

Effective aid programming in the next MFF (Part 1): Graduation and differentiation

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By Philippe Van Damme

Summary

As the US retreats from global leadership and scales down its development cooperation, attention shifts to the European Union to see if the continent has the ability – and willingness – to fill the gap. While the EU signals its commitment to the Global South, particularly in Africa, the gap between rhetoric and delivery is growing and a clear shift from solidarity to transactional interest-based relations is underway.

This policy brief explores how the EU can reconcile its economic and geopolitical interests with its founding values and the goal of forming mutually beneficial partnerships. It argues that the upcoming 2028–2034 multiannual financial framework (MFF) will be a key test of the EU's capacity to design aid programming that is both politically strategic and developmentally transformative.

Blended finance and risk-mitigation tools have become central to this evolving aid architecture, yet their impact on governance and inclusive growth remains uncertain. Instead, the brief calls for a refined approach: concentrating programmable grant aid on countries most in need and most committed to structural reform through a consistent application of graduation and differentiation principles.

Introduction

With the retreat of Trump's USA from world affairs and the drastic downsizing of its development cooperation, many turn to the European Union (EU) to see to what extent it can fill the gap and take a leadership role in the West's relations with the Global South.

But while the [EU-Africa ministerial meeting of 21 May](#) indeed stressed the reliability of the EU's relationship with the Global South, the [Council conclusions](#) the following week on the preparation of the Financing for Development Conference at the end of June were [underwhelming](#). Two things have become clear by now. One is the dwindling resources available for official development assistance (ODA) – despite the EU Council's absolutely unconvincing if not ridiculously repeated commitment for over half a century to scale up #TeamEurope's ODA to 0.7% of the EU's GNI. The second is the shift from 'charity' to 'interests' and more transactional relations, whatever that means. Combined, these shifts confront the EU with the trilemma of reconciling the promotion of the EU's interests with its founding values and with the concept of mutually beneficial partnerships, the three pillars of its external actions. The follow-up question then becomes how to maximise aid-effectiveness in programming in this new logic.

There are as many definitions of aid-effectiveness as there are authors writing about it, but from a recipient's point of view, effectiveness can broadly be defined as contributing to the domestically owned agenda on poverty reduction, inclusive development and long-term sustainable growth. From the donor's point of view, effectiveness can now be redefined as contributing to the EU's economic and political interests and soft power in the Global South in a mutually beneficial way. However, at this stage, it remains unclear how trade-offs will be handled and to what extent values will guide the EU's action where they conflict with (short-term) interests.

The programming phase of the (remaining) grant funding under the next multiannual financial framework (MFF) for the period 2028–2034 will be an important test of the capacity of the EU to reconcile its various ambitions in a coherent and convincing way. The need to rethink aid to maximise its “transformational impact” has never been greater.

One answer has been blended finance (mixing grant-based aid with concessional and/or non-concessional loans and equity investment) and guarantees to mitigate risks for private sector investments. However, while this increases the funding sources mobilised and decreases the capital costs of

private investors, it doesn't guarantee a more impactful allocation of funding and may even have undesirable [sectoral and geographic distributional effects](#). Since the seminal work initiated in 1997-'98 by the [World Bank on aid effectiveness](#), we know that the impact of ODA is strongly correlated to the quality of governance. Governance is itself the result of political commitment and institutional capacity. This capacity is, in turn, correlated to the human, technical and financial means available, often measured in terms of income per capita, taking into account social development indicators and situations of fragility. Grant aid for development, therefore, needs to be better targeted and concentrated for greater impact. In the past, the [Commission argued](#) this could be achieved through what it called a 'differentiated approach' to aid allocations and aid modalities, based on needs and capacity to generate and access financial resources and absorption capacity on the one hand and commitment and performance and potential impact on the other hand.

In the present brief a distinction is made for conceptual and programmatic purposes between **graduation**, referring here to the situation where programmable grant aid is phased out in light of income and/or needs-based criteria, and more narrowly defined **differentiation**, when the nature and volume of programmable grant aid takes into account past performance and the present quality of governance as well as the willingness of recipients to address those governance issues that hamper long-term development.

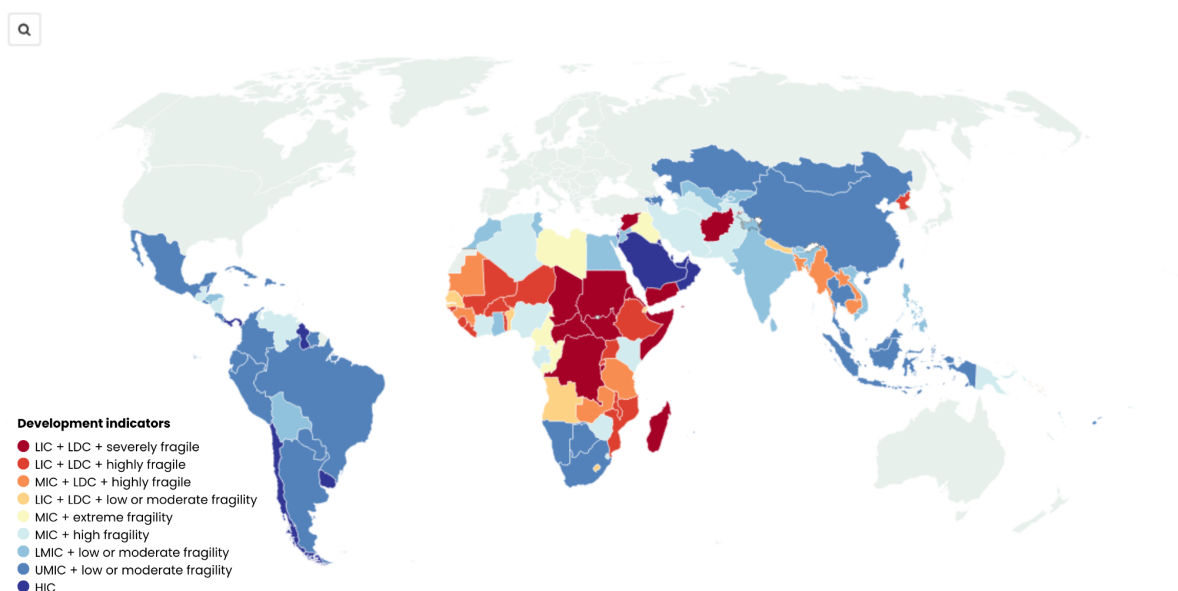
Graduation

Income per capita and population size are the starting points of needs-based aid allocation criteria, and both indicators are used in a degressive way. The income indicator used and the level of degressivity of the indicators can be discussed, but the principle seems straightforward: the higher the income per capita, the higher the internal capacity to respond to the development challenges. Similarly, the greater the population size, the more economies of scale, economic diversification, and resilience in society. Countries with stronger, more diversified and resilient economies not only need less grant funding, but they also have the capacity to access alternative, less concessional financing mechanisms, including those with a significant multiplier effect through blending and guarantee schemes.

The only continent where the absolute number of poor has not fallen over recent decades – and even increased since the COVID-19 pandemic – is Africa. As can be seen in the map below, a majority of low-income, least-developed and fragile countries are located in Sub-Saharan Africa, with, on average, a smaller, less

diversified and less integrated economy than in the rest of the Global South. Degressive income and population aid allocation criteria, therefore, play to their advantage.

Figure 1: The development status of countries in the Global South, based on various development indicators



Source: ECDPM, based on data from IMF, WB, and OECD. [World Bank Official Boundaries](#)

ecdpm

The EU started a limited graduation process with the 2007–2013 budget cycle, resulting in a significant shift of funding and staffing, mainly from richer Latin American and Southeast Asian countries to the rest of the Global South.

Fixing the graduation threshold and how to treat the borderline countries are politically sensitive questions and may face member State opposition defending particularist interests. Various corrective measures therefore can be envisaged. The first one is a technical answer to the threshold problem, by opting for a continuous aid allocation function. That approach has been tested for the [10th European Development Fund](#) (EDF), but is complex to manage, remains open to criticism of the formula used and continues to lead to dilution of grant aid over too many countries with gradually decreasing bilateral aid envelopes, increasing relative overhead costs while reducing impact.

Better then to define a clear threshold, building in some flexibility through a clearly defined transitional period for the recently graduated countries, like already applied by the UN system or the World Bank. Another corrective measure can be to add dimensions of fragility into the income equation. Middle-income countries

eligible for graduation but still categorised as least developed considering some social indicators or facing high or severe levels of fragility (see above Figure 1) could then continue benefiting from bilateral programmable funding.

Whatever the technical ‘corrections’ made, what is important and reduces the political risks is that the graduation is “objectively achieved rather than politically decided”.

The impact of graduation can be further attenuated by leaving open the possibility for countries to access global funds, helping them address challenges of a transnational nature through their participation in multi-country, regional or even global initiatives or in demand-driven thematic facilities.

Assuming that the graduation threshold is set at the level of middle-income countries that do not face grave situations of fragility (including conflict and post-conflict situations and situations of vulnerability to natural or man-made disasters), the graduated countries still cover a wide range of economic realities. Not all middle-income countries may, from the start, have all the institutional capacity required to take maximum advantage of their increasing wealth and access to the international capital markets. The EU, therefore, should maintain the possibility to mobilise targeted expertise through various forms of technical assistance, studies and research in support of the political and economic policy dialogue and reforms in those countries. While graduation implies that programmable grant aid is no longer available at national level, it is then still conceivable that this type of technical support remains available through a dedicated national envelope for ‘support measures’ and public diplomacy. Alternatively, it is also conceivable that some of this expertise is mobilised through a complementary global envelope, accessible on demand in light of the nature of the support requested.

The Global Gateway strategy and graduation

The Global Gateway Strategy and the related European Fund for Sustainable Development Plus (EFSD+) implementation modality are in principle open to all developing countries, but run the risk of reversing the graduation trend that started two decades ago. It can indeed be assumed that they are more easily accessible to middle-income countries with a more diversified economic structure and lower investment risks and with the institutional capacity and local financial partners to prepare a pipeline of bankable large-scale connectivity-related infrastructure projects.

Therefore, if a significant share of available ODA is earmarked for Global Gateway programmes through the EFSD+ instrument and if within EFSD+ not enough funding is earmarked for institutional support measures – to increase the chance of least developed and fragile countries to access those funds –, Global Gateway may have a regressive distributional impact as has probably been the case during the [NDICI mid-term review](#) where the share of total funding in support of LICs, LDCs or fragile States is assumed to have significantly decreased.

This negative impact of Global Gateway can be neutralised by creating additional demand-driven global thematic facilities responding to specific concerns of fragility and by ringfencing a sizeable share of overall funding for programmable national envelopes for non-graduated countries. By restricting access to programmable national funding to a limited number of countries most in need, while preserving their access to demand-driven global facilities, it should be possible to protect their relative share – and even their absolute level – of ODA if the graduation exercise is done in a consistent way and the right balance can be found between national and global envelopes.

There are then no reasons left to maintain ringfenced aid allocations per regional grouping or to maintain divergent aid allocation criteria for each of these regional groupings, something already [criticised by the European Court of Auditors](#). The divergence in economic strength and size of the partner economies is not less within regions than between regions and can be filtered out through a consequential use of the income/fragility criteria. This will also allow for a fuller ‘decolonisation’ of aid allocations by entirely abandoning geographic earmarking based on colonial legacies, such as the group of Africa, Caribbean and Pacific (ACP) States.

Differentiation

The initial World Bank study on aid effectiveness provoked a wide range of [further analyses](#). Those produced mixed results but suggest not merely that ODA has a significant impact only when supporting a pro-poor and pro-growth oriented government, but inversely also that in certain circumstances it could even worsen the developmental prospects of a country with a bad track record of people-oriented governance due to disincentives to reform when aid is not conditioned, and substitution and corruption effects. While vertically conceived health programmes like GAVI, PEPFAR or the Global Fund can be very effective in reducing child mortality and overall morbidity, [their overall effectiveness can be limited](#) when badly integrated into the national health services and substituting for them, creating excessive donor dependency without long term

‘transformational’, structural impact, as illustrated by the recent brutal cut in USAID operations.

Contrary to the initial World Bank study, those studies also demonstrate that ODA cannot be the ‘[midwife of good policies](#)’, because ODA volumes are not large enough to leverage policies, or donors are not united, tough and consistent enough to maintain strong governance reform conditionalities over the long term. This latter point is confirmed by donor experience with budget support. In inimical environments, budget support misfired regularly and followed a stop-and-go cycle of unfulfilled reforms, temporary suspension of the budget support programmes, renewed reform promises, and lifting of the suspension. Bureaucratic pressure to disburse further weakened conditionalities and undermined political resolve to be firm, shifting from substantive economic and political reforms to soft reforms touching upon process without undermining the political economy of power-hungry and rent-seeking corrupt regimes.

As donors realised they had limited agency to improve governance, they turned to the private sector, assuming that stimulating economic growth through private sector investments would create employment and have a trickle-down effect on the entire society, thereby contributing directly and indirectly to the sustainable development goals.

While working with the private sector was assumed to go smoothly and quickly, bypassing all kinds of bureaucratic hassle and policy considerations, it turned out the opposite was true. Coming to legally sound agreements with the partnering development finance institutions on how the blending operations and guarantees would work proved extremely time-consuming. The complexity of the resulting [guarantee frameworks](#) – fragmented around specific sectors and areas of intervention and submitted to lengthy approval processes – and limited project pipelines and expertise to identify and mature bankable projects, were further impediments to swift implementation and limited the hope for multiplier effects.

And the problems facing budget support repeated themselves. A risk-averse private sector cannot be convinced – not even through capital cost and risk-reducing blending and guarantee schemes – to invest in countries with a hostile or unfriendly business environment and investment climate with uncertain commercial perspectives. In the framework of its economic diplomacy activities, the EU and #TeamEurope like to set up bilateral business fora in the partner countries. But their success in Africa is often measured more in terms of the number of European companies participating and of memoranda of understanding signed, than in terms of the – far more modest – firm investment commitments made. As the saying goes, you can lead a horse to water, but you

can't make it drink. Just as aid, investment cannot be the midwife of good policies and good institutions.

Programming, therefore, needs to differentiate between governments committed to sound macro-economic management and effective pro-poor policies where budget support can be applied and the [Global Gateway strategy](#) can have some traction, and countries reluctant to policy reforms to improve governance and the investment climate. In those welcoming countries, the multilateral development banks and bilateral development finance institutions, as well as the governance pillar of the Global Gateway strategy can help create a conducive environment for private sector investment, addressing economic and political governance issues, overcoming market distortions, and creating competitive, regionally and increasingly internationally integrated markets.

In this way concentrating and targeted funding through differentiation prepares the path to attracting private investors and accessing the demand-driven investment facilities, thereby overcoming the phasing out of traditional, programmable ODA.

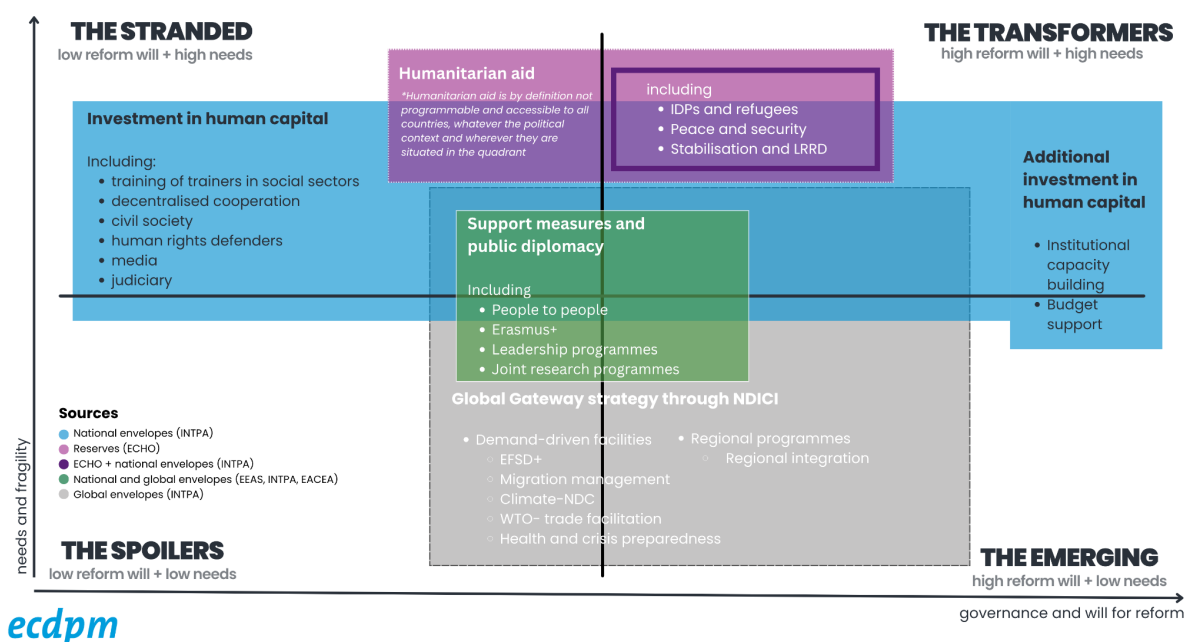
Graduation and differentiation?

Combining the above two criteria, we can visualise the programming options in a quadrant and define a typology of partner countries with 4 major clusters (see Figure 2): the upper-left quadrant are the lagging countries, **stranded** in stagnation and underdevelopment, least developed or highly fragile, with important needs and limited capacities, but also with huge vested interests in keeping things as they are without interest in reforms; the upper-right quadrant could be described as the **transformers**, with still limited means and huge challenges but with the desire and political will to change things and to overcome the obstacles to inclusive and sustainable growth through reforms; in the lower-right quadrant we have the **emerging countries**, middle-income countries with low or moderate levels of fragility, continuing on a successful growth path, deepening their internal market, integrating in regional and global value chains and offering increasing investment opportunities with decreasing investment risks; and finally, in the lower-left quadrant, the **spoilers**, countries that have reached a middle-income status but are spoiling their potential for continued growth and prosperity to protect vested interest.

There are, of course, many intermediate situations. Some countries can be reform-minded at the economic level – promoting the emergence of a

competitive private sector – but much less so at the political level. This may lead to economic growth, but that is insufficiently regulated to ensure a human rights-driven and socially or environmentally sustainable, inclusive development path. Inversely, there may be countries ready to democratise and promote an inclusive and accountable society, but sticking to statist, anti-market ideologies, suffocating the private sector rather than helping its emergence, resulting in unsustainable macroeconomic policies, debt distress and stagnation. But as we will see, these variants can still fit in the quadrant analysis below.

Figure 2: Differentiation of programming orientations and aid modalities



Aid modalities and programming should be adapted to where a country is positioned in this quadrant.

Humanitarian aid is by definition not programmable and accessible to all countries, whatever the political context and wherever they are situated in the quadrant, grounded on the principles of impartiality, neutrality and non-discrimination and will be provided, whatever the regime in place. It will be a dominant aid delivery mechanism in extremely fragile and conflict-affected countries and regions, but – as [Amartya Sen](#) (1981) demonstrated convincingly – even more so in authoritarian regimes, less accountable and less sensitive to public opinion. The latest [OECD report](#) on the States of Fragility confirms the strong negative correlation between liberal democracy and fragility or between

governance effectiveness and fragility (without prejudging the causal relationship).

Beyond humanitarian aid, four dominant situations can be distinguished.

In **the stranded countries**, fragile, poor and with at best 'illiberal democratic' but most likely authoritarian or even dictatorial regimes not committed to pro-poor and pro-growth policies, it is difficult to build up something sustainable due to deficient markets, corruption and other major governance issues. The only meaningful longer-term development cooperation to be considered beyond humanitarian emergency aid is a continuous investment in people.

This 'investment in human capital' can take different forms, depending on the level of illiberalism and repression. But starting with the less controversial, we may assume that there will be space for investing in the training of health and educational staff – including vocational training and curricula revisions – to enhance the quality of social service delivery and build resilience. This should be funded through programmed national envelopes.

To the extent possible, the EU should also try to invest in capacity building of public servants and non-state actors in more sensitive areas: civil society, human rights defenders, mediation efforts, an independent judiciary, public finance management, audit and anti-corruption services or electoral commissions. Both public and private media, traditional as well as social media, can also be a target for support, fighting disinformation and promoting independent and investigative reporting. Decentralised cooperation between local authorities and regions can also be tried where relevant. Again, where feasible, this should be done through the national envelopes, but sometimes the only option is to reach out to non-state actors through global thematic budget lines, with funds channelled through tolerated non-state structures and UN bodies or other international structures perceived as non-political in nature.

Investing in people is not only an ethical choice responding to the call to '[leave no one behind](#)', but also a long-term investment in capacity building for more democratic and inclusive societies. It meets the fundamental principle of "doing no harm", is human-rights driven, and avoids the risk that substitution cooperation will have 'unintended consequences' and enhance complacency and the status quo, thereby indirectly strengthening the regimes in place.

More open and accountable illiberal or authoritarian regimes may also wish to mitigate natural disasters and famines through resilience-building measures, stabilisation efforts in insecure conflict or post-conflict situations and linking relief,

rehabilitation and development (LRRD). Depending on the nature of the regime in place, such actions may be funded initially through humanitarian aid and gradually be taken over by longer-term programmable development funding.

The **transformers** may lack the means and technical or institutional capacity to implement pro-poor and pro-growth reforms and investments. Here the limited space for investment in human capital of the **stranded** countries can be expanded to more structural institutional capacity building, including through various forms of short- or longer-term technical assistance, through the mobilisation of private sector expertise or TAIEX-type exchange programmes between central or decentralised public administrations.

In countries facing situations of fragility, conflict or post-conflict, particular attention should be given to the root causes of fragility, with particular attention to mediation, stabilisation efforts and LRRD activities, and to the role women and young people can play in those efforts.

Once sufficient capacity is in place to guarantee minimal transparency and accountability in public finance management, budget support can be envisaged, to help governments fill the funding gaps in their reform programmes and to help them further improve domestic resource mobilisation as well as more cost-efficient budget planning and expenditure.

But again, substitution cooperation should be avoided, and all support geared towards strengthening local institutional capacity. This institutional support should gradually also be broadened and shift towards helping create the conditions to access the global, demand-driven facilities.

Moving up the income and capacity scale, countries no longer need that much concessional funding. Grant money and concessional loans for human capital investment and budget support can gradually be phased out and replaced by private sector investments and more innovative financing mechanisms for public investments, such as public-private partnerships, blending and investment guarantees. Middle-income countries that do not face major fragilities, therefore, should fully graduate out of national, programmable funds and be supported primarily through regional thematic facilities (repackaged as Global Gateway facilities). These facilities should be accessed only under specific technical, economic and policy conditions, ensuring that the investments triggered will have a sustainable pro-poor impact.

We therefore can safely assume that access to the demand-driven global facilities will be highly concentrated among the **emerging countries** with an increasingly attractive investment climate and economic potential. As blended and guaranteed funds have some level of concessionality, high-income countries will not be eligible. It is not even clear whether such concessional funds should be accessible to very large and powerful middle-income countries such as China or even India. At this year's spring meetings of the IMF and the World Bank, Scott Bessent, the US Secretary of the Treasury, questioned the developing country status of China. Why would the world's second-largest economic and trade power, and the largest bilateral creditor of many developing countries still be associated with that same group and benefit from concessional credit and trade advantages?

Twenty years ago, when the developing status of China (graduated to LMIC status in 1997, UMIC in 2010) and India (LMIC only since 2007) was still less controversial, the EU services had suggested stopping concessional aid to all countries having developed nuclear weapons, arguing that when a country has the technical capability and the means to develop such sophisticated weapon systems, and the political will to prioritise them in its budget allocations, it can be assumed that it no longer faces capacity and financial constraints for development, or misallocates funding to an extent not worthy of further external assistance. This proposal never made it politically, but similar criteria could be introduced now to avoid the crowding out of the demand-driven facilities by large middle-income emerging countries.

As for the transformers, there is no reason why the **spoilers** should continue benefiting from programmable national envelopes beyond – like for the **stranded** countries – continued investments in human capital. As [explained by the incoming Commissioner for International Partnerships](#) at the confirmation hearings, the EU has to avoid legitimising such regimes but has to remain engaged 'for and with the people'. This includes support measures to sustain the policy and political dialogue which is more than ever important in their case, including, wherever an opening is created, for more structured institutional capacity building, like for the transformers.

They should also be allowed to access the demand-driven global envelopes. However, as these facilities will have stringent eligibility criteria including at the policy and governance level, the spoilers will most likely be less successful in accessing those funds, either because they do not meet the selection criteria or because the business environment is not conducive enough to attract private investment in a competitive world economy, despite the blending and guarantee schemes in place.

If these countries are interested in addressing one of the challenges covered by the demand-driven facilities, one complementary way of moving towards more systemic capacity building will be through the governance pillars of those facilities, which each foresee accompanying measures, including more structured support to the political and policy dialogue and resulting reforms required to access those facilities.

This approach has the advantage that countries with a mixed governance profile may be ready to undertake reform efforts in certain areas in order to be able to access the related, demand-driven global facilities. If successful, this may even give them a taste for more, in other areas as well. In this sense, those facilities should be considered as a positive conditionality and incentive for broader policy reform.

Support measures

It is part of the core mandate of any diplomatic service to engage in a more or less structured dialogue with the partner countries, discussing political and policy issues, whether related to the domestic and development cooperation agendas of the partner countries or to regional or global agendas, in order to seek convergence and common positions in multilateral fora debating our collective answer to global challenges. It is therefore essential that the EU disposes in each partner country of a competent staff to conduct those dialogues with the government and non-state actors (civil society, private sector, researchers, media and influencers...) and a flexible and reactive instrument to support the political and policy dialogue and possibly to accompany the resulting agreed reform processes and actions.

Depending on the nature of the support measures and expertise required and the urgency of the identified actions, it should be possible to mobilise funding through a national, non-programmable envelope or through a specific global envelope. The national envelope could be used for the organisation of consultative meetings, studies or expertise that can easily be found locally, while the global envelopes could be used to identify more specialised expertise, including through TAIEX-type member State resource pools, or to help organise regionalised events around cross-border issues.

It is similarly a core mandate of a diplomatic service to conduct public diplomacy activities to promote the interests of the country (or in the case of the EU the institution) it represents. As the EU has increasingly geopolitical ambitions and

wants to project itself as a values-driven actor of stability, defending a rules-based multilateral order under attack from different sides, public diplomacy to win over 'hearts and minds' is becoming more important than ever in a polarised world. This is true in all our partner countries, regardless of the nature of the regimes in place and the level of development.

Public diplomacy activities include communication and visibility actions to explain the EU's internal policies with an external dimension and its positions in international fora. But it also includes economic diplomacy to defend the interests of the European private sector (including levelling the playing field for all economic operators), climate diplomacy to sensitise the citizens in partner countries around the importance of the preservation of biodiversity, of the green transition and climate mitigation and adaptation, research diplomacy, migration diplomacy sensitising citizens around the dangers of irregular migration and promoting legal pathways for migration, or cultural diplomacy.

Again, public diplomacy funding should be made available to the EU Delegations around the world, regardless of the development level or level of adherence to the post-WWII values- and rules-based multilateral order and their developmental orientation (the green 'cross along the vertical and horizontal axes in figure 2). It could, on the contrary, be argued that it becomes even more important in hostile environments.

As for the support measures, public diplomacy activities must be contextual and reactive, and therefore integrated into the national envelopes as a non-programmable component. Core public diplomacy activities can be further complemented by a globally managed, partially demand-driven exchange programme (along the lines of the hugely successful Erasmus Mundus programme today), broadened and deepened to cover not only longer-term educational and joint research projects but also leadership programmes for influencers, journalists, civil society activists and human rights defenders, lawyers, and cultural and sports exchange programmes. This is justified not only by cost-efficiency and effectiveness reasons, but also allows for multi-country South-South or North-South-South exchanges. That's why in addition to the core support and public diplomacy activities at the centre of figure 2, there is also a complementary green layer of exchange programmes, open to all partner countries on an equal footing on a demand-driven basis, independently of their governance nature since anybody or any institution should be able to apply for those exchange programmes, without in principle requiring an ex-ante approval by the authorities.

Conclusion

In an increasingly competitive geopolitical environment with some global powers questioning the post-WWII rules- and values-based multilateral order, it is more than ever essential for the EU to maintain and reinforce its public diplomacy capacity in all its partner countries, both through flexible, reactive and contextualised national envelopes and through regionalised or thematic initiatives funded through a global envelope. Those funds have to be managed under the control of the EEAS, mandated by the Treaty on the European Union (article 21.3) to ensure consistency between the different areas of its external action and between these and its other policies. Similar funding has also to be provided for activities in support of the political and policy dialogues in the EU's partner countries.

Official Development Assistance (ODA) has to be more concentrated in order to reduce the transaction costs and to increase effectiveness and impact in view of inclusive and sustainable growth and development. This can be achieved through the consistent and combined application of the needs-based graduation and performance-based differentiation principles.

The focus should go to the **'transformers'**, LDCs or MICs, facing high levels of fragility but with governments willing to overcome their development challenges through structural reforms. Bilateral, grant-based programmable funding can no longer be justified in middle-income countries that do not face situations of fragility. Such countries should, however, have the possibility to continue accessing demand-driven global facilities, incentivising the EU partner countries to act on themes identified by the EU as strategic priorities. A shared interest in these themes and areas of intervention, the commitment to reforms and the search for increased funding through blending and risk mitigation and insurance mechanisms are the most effective ways to address these common challenges.

Once these aid allocation and programming principles are agreed upon, the political question rests on how to balance the relative size of the national, programmable funding and of the global, demand-driven facilities, and the operational question of how to translate these principles into a workable, simplified, and flexible institutional toolbox.

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responsibility of the author. For comments and feedback, please contact pvdamme59@gmail.com.

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