these additional reserves are used in a strategic and global way (i.e. without a geographic focus)?
- How to enlarge the space in which the EU can act fast in its own interests, with suitable procedures and implementation modalities (e.g. regarding comitology and programming)?
- How to simplify the Financial Regulation so as facilitate a more flexible use of EFIs?
- How to relax the rules regarding DAC-ability in the light of new global and security agendas?

68. In ongoing public debates on future EFIs, a strong plea can be heard for a **simplification of the overall architecture**. This seems sensible and legitimate considering the risks associated with having a broad set of EFIs responding to specific strategic mandates, in terms of incoherence, silo-approaches, transaction costs, senior management buy-in or unhelpful split between programming and implementation. In this context, ideas have been floated on the need to bring several instruments together (e.g. in a single "SDG" instrument; an overall geographic instrument for structural co-operation with partner countries absorbing the DCI, EDF and ENI; or an integrated instrument for dealing with conflict prevention, crisis, stability and peace as well as security). Yet this carries the risk of having instruments with too broad a mandate and even unified instruments are likely to apply differentiation (e.g. by ring-fencing for specific priorities).

69. The practice of particular MS may offer food for thought to explore alternative approaches. Most bilateral agencies do have different budget lines, but do not necessarily work on the basis of a set of instruments. In some cases an agency/embassy will have an annual budget and will decide how to spend that and with whom. There are procedures that govern the terms of working with government; non-state actors; and collaborating with other donors (common funds or

⁴³Also in the field of capacity-building and security sector reforms (SSR) which is diffused around geographic and thematic instruments (including EDF and APF).

basket funds), etc. The procedures guarantee transparency and fairness but also flexibility. This system may facilitate a more unified strategic and above all political process of defining a coherent EU response (in which the different components could plug in as appropriate).

5.2 Multi-actor partnerships and diversified funding

70. The 2030 Agenda attaches great importance to rethinking quite fundamentally the *'means of implementation'* (SDG 17). However, the external evaluations found that rather limited progress was achieved in terms of ensuring an effective dialogue and participation of other relevant actors. The track record of the EU in leveraging private sector funding is more encouraging, although there are still many opportunities that could be further tapped into (e.g. in relation to domestic resource mobilisation).
71. For the next generation of EFIs, creative thinking will be required to address the main obstacles now preventing effective multi-actor partnerships, including: (i) the still dominant preference for rather centralised management of development co-operation (e.g. the NAO system under the EDF); (ii) compartmentalized approaches to dealing with the various actors; (iii) inadequate modalities and procedures for engaging with non-state actors; (iv) lack of incentives and knowledge on how to implement multi-actor approaches.

5.3 Changing the ways of working and organizing EU external action

72. Building on the evaluation findings, **five inter-related institutional/organisational challenges** can be identified to ensure that the EU can deliver beyond 2020 on the new global agendas with the help of a redesigned package of EFIs:
- *A clear, overarching EU political strategy beyond individual instruments.* While each of the EFIs of 2014 had its own underlying policy framework, there was no truly **overarching and shared EU strategy** to guide external action. Furthermore, the choice of the most suitable instrument (or mix) also requires **clear political decision points at EU level**, so as to determine coherent co-operation packages for specific partnerships (e.g. with fragile or graduated countries) supported by the full firepower of the instruments. This ability to drive instruments politically is also needed to avoid major fragmentation of interventions through multiple instruments – as is now the case with migration.
 - *Streamlined implementation arrangements to ensure results-oriented involvement of all relevant EU actors.* This challenge relates to the *'institutional mandates'* of the various EU actors involved in the programming cycle. Several external evaluations show that 'win-win' situations can be created by ensuring ownership along the chain through innovative participatory approaches.
 - *Improving the EU's learning capacity.* The new international co-operation system relies much more on shared knowledge, particularly towards MIC/UMICS (who are interested in what EU can offer in relation to global public goods or reforms) and LDCs/fragile countries.
 - *Strengthening monitoring and evaluation for assessing the overall performance of the package of EFIs.* If the EU wants to adequately learn from and communicate about its actual influence and impact as a global player, it needs monitoring and evaluation systems that are less activity-driven and more outcome-oriented. This is required at both instrument level and for the EFIs as a package. The evidence thus gained could be used to do a regular high-level assessment of the partnership performance in terms of the key results achieved through the assistance.
 - *Adequate levels of human resources.* The growing complexity of international co-operation obliges the EU to consider carefully the mix of skills and capacities required to deliver a consistent and effective EU external action.