



ECDPM's contribution to the EU open public consultation on the EU's next long-term budget (MFF)

EU funding for external action

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1. Introduction

The **European Centre for Development Policy Management** (ECDPM) is pleased to contribute to the EU's public consultation regarding the future External Financing Instruments (EFIs) for the 2028-2034 multiannual financial framework (MFF). This submission draws upon relevant ECDPM research and analyses¹ on various EU external instruments and engagements conducted over the past few years, notably through the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-Global Europe), but also the EU Emergency Trust Funds, the EU's strategic and diplomatic engagements, as well as the EU's humanitarian support. It presents key insights derived from a selection of ECDPM publications, looking at the NDICI's key achievements, challenges encountered, lessons learned, and outlines essential recommendations to inform the design of its successor instrument.²

2. NDICI-Global Europe – Key Lessons Learned, Achievements, and Challenges

2.1. Key Achievements

- **Consolidation and Strategic Alignment:** NDICI-Global Europe successfully merged ten previous external financing instruments into a single, unified framework. This significant consolidation improved coherence and complementarity across EU external actions, enabling a clearer strategic direction aligned with EU geopolitical priorities and policy goals.
- **Enhanced Impact and Flexibility:** The instrument notably increased the EU's flexibility and responsiveness, proving effective in addressing global crises like COVID-19 and the war in Ukraine. The streamlined funding architecture enabled rapid mobilisation of resources, highlighting the potential for greater EU leverage and global influence.

¹ A list of references is available at the end of this document.

² This contribution was summarised with the assistance of artificial intelligence tools.

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- **Integration of EU Values:** NDICI-Global Europe has embedded core EU values—human rights, democracy, and gender equality—into its programming frameworks. Gender equality targets, for instance, have been explicitly integrated into Multiannual Indicative Programmes (MIPs), demonstrating EU commitment to these fundamental principles.
 - **Support for Human Development:** EU contributions to human development, particularly in health and education, have been highly valued by partner countries, effectively filling critical gaps and aligning closely with national priorities. These efforts have strengthened the EU's reputation as a reliable partner focused on tangible improvements in people's lives.
 - **Momentum behind Team Europe:** The introduction of the Team Europe approach marked an important shift towards greater coordination among EU institutions and Member States, notably through the Team Europe Initiatives (TEIs). This collaborative framework, despite implementation challenges, enjoys strong buy-in and political support and has fostered increased efforts to strengthen coordination and coherence in EU external actions.
 - **Built-in Flexibility for Fragility and Crisis Response:** NDICI-Global Europe incorporated crucial flexibility mechanisms, notably the "cushion" funding window, enabling rapid and effective initial responses to unforeseen large-scale events such as the COVID-19 pandemic, the war in Ukraine, and migration crises. This feature significantly enhanced the EU's ability to quickly mobilise resources in times of urgent need.

2.2. Key Lessons Learned and Challenges

- **Balancing Competing Objectives:** The NDICI-Global Europe faces a persistent 'trilemma'—reconciling EU strategic interests, core values, and partner country priorities. Navigating these often conflicting goals has led to strategic incoherence and implementation challenges, undermining the instrument's overall effectiveness and credibility.

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- **Gap with Strategic Shifts:** There is a growing gap between the "traditional" development cooperation agenda, as outlined in frameworks like the New European Consensus on Development, and the focus on a more strategic and interest-driven cooperation agenda, exemplified by the Global Gateway. The NDICI-GE regulation anchors the main financing mechanisms, but the instrument designed primarily for development cooperation is now supporting this broader, more transactional approach. This tension raises questions about whether the instrument fully aligns with the EU's evolving strategic priorities.
 - **Implementation and Operational Delays:** Despite the introduction of more flexible mechanisms, implementation remains slow, hindered by cumbersome and lengthy programming processes. The complexity of procedures reduces the instrument's ability to respond swiftly and effectively to changing circumstances on the ground. Too often, the flexible application of the EU's instruments rely on context-specific factors.
 - **Transparency and Resource Allocation Issues:** Concerns persist regarding transparency in resource allocation, notably during the mid-term review for sub-Saharan Africa. This lack of clarity has raised doubts about equitable and strategic distribution of funds, undermining EU credibility (notably towards its partners) and the effectiveness of interventions.
 - **Challenges in Communication and Partner Ownership:** Insufficient communication regarding NDICI-Global Europe's practical implications has limited partner countries' understanding and ownership of initiatives such as the Global Gateway. This undermines the sustainability and local relevance of EU interventions. The EU is seen as insufficiently investing in strategic communication.
 - **Implementation Shortfalls of Team Europe Initiatives (TEIs):** Despite high-level political backing and buy-in at the operational level, TEIs have struggled to translate ambitious plans into effective actions. Key issues include inadequate resource mobilisation, limited collaboration between EU institutions and Member States, and insufficient involvement of local stakeholders and civil society.

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- **Global Gateway Implementation Challenges:** The launch of the Global Gateway marks a step forward in the EU's attempt to formulate a more strategic, values-based international offer, signalling a shift from traditional aid to broader partnerships centred on connectivity, sustainability, and digitalisation. It reflects growing ambition to align development cooperation with geoeconomic objectives. However, important shortcomings remain. Member State contributions are fragmented, governance is diffuse, and engagement mechanisms for partners lack clarity. Moreover, the design and selection of flagship initiatives often happen without transparent criteria, clear institutional oversight, or meaningful involvement of the European Parliament. Without stronger coordination, accountability, and strategic coherence, the initiative risks remaining a collection of disconnected projects rather than a unified EU external action framework..
 - **Institutional Fragmentation and Coordination Weaknesses:** Institutional structures have not fully adapted to the consolidated framework of NDICI-Global Europe, resulting in persistent internal silos and ineffective coordination across EU institutions, both at headquarters and delegations. Such fragmentation continues to impair operational efficiency and coherence in programme delivery.
 - **Capacity Constraints at EU Delegations:** Expanding responsibilities and mandates for EU Delegations have not been adequately supported by additional human resources and expertise. This mismatch limits Delegations' effectiveness, hindering their ability to fully realise the instrument's potential.
 - **Stretched Flexibility and Resource Strains:** Although NDICI-Global Europe's flexibility mechanisms were initially effective, they have been significantly stretched by the scale and persistence of recent global crises, notably the war in Ukraine, leaving limited funding for unforeseen developments such as natural or man-made disasters. The rapid depletion of flexible funding resources also underscores the instrument's limitations in providing sustained, large-scale responses, particularly affecting resources available for other regions and long-term fragility interventions.

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- **Challenges in Thematic Integration:** Significant challenges remain in effectively integrating governance, anti-corruption, decentralisation, and gender equality into programmes, hindered by political sensitivities, insufficient resources, and weak institutional capacities.
 - **Balancing Short-Term Crisis Response with Long-Term Development:** NDICI-Global Europe struggles to balance rapid crisis responses with sustained long-term development efforts. This tension is particularly evident in fragile contexts where investment-driven approaches, such as those emphasised in the Global Gateway initiative, are less applicable due to underlying instability and governance deficits.
 - **Risk of Credibility Damage:** High visibility initiatives like Team Europe and Global Gateway create significant reputational risks if announced commitments are not effectively delivered. Ensuring tangible, measurable outcomes is critical to maintaining the EU's global credibility.

3. **Priorities and Recommendations for the Next Generation of EU External Financing Instruments**

1. **Manage the Merging Debate with Caution:** While proposals to merge NDICI, IPA, and HUMA instruments might offer efficiencies, this should not come at the cost of effectiveness. Each instrument serves distinct purposes, from humanitarian principles to pre-accession support to global development partnerships. A future architecture should preserve what works and adapt selectively where alignment is possible. Streamlining should follow a 'form follows function' logic, avoiding one-size-fits-all approaches. Strong safeguards are needed to ensure that development and humanitarian principles are upheld, and institutional fragmentation is not replaced by bureaucratic overload. Any consolidation should also ensure coherence between internal EU policy priorities and external action objectives. Merging instruments must not dilute development or humanitarian mandates, nor disconnect external financing from broader EU policy agendas such as climate, energy, or economic resilience. The merger debate itself must be grounded in a broader vision of what EU

external action should achieve and how it should be governed, prioritising strategic clarity over structural simplification alone.

- 2. Clarify and Simplify the Strategic Framework:** A financing instrument should embody the EU's strategic priorities and provide a structured framework for delivering on them. The NDICI-Global Europe aimed to bring greater coherence and flexibility to EU external action, serving a range of policy objectives. However, since its adoption, it has been pulled in different directions by evolving and sometimes competing EU objectives. There is a need for a clearer and more limited set of priorities for the successor instrument. This is especially critical if a merged external instrument combining NDICI-Global Europe, the Instrument for Pre-Accession Assistance (IPA), and humanitarian aid (HUMA) is pursued, as this would bring a wider array of mandates and policy goals under one umbrella. The strategic framework should explicitly align large-scale investments under the Global Gateway strategy with sustainable development goals, ensuring coherence and avoiding overlaps or contradictions. It must connect Global Gateway priorities to broader challenges like fragility, governance, and human development, without framing all objectives solely through the Global Gateway lens. Despite the increasing prominence of economic security and defence in EU external action, these themes are not fully anchored in the current instrument's policy foundations, leading to misalignment. The absence of an updated overarching policy framework for EU development cooperation, as the 2017 New European Consensus on Development does not reflect the current context, also contributes to strategic incoherence. Therefore, a key area is to provide a clear strategic framework that manages potential tensions between competing goals such as development, economic interests, migration, and security, potentially through flexible mechanisms that respect development cooperation principles (ownership, alignment, etc). More broadly, the successor instrument should also serve as a unifying platform that bridges internal and external EU priorities. This includes aligning foreign policy, development, climate, trade, and migration agendas under one strategic framework, ensuring that instruments across the MFF reflect both global ambitions and internal EU priorities.

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- 3. Adapt the Institutional Setup and Governance:** The NDICI-Global Europe's structure has evolved faster than the EU's internal institutional setup, creating misalignment between the instrument's objectives and governance framework. A central challenge for NDICI 2.0 is the strengthening of strategic steering, which is currently fragmented across multiple EU entities, including DG INTPA, DG NEAR, DG ENEST, DG MENA, FPI, EEAS, and member states. The fragmentation across these actors has hindered coherence and efficiency, creating inconsistencies and increasing internal transaction costs. Stronger joint action by the Commission, Member States, and European financial institutions is required to overcome this fragmentation. A more integrated institutional setup is needed—one that reflects the interconnectedness of EU internal and external policy objectives, including climate diplomacy, trade competitiveness, and strategic autonomy. NDICI 2.0 governance should streamline institutional roles, clarify responsibilities, and promote better coordination among institutions and member states. Oversight processes should be simplified to accelerate decision-making and ensure a strategic approach across all components of external action. Furthermore, institutional setups must embed Team Europe and connect Global Gateway projects to a coherent EU strategy, avoiding fragmented actions. The institutional shift should also better integrate development, trade, climate diplomacy, and economic and security policy domains.
- 4. Improve Programming and Implementation:** Programming must move towards more participatory and inclusive models. Stakeholder engagement in partner countries—particularly civil society, local authorities, and the private sector—must be meaningful and not symbolic. While the current NDICI approach sought alignment between EU interests and partner needs, its implementation often lacked transparency and inclusivity. A renewed programming process should enable real dialogue and better reflect partner country priorities, including in fragile contexts. Multiannual Indicative Programmes (MIPs) should serve as political tools to define broader cooperation frameworks, not merely as financial allocation instruments. There is potential to explore differentiated approaches—prioritising country-level engagement with key partners and using regional or thematic modalities in other cases—provided that

national needs are not overlooked. Accountability, transparency, and ownership should be reinforced, particularly through civil society involvement.

- 5. Reform Development Finance and EFSD+:** The EFSD+ is central to the EU's development finance system and a core pillar of the evolving European Financial Architecture for Development (EFAD). It plays a key role in supporting EU development, climate, and geostrategic ambitions under NDICI-Global Europe and the Global Gateway. However, to deliver effectively, NDICI 2.0 must recalibrate the balance between guarantees and blending, introduce a more diverse set of instruments—including policy-based loans – and improve the coordination between i) investments and traditional form of ODA (such as budget support) and ii) between development cooperation and economic diplomacy type of support to deliver a coherent, effective EU offer tailored to diverse development contexts. A future EFSD+ should also better reflect internal EU priorities by linking external investments to domestic objectives such as EU economic competitiveness and territorial defence and security.
- 6. Better coordinate support to development cooperation and European economic diplomacy objectives:** Greater coordination and complementarity of EU external financial tools is needed, in particular export finance and development finance, to contribute to the EU's ambitions to mobilise public and private sustainable investments. This is in line with the EU competitiveness agenda, which should not only be focused on intra-EU objectives and interventions. In this context and to fully realise the ambitions of the Global Gateway strategy and effectively move from start-up to scale-up, the EU must prioritise the creation of a comprehensive, coherent and competitive financial offer. The EU's approach needs to shift from isolated, ad-hoc coordination actions to a more systematic, long-term strategy that reflects whole-of-government models.
- 7. Ensure Dedicated Attention to Fragility:** Roughly 60 countries facing fragility risks require tailored and sustained EU engagement. NDICI-Global Europe was judged broadly fit-for-purpose in fragile contexts, but

programming and resources have not always reflected this. The EU should adopt a whole-of-institution strategic approach to fragility, with clear guidance, dedicated envelopes or pooled funds, and support for nexus programming across humanitarian, development, and peacebuilding lines. This approach should build on the ongoing work to strengthen conflict-sensitivity across the EU's engagement, and the efforts to promote the Humanitarian-Development-Peace (HDP) nexus. Operational barriers to implementing the HDP nexus—such as misaligned mandates and incentives—must be tackled, especially if the next instrument is merged. In fragile settings, a differentiated and context-specific approach will often entail higher coordination costs and complexity, bridging urgent relief with long-term engagement, as it is essential to avoid short-termism and focus on structural drivers of fragility, including socio-economic inequality and high levels of climate vulnerabilities.

- 8. Balance Flexibility and Predictability:** Flexibility remains crucial to ensure the EU can respond to global shocks and fast-moving geopolitical developments. The NDICI's cushion for unforeseen circumstances and emerging priorities and the rapid response pillar proved useful, especially in response to COVID-19 and the war in Ukraine. However, flexibility must be carefully balanced with predictability. Partner countries need to understand the scale and scope of EU support to plan effectively, and civil society organisations require visibility to engage meaningfully. A refined reserve system, stronger criteria for reallocation, and better communication around mid-term reviews can help restore confidence in EU commitments.
- 9. Strengthen Mainstreaming and Monitoring:** NDICI-Global Europe includes ambitious targets on gender, human rights, and democratic governance. However, mainstreaming efforts are often underfunded or lack clear guidance. Better coordination is needed across various frameworks, such as GAP III, the EU Action Plan on Human Rights, and the NDICI performance framework. Data collection, indicator alignment, and accountability mechanisms should be improved. Mainstreaming should be backed by targeted funding and strong institutional incentives to ensure that cross-cutting issues are addressed beyond the programming phase.

10. Reaffirm the Role of EU Delegations: EU Delegations are central to the implementation of external instruments, but many lack sufficient capacity and political mandate to fulfil this role. As both the EU and EU member states are indicating plans to reduce their diplomatic posting, this risks undermining the visibility, presence and leverage of the EU as a whole. As the EU's local representatives, EU Delegations must be adequately staffed, empowered to lead on programming and Team Europe Initiatives, and supported to engage in complex political dialogues. Efforts to improve efficiencies and overcome silos at delegation level (especially between the cooperation and the political sections) are crucial, but any move towards centralised or regionalised aid management should not come at the expense of local anchoring. Delegations must also be fully integrated into the implementation of the EFSD+ and its successor, particularly in identifying bankable projects and engaging with local stakeholders.

11. Develop a More Strategic and Differentiated Offer to Partners

The EU's added value lies in its ability to combine values, political engagement, development cooperation, and economic opportunities. In an increasingly crowded geopolitical environment, the EU must articulate a clearer and more compelling offer that resonates with partner countries. This includes tailoring support based on context, providing market access, mobilising investments, aligning with local priorities but also investing in diplomatic capital and strategic communication. Human development should remain central to the EU offer, alongside European strategic interests. Co-creation models and flexible, differentiated approaches should guide EU engagement. In doing so, the EU can foster long-term, trust-based and mutually beneficial partnerships. This offer should be backed by coherent internal policies—such as trade, climate, research, and investment promotion—that reinforce the EU's external partnerships. A more joined-up EU external action requires alignment not only across instruments, but between internal and external EU strategies, underpinned by effective coordination between the Commission, Member States, and financial institutions.

4. Conclusion

The EU's next generation of external financing instruments will define its ability to act as a credible and effective global partner. Building on the NDICI-Global Europe experience, the EU should focus on clarifying strategic priorities, reinforcing governance, tailoring tools to different contexts (especially fragile and conflict-affected ones), and strengthening its value-based partnerships through inclusive and locally anchored cooperation.

Reform should not mean reinventing the wheel but refining and improving what exists, based on lessons learned. This includes preserving the gains of NDICI-GE—its flexibility, coherence, and broadened thematic scope—while addressing operational, institutional, and political shortcomings.

5. Sources

Selected ECDPM publications on NDICI-Global Europe and related EU external financing analyses:

Catching up with Global Europe: 15 questions on the EU's new financial instrument answered – December 2021:

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<https://ecdpm.org/work/scaling-global-gateway-boosting-coordination-development-export-finance>

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<https://ecdpm.org/work/towards-ndici-global-europe-20-reforms-new-era-eu-partnerships>

For more detailed information, consult [ECDPM's dossier](#) featuring all our work on the next multiannual financial framework and external financing instruments, along with insights into current and past frameworks.