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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee

{SWD(2025) 262 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

The Political Guidelines for the 2024-2029 European Commission affirm that Europe needs to be more assertive on the global scene in pursuing its strategic interests by leveraging its power and partnerships. Enlargement must be seen as a geopolitical imperative, a more strategic approach to our neighbourhood needs to be followed, including flagship initiatives under the new Pact for the Mediterranean, and a new economic foreign policy must be pursued in a world where geopolitics and geoeconomics go together.

Investing in partner countries creates long-term, mutually beneficial partnerships. The Global Gateway[1] is delivering on its promise to boost smart, clean and secure links in digital, energy and transport sectors and to strengthen health, education and research systems across the world. Since recently, in line with the recommendations of the Draghi report, it is also contributing to reduce Europe's excessive external dependencies by securing supply of raw materials, clean energy, sustainable transport fuels and clean tech. So far, over EUR 200 billion of Global Gateway investments have been mobilised in a genuine Team Europe effort.

The budgetary guarantee of the European Fund for Sustainable Development Plus (EFSD+) is the Union's largest risk-sharing instrument to support priority investments outside the Union. Established in 2021 by the Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe Regulation[2], as a successor of the European Fund for Sustainable Development (EFSD) established in 2017[3] and of the European Investment Bank's (EIB) External Lending Mandate (ELM). It has met a very important demand from the EIB, the European Bank for Reconstruction and Development (EBRD) and other development financial institutions (DFIs). The evaluation of the External Financing Instruments for the 2014-2020 and 2021-2027 Multiannual Financial Frameworks[4] highlighted the catalytic effect of EFSD+ in mobilising additional finance and expertise and its alignment with the Global Gateway strategy.

Close to 80 % of the EFSD+ guarantee capacity under the 'open architecture' framework to cover private sector operations has been committed. In parallel, the potential pipeline of projects generated by the EIB under its dedicated investment windows is in excess of the available lending volume by the end of the investment period, i.e., December 2028. Overall, the demand for the EFSD+ guarantee exceeds the available amounts.

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[1] "The Global Gateway", Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, JOIN(2021) 30 final, 1.12.2021

[2] Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1). *ELI: Regulation - 2021/947 - EN - EUR-Lex*

[3] Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund (OJ L 249, 27.9.2017, p. 1). *ELI: Regulation - 2017/1601 - EN - EUR-Lex*

[4] COM(2024) 208 final of 15.5.2024

Last 31 December 2024 ended the period during which the EFSD implementing partners could sign new operations under the respective guarantee agreements. As from that date, the Commission shall calculate every year the surplus or deficit of EFSD provisioning held in the common provisioning fund[5]. Under the current applicable rules laid down in the EU Financial Regulation[6], surpluses are returned to the general budget. By analogy with the derogations from the Financial Regulation provided for the InvestEU Programme[7], which can already use the surplus of provisions for the European Fund for Strategic Investments (EFSI)[8], and for the Ukraine Facility[9], where the surplus of provisions for the Ukraine Guarantee constitutes an internal assigned revenue to the Facility or its successor programme, it is proposed to assign the surplus of provisions for the EFSD guarantee to EFSD+.

The EIB has reassessed the residual risk that it is able to take on the exclusive dedicated investment window for sovereign and sub-sovereign non-commercial operations and has concluded that it could be increased from 35 % to 40 %. This would allow a reduction of the EU guarantee cover from 65 % of the portfolio, as initially foreseen by the NDICI-Global Europe Regulation, to 60 %.

With emphasis on the importance for Europe in the current geopolitical and geoeconomic context to reaffirm its commitment towards partner countries by scaling up investments, as well as on the high demand for the EFSD+ guarantee, the current proposal aims at increasing the efficiency of the External Action Guarantee. Up to EUR estimated 471 million of resources would be made available.

In parallel, a series of simplification measures, already being implemented or under discussion, will allow implementing partners to achieve efficiency gains and reorient resources to the origination and implementation of projects that maximises added value for partner countries. The reduced time to market will also support Global Gateway acceleration and implementing policy objectives in a faster way:

– removing from the annual reporting on guarantee agreements by implementing partners to the Commission the requirement to audit the risk assessment and grading information of the implementing partner on individual operations,

– reducing the negotiation burden for EFSD+ guarantee agreements by consolidating proposals from the same implementing partner under a single guarantee agreement,

– where relevant, signing one Contribution Agreement covering several technical assistance components per implementing partner,

5 Established following Article 215 of the Financial Regulation.

6 Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) (OJ L, 2024/2509, 26.9.2024, *ELI: http://data.europa.eu/eli/reg/2024/2509/oj).*

7 Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017 (OJ L 107, 26.3.2021, p. 3). *ELI: Regulation - 2021/523 - EN - EUR-Lex*

8 Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1). *ELI: Regulation - 2015/1017 - EN - EUR-Lex*

9 Regulation (EU) 2024/792 of the European Parliament and of the Council of 29 February 2024 establishing the Ukraine Facility (OJ L, 2024/792, 29.2.2024, ELI: http://data.europa.eu/eli/reg/2024/792/oj).

- prioritising, where duly justified, top-ups to existing guarantee agreements for new proposals by implementing partners, which require negotiating only the terms related to the new operations,
- reducing the frequency of financial reporting for guarantee agreements from a quarterly frequency to a semi-annual one,
- carrying out a broad simplification of the blending framework, in particular with the EIB:
  - streamlining the application form and the approval process,
  - simplifying the contracting arrangements by signing framework blending contracts,
  - consolidating the reporting by aggregating the current individual reporting by blending operation under a single report by framework contract.

At the same time, the Commission will continue to ensure an efficient and effective allocation of EU blending contributions, and accountability for their implementation.

Only the first measure from the above list requires amending the NDICI-Global Europe Regulation.

• Consistency with existing policy provisions in the policy area

This proposal is consistent with existing policy objectives in the policy areas of climate, environment and energy, digital and infrastructure, gender equality, human development and sustainable growth and jobs in partner countries. The European Fund for Sustainable Development Plus (EFSD+), by aiming to support investments and increase access to financing, is consistent with the Global Gateway and the implementation of mutually beneficial partnerships with our closest neighbours.

• Consistency with other Union policies

The proposal is aligned with the EU's Clean Industrial Deal, clean trade and investment partnerships and critical raw materials strategy. The proposed amendments will further enhance the impact in these areas by increasing the Global Gateway investment capacity and contributing to the economic convergence for enlargement countries. It is also consistent with the opportunity to seize strategic investments in the framework of the strategic partnerships and regional dimension of the upcoming Pact for the Mediterranean.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

• Legal basis

The same legal basis, Article 209 (Development Cooperation) and Article 212 (Economic, Financial and Technical Cooperation with Third Countries), of the Treaty on the Functioning of the European Union is being used for this proposal to amend the NDICI-Global Europe Regulation as was used for the version in force.

• Subsidiarity (for non-exclusive competence)

The EU is in a unique position to support partner countries for a number of reasons. Its status as a supranational entity brings with it political influence and consequent leverage. The EU has a global presence through its delegations, which ensures a vast network of information on developments affecting countries worldwide. The EU is also a party to most multilateral processes aiming at addressing global challenges. This allows the EU to be constantly aware of new needs and problems and, therefore, to reallocate resources accordingly. Complementarities between EU action and the actions carried out by the Member States are increasing under the Team Europe approach.

The EU can provide added value based on the volume of resources channelled through its instruments, in particular EFSD+, and the predictability of resources over the remaining period of the multiannual financial framework.

- **Proportionality**

In line with the principle of proportionality, the proposed Regulation does not go beyond what is necessary to achieve its objectives.

- **Choice of the instrument**

The objectives pursued require amending the current NDICI-Global Europe Regulation and introducing a derogation to the Financial Regulation through a legislative proposal.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Ex-post evaluations/fitness checks of existing legislation**

The evaluation of the European Union's External Financing Instruments[10] confirmed that it has overall shown to be fit for purpose. In an evolving geopolitical context, NDICI-Global Europe has proved its relevance to pursue EU priorities as well as to provide support to partner countries notably in the context of the COVID-19 pandemic, the Russian war of aggression against Ukraine and the migratory pressures, notably in the Neighbourhood. It also demonstrated that the use of EFSD+ was on track to contribute to the overall objectives of NDICI-Global Europe. It recognised that the very high interest to benefit from EU guarantee coverage indicates that the maximum amount of the External Action Guarantee set out in NDICI-Global Europe is relevant. The added value of EFSD+ in terms of mobilising additional finance and expertise of a number of multilateral financial institutions and development finance institutions, including national development banks and regional institutions, is substantiated by the large oversubscription of the first call for proposals under the EFSD+ open architecture. Equally, blending under EFSD+ is crucial to enhance sustainability, climate-proofing and development impact in EU partner countries. The evaluation underlined that the private sector should assume a greater role in the process, serving as a powerful engine for sustainable and inclusive growth and that the contribution of private sector via EFSD+ is key for an efficient use of EU budget to support sustainable growth in partner countries.

- **Stakeholder consultations**

An external study was carried out to support the evaluation of the External Financing Instruments. The external study team conducted over 340 semi-structured interviews with more than 350 informants. Member States experts agreed that, despite its early stage, EFSD+ can be used to catalyse cooperation with development financial institutions and boost financial flows towards investment in EU's partner countries. They also agreed that EFSD+, as a policy driven tool, must contribute to geopolitical initiatives such as Global Gateway or Team Europe Initiatives. Member States experts agreed that EFSD+ could improve the

[10] COM(2024) 208 final of 15.5.2024

capacity of the EU to attract and support investment in partner countries. DFIs acknowledged that impactful tailor-made projects would require more targeted funding and coverage by EFSD+, especially in view of the limited risk appetite in fragile and less-developed countries (LDCs).

In late 2024 and early 2025, several EFSD+ implementing partners made proactive suggestions for streamlining the implementation of EFSD+ blending and guarantees, and for possible efficiency gains.

- **Collection and use of expertise**

An evaluation of the External Financing Instruments was undertaken in compliance with Article 42(2) of the NDICI – Global Europe Regulation. It was supported by an external study conducted in 2023[11]. Please see the main messages derived from the interim evaluation relevant for this proposal under the sub-heading "Ex-post evaluations/fitness checks of existing legislation" above.

- **Impact assessment**

This proposal does not create a new instrument. The proposal draws on the impact assessments done in the context of the original proposal for the NDICI-Global Europe Regulation and on the evaluation of the European Union's External Financing Instruments, which confirmed the very high interest in the EFSD+ guarantee.

- **Regulatory fitness and simplification**

The proposal is not linked to regulatory fitness.

As described in section "Reasons for and objectives of the proposal" above, the Commission has already taken steps to simplify the negotiation of EFSD+ guarantee agreements and to halve the financial and risk reporting obligations of implementing partners by reducing the frequency of reporting from quarterly to semi-annual. In addition, it has started discussions with implementing partners to simplify the blending framework (application form, approval process, contracting and reporting).

No additional reporting items are being proposed. The Commission has put in place a web-based solution for the reporting of results under NDICI-Global Europe.

- **Fundamental rights**

The proposal does not have an impact on fundamental rights.

4. BUDGETARY IMPLICATIONS

The proposed amendments to the NDICI-Global Europe Regulation do not require new contributions from the Union's budget.

A surplus of provisions for the EFSD guarantee for the years 2024 and 2025 estimated at EUR 471 million would be assigned to EFSD+. This exceptional surplus is a one-off linked to the first surplus calculation of EFSD and is mainly due to the under-implementation of several guarantee agreements following the shock of the Covid outbreak and, in some cases, the lack of demand for the financial products proposed, a lesson learnt and integrated in the selection of EFSD+ guarantee agreements. EFSD surpluses for the years 2026-27 are expected to be

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[11] Evaluation of the European Union's External Financing Instruments (2014-2020 and 2021-2027) - European Commission

lower, linked to the annual reimbursments, revenues, claims or termination of underlying transactions.

The above surplus amount already takes into account a need to pay a guarantee call of EUR 130 million and EUR 1.7 million of guarantee calls on EFSD already paid since 31 December 2024.

The financial impact of the amendments related to the EFSD guarantee implies delayed revenues for the EU budget from the surpluses of provisions for the EFSD guarantee.

The provisioning rates set out by the NDICI-Global Europe Regulation remain unchanged.

No additional budget is requested for staff or administrative costs.

A legislative financial and digital statement with further budgetary information is included.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

The EFSD+ guarantee is implemented through indirect management. The Commission currently has a network of 19 implementing partners and is open to proposals from potential new implementing partners.

The monitoring, evaluation and reporting arrangements already in place will remain.

Performance will be measured against indicators laid down in Annex VI to the NDICI-Global Europe Regulation, as well as in the guarantee agreements with the implementing partners in order to gather harmonised reporting from them.

• Detailed explanation of the specific provisions of the proposal

<u>Amendments to the NDICI-Global Europe Regulation (Article 1)</u>

Article 30(4) already foresees a derogation from Article 212(3) of the Financial Regulation in order to allow the use of reflows from financial instruments for the same policy objectives. The extension of this derogation to budgetary guarantees, as initially foreseen by Article 30(4), is ineffective as Article 214(4) of the Financial Regulation assigns the reflows from budgetary guarantees to their provisioning. In addition, the EFSD guarantee is not covered by the NDICI-Global Europe Regulation.

By analogy with the purpose of Article 30(4) as regards financial instruments, the proposed amendment aims at allowing using the EFSD surplus for the EFSD+ provisioning, which requires a derogation from Article 216(4), point (a), of the Financial Regulation foreseeing that the surplus shall be returned to the budget. There are already precedents to support this proposal. The same derogation is already in force under Article 35(2) of Regulation (EU) 2021/523 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017. Equally, Article 12(5) of Regulation (EU) 2024/792 establishing the Ukraine Facility also foresees a derogation from Article 216(4), point (a), of the Financial Regulation in order to allow the use of any surplus of the provisions for the Ukraine Guarantee as internal assigned revenue to the Facility or its successor programme.

The amendment to Article 31(8) is inspired from Article 214(6) of the Financial Regulation, which foresees for a budgetary guarantee that the returns on investments of the resources held in the common provisioning fund, the amounts recovered from defaulting debtors and the revenues (fees) and any other payment received by the Union in accordance with a guarantee agreement, shall be used to restore the budgetary guarantee up to its initial amount within the limits of the eligible period provided for in the basic act, however, not beyond the constitution phase of the provisioning, and without prejudice to Article 216(4) of the Financial Regulation. In the case of the External Action Guarantee (EAG), which includes the EFSD+ guarantee, the eligible period to sign guarantee agreements runs until 31 December 2027 and Article 216(4) of the Financial Regulation would only apply at the end of constitution phase of the provisioning and eligible period, which may last until 2031. In theory, if there are losses on the EAG, its reflows mentioned above could be used until the end of 2027 to restore the guarantee up to its initial amount. In practice, very low losses on the EAG are expected before 2027[12], which makes ineffective Article 214(6) of the Financial Regulation for the EAG. It is thus proposed to use the EFSD+ provisions usable to cover losses, as provided for in Article 214(6) of the Financial Regulation, to pay the calls on the EFSD guarantee, which requires a derogation from Article 214(6) of the Financial Regulation. By paying the EFSD guarantee calls as proposed by this amendment the EFSD surplus 2025 would be increased by the same amount and become available to EFSD+.

The amendment to Article 36(1) is the consequence of a proposal by the EIB itself to increase its residual risk on the exclusive dedicated investment window for sovereign and sub-sovereign non-commercial operations (IW1) from 35 % to 40 %, which would bring the EU cover down from 65 % to 60 %.

Article 38(6) is repealed in order to ensure a full alignment with the audit and financial reporting requirements already foreseen by Articles 212(4) and 222(6) of the Financial Regulation. By doing so, the obligation of implementing partners to audit the information on the individual operations under the guarantee agreements is removed.

Entry into force (Article 2)

It is proposed that the amending Regulation enters into force the day following publication to allow for swift implementation.

[12] So far, EUR 0.714 million has been called on EFSD+, of which EUR 0.084 million has been recovered.

2025/0262 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on amending Regulation (EU) 2021/947 as regards increased efficiency of the External Action Guarantee

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209 and 212 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The global geopolitical and geoeconomic context requires that the Union reaffirms its commitment to establish mutually beneficial partnerships with partner countries.

(2) The Draghi report recommends ensuring a greater involvement of the private sector and to reduce excessive external dependencies by securing supply of raw materials, clean energy, sustainable transport fuels, and clean tech from across the world, thereby upgrading and leveraging the Global Gateway[13] as well as the growth plans for the enlargement countries, which require additional resources.

(3) In addition to a more focused approach to enlargement, the political guidelines of the 2024-2029 Commission recognise the importance of a more focused approach to our wider neighbourhood, especially the Middle East, North Africa and the Gulf. The strategic relevance should be supported by concrete projects and strategic investments, both a regional level, e.g. T-MED, and at bilateral level through the implementation of the Strategic Partnerships. Depending on the evolution of the situation on the ground, additional resources could also be needed to maintain stability and support early recovery/reconstruction among key partners in the Middle East.

(4) An important Union financing instrument to deliver on the Global Gateway objectives and the strategic investments is the European Fund for Sustainable Development Plus (EFSD+), and notably its budgetary guarantee, a component of the External Action Guarantee established by Regulation (EU) 2021/947 of the European Parliament and of the Council [14]. Efficiency gains on the External Action Guarantee would allow

[13] "The Global Gateway", Joint Communication to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank, JOIN(2021) 30 final, 1.12.2021

[14] Regulation (EU) 2021/947 of the European Parliament and of the Council of 9 June 2021 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council

funding EU external action priorities, including possibly scaling up the Global Gateway.

(5) EFSD+ has met a very high demand from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and other development financial institutions (DFIs), as confirmed by the evaluation of the External Financing Instruments for the 2014-2020 and 2021-2027 Multiannual Financial Frameworks[15].

(6) The guarantee cover of EFSD+ could be increased until 2027 with surpluses from the European Sustainable Development Fund (EFSD) and by using more efficiently the Union guarantee by reducing its EU liability under the EIB's exclusive dedicated investment window for operations with sovereign counterparts and non-commercial sub-sovereign counterparts from 65 % to 60 %. The latter would only come into effect after amending the corresponding guarantee agreement between the Commission and the EIB. The assignment of surpluses from legacy instruments to the benefit of EFSD+ is without prejudice to the negotiations on the post-2027 multiannual financial framework.

(7) Assigning the EFSD guarantee surpluses to the EFSD+ provisioning as from 31 December 2024 requires a derogation from Article 216(4), point (a), of the Financial Regulation[16].

(8) Allowing the use of resources of the EFSD+ guarantee to pay guarantee calls on the EFSD guarantee as from 31 December 2024 requires a derogation from Article 214(6) of the Financial Regulation.

(9) The capacity of the EIB, the EBRD and the DFIs to efficiently implement additional resources should be increased by the simplification of the framework for blending operations, the consolidation of guarantee and technical assistance agreements with the same implementing partner and the reduction of the financial reporting from a quarterly frequency to a semi-annual one.

(10) In addition, in terms of simplification, the obligation of implementing partners to audit the information on individual operations under guarantee agreements that they must provide in their annual reporting to the Commission, which is not required by the Financial Regulation, shall be removed.

(11) Since the objectives of this Regulation, namely to enhance the Unions engagement with its partner countries and reduce its excessive external dependencies, cannot be sufficiently achieved by the Member States, but can be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives,

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Regulation (EC, Euratom) No 480/2009 (OJ L 209, 14.6.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/947/oj).

15 COM(2024) 208 final of 15.5.2024

16 Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) (OJ L, 2024/2509, 26.9.2024, *ELI: http://data.europa.eu/eli/reg/2024/2509/oj).*

HAVE ADOPTED THIS REGULATION:

Article 1
Amendments to Regulation (EU) 2021/947 [NDICI-Global Europe Regulation]

Regulation (EU) 2021/947 is amended as follows:

(1) Article 30(4) is amended as follows:

'By way of derogation from Article 212(3) of the Financial Regulation, repayments and revenues generated by a financial instrument established under this Regulation shall be assigned to the budget line of origin after deduction of management costs and fees.

By way of derogation from Article 216(4), point (a), of the Financial Regulation, any surplus of provisions for the EFSD guarantee under Regulation (EU) 2017/1601 reported in 2025, 2026 and 2027 in the working document attached to the draft budget as per Article 41(5), point (h), of the Financial Regulation, may be used for the provisioning of the budgetary guarantee supported by EFSD+ established under this Regulation.

The resources referred in the first two subparagraphs of this paragraph shall constitute internal assigned revenue within the meaning of Article 21(5) of the Financial Regulation.'

(2) in Article 31(8), the following subparagraph is added:

'By way of derogation from Article 214(6) of the Financial Regulation, EFSD+ resources relating to provisioning of the budgetary guarantee supported by EFSD+ established by this Regulation and referred to in Article 214(4), first subparagraph, points (b), (c) and (d), of the Financial Regulation, may be used to cover payment of calls on the EFSD guarantee as from 31 December 2024.'

(3) in Article 36(1), second subparagraph, the second sentence is replaced by the following:

'Under the exclusive dedicated investment window, the own resources contribution shall be understood as the assumption of residual risk and the EU guarantee shall cover 60 % of the aggregate amount disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts.'

(4) Article 38(6) is repealed.

Article 2
Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL AND DIGITAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal amending Regulation of the European Parliament and of the Council on amending Regulation (EU) 2021/947 [NDICI-Global Europe Regulation] to increase the efficiency of the External Action Guarantee

1.2. Policy area(s) concerned

External Actions

1.3. Objective(s)

1.3.1. General objective(s)

‘Leveraging global Europe’s interests and partnerships’

1.3.2. Specific objective(s)

More efficient use of resources dedicated to the provisioning of the EFSD and EFSD+ budgetary guarantees to the benefit of current EU external action priorities, including possibly the Global Gateway.

An increaseof the potential guarantee available under the European Fund for Sustainable Development Plus (EFSD+), the proposal puts forward additional risk-sharing capacity to carry out investments boosting smart, clean and secure links in digital[17], energy and transport sectors and to strengthening health, education and research systems across the world.

It would make available additional risk-sharing capacity to secure the supply of raw materials, clean energy, sustainable transport fuels, and clean tech from across the world, while developing sustainable value chains in partner countries.

1.3.3. Expected result(s) and impact

Efficiency gains in using provisioning of the EFSD and EFSD+ budgetary guarantees to the benefit of current EU external action priorities.It would allow to partially respond to the very high interest shown by the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and development financial institutions (DFIs) confirmed by the evaluation of the External Financing Instruments.

1.3.4. Indicators of performance

Annex VI of the NDICI-Global Europe Regulation set out the list of key performance and monitoring indicators.

Concerning the impact in terms of simplification, the EFSD+ simplification measures already implemented or being negotiated with implementing partners are expected to generate a total amount of around EUR [21.50] million of cost savings for implementing partners throughout the duration of the EFSD+ actions.

17 In line with the 5G cybersecurity Toolbox, Communication from the Commission, C(2023) 4049 of 15.6.2023.

1.4. The proposal/initiative relates to:

☐ a new action

☐ a new action following a pilot project / preparatory action[18]

☒ the extension of an existing action

☐ a merger or redirection of one or more actions towards another/a new action

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The adoption of this legislative proposal is the key pre-requirement for the implementation of this initiative aiming at optimising the management of the provisioning of the budgetary guarantees supported by EFSD and EFSD+. The simplification measures in parallel to the legislative proposal make the implementation of EFSD+ more efficient to the benefit of the final beneficiaries and financial intermediaries, and increases the capacity of implementing partners to absorb a higher volume of EU guarantee. The objectives of the EFSD+ and the end-2027 deadline for the conclusion on External Action Guarantee agreements remain unchanged.

1.5.2. Added value of EU involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this section 'added value of EU involvement' is the value resulting from EU action, that is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at EU level (ex-ante) The proposal aims at a more efficient use of resources dedicated to the provisioning of the budgetary guarantee supported by EFSD and EFSD+. Since NDICI – Global Europe is a Union programme set up in 2021 by the European Parliament and the Council under the NDICI-Global Europe Regulation, any changes to it that may be needed and can only be affected by the Union. Expected generated EU added value (ex-post) The EFSD+ allows implementing partners to carry out financing and investment operations in targeted areas of strategic policy objectives of the Union. A multiplier effect is generated through attracting private and public investments, using, when approriate, intermediation through financial institutions and funds. This helps address market failures and provide access to finance to businesses and projects that would otherwise not have found financing in reasonable terms and thereby raise overall investments in the Union and in partner countries and thus growth and employment. The proposal, addressing the lessons learnt from the evaluation of the External Financing Instruments (see below in point 1.5.3) will strengthen the programme and hence enhance their impact.

[18] As referred to in Article 58(2), point (a) or (b) of the Financial Regulation.

1.5.3. Lessons learned from similar experiences in the past

An external study was carried out in 2024 to support the evaluation of the External Financing Instruments. It underlined that the private sector should assume a greater role in the implementation of the Global Gateway, serving as a powerful engine for sustainable and inclusive growth, and that the contribution of private sector via EFSD+ is key for an efficient use of EU budget to support sustainable growth in partner countries. Member States experts agreed that, despite its early stage, EFSD+ can be used to catalyse cooperation with development financial institutions and boost financial flows towards investment in EU's partner countries. They also agreed that EFSD+, as a policy driven modality, must contribute to geopolitical initiatives such as Global Gateway or Team Europe Initiatives. Member States experts agreed that EFSD+ could improve the capacity of the EU to attract and support investment in partner countries. DFIs acknowledged that impactful tailor-made projects would require more targeted funding and that a full coverage by EFSD+ was necessary, especially in view of the limited risk appetite in fragile and less-developed countries (LDCs), which requires an additional provisioning capacity.

1.5.4. Compatibility with the multiannual financial framework and possible synergies with other appropriate instruments

The proposal is fully compatible with the multiannual financial framework for the period 2021-2027. The proposal does not require additional resources from the EU budget. Neither a use of margins nor an amendment of the multiannual financial framework (MFF) is required.

1.5.5. Assessment of the different available financing options, including scope for redeployment

Not applicable

1.6. Duration of the proposal/initiative and of its financial impact

☒ **limited duration**

– ☒ in effect from date of adoption of the amendement to 31/12/2027

– ☒ financial impact from 2025 to 2027 for commitment and payment appropriations. The financial impact implies delayed and potentially reduced revenues in the general budget of the Union in relation to surpluses from the provisioning of EFSD.

☐ **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Method(s) of budget implementation planned

☐ **Direct management** by the Commission

– ☐ by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☒ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated

– ☒ international organisations and their agencies (to be specified)

– ☒ the European Investment Bank and the European Investment Fund

– ☐ bodies referred to in Articles 70 and 71 of the Financial Regulation

– ☒ public law bodies

– ☒ bodies governed by private law with a public service mission to the extent that they are provided with adequate financial guarantees

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that are provided with adequate financial guarantees

– ☐ bodies or persons entrusted with the implementation of specific actions in the common foreign and security policy pursuant to Title V of the Treaty on European Union, and identified in the relevant basic act

– ☒ bodies established in a Member State, governed by the private law of a Member State or Union law and eligible to be entrusted, in accordance with sector-specific rules, with the implementation of Union funds or budgetary guarantees, to the extent that such bodies are controlled by public law bodies or by bodies governed by private law with a public service mission, and are provided with adequate financial guarantees in the form of joint and several liability by the controlling bodies or equivalent financial guarantees and which may be, for each action, limited to the maximum amount of the Union support.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Implementing partners are required to report to the Commission in line with the NDICI-Global Europe Regulation and the Financial Regulation on a regular basis. For monitoring, they are required to apply their own rules and procedures, which have been assessed in accordance with Article 157 of the Financial Regulation (‘pillar assessment’) to meet the requirements laid down therein.

For the preparation of the Union’s annual financial statements, EFSD+ implementing partners, in line with Article 212(4) of the Financial Regulation, provide the Commission with the audited financial statements for the part of the budgetary guarantee that is granted to them.

2.2. Management and control system(s)

2.2.1. Justification of the budget implementation method(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed

The EFSD+ is implemented exclusively in indirect management mode through implementing partners, which, as a rule, also contribute to the support to be provided to final recipients. The implementing partners consist of the EIB, the EBRD, development financial institutions and institutions and other financial intermediaries which are Union bodies, regulated and/or supervised as part of the banking sector.

The financing and investment operations benefiting from the support of the EU guarantee remain operations approved by the governing bodies of the implementing partners which have to apply their due diligence and control framework to these operations. The implementing partners provide annual audited financial statements to the Commission.

2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them

The risk for the Union budget is linked to the guarantee provided by the Union to the implementing partners for their financing and investment operations. The External Action Guarantee is restricted to EUR 53 449 000 000.

The provisioning rate between 9 % and 50 % for the External Action Guarantee is based on the past experience with EFSD and the External Lending Mandate (ELM) to the EIB, and tailored to the financial products implemented under EFSD+.

The financing and investment operations in the context EFSD+ are carried out according to the implementing partners’ standard rules of procedure and sound banking practice. The implementing partners and the Commission enter into a guarantee agreement laying down the detailed provisions and procedures relating to the implementation of the EFSD+ guarantee.

Since the implementing partner, as a rule, bears part of the risk and provides a financial contribution, the interests of the Union and of the implementing partner are accordingly aligned which mitigate the risk to the Union budget. The implementing partners are also financial institutions with appropriate rules and procedures in place which are assessed through the pillar assessment in accordance with the Financial Regulation.

The Commission receives annual audited financial statements covering the operations from the implementing partners.

2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio between the control costs and the value of the related funds managed), and assessment of the expected levels of risk of error (at payment & at closure)

This proposal does not impose any (new) controls.

2.3. Measures to prevent fraud and irregularities

In line with the requirements of the NDICI-Global Europe Regulation and the Financial Regulation, the selected implementing partners have to undergo the pillar assessment provided for in Article 157 of the Financial Regulation, which ensures a solid quality of the internal control as well as independent external audit systems. In addition, they have to meet the requirements of Title X of the Financial Regulation. Being financial institutions, the implementing partners have internal control frameworks in place.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number	Diff./Non-diff.[19]	from EFTA countries[20]	from candidate countries and potential candidates[21]	From other third countries	other assigned revenue
6	[14.020170 NDICI-GE — Provisioning of the common provisioning fund] [15 02 02 03 IPA III — Provisioning of the common provisioning fund]	Diff.	NO	NO	NO	YES

19 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
20 EFTA: European Free Trade Association.
21 Candidate countries and, where applicable, potential candidates from the Western Balkans.

3.2. Estimated financial impact of the proposal on appropriations

3.2.1. Summary of estimated impact on operational appropriations

– ☒ The proposal/initiative does not require the use of operational appropriations

– ☐ The proposal/initiative requires the use of operational appropriations, as explained below

3.2.1.2. Appropriations from internal assigned revenues

EUR million (to three decimal places)

Heading of multiannual financial framework	6	

DG: INTPA/ENEST/MENA			Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027	POST 2027	GRAND TOTAL
• Operational appropriations								
14 02 01 70	Commitments	(1a)	315.035	51.248		**366.283**		**366.283**
	Payments	(2a)	315.035	51.248		**366.283**		**366.283**
• Appropriations of an administrative nature financed from the envelope of specific programmes[3]								
Budget line		(3)				-		-
TOTAL appropriations for DG INTPA/ENEST/MENA	Commitments	=1a+1b+3	**315.035**	**51.248**	**-**	**366.283**	**-**	**366.283**
	Payments	=2a+2b+3	**315.035**	**51.248**	**-**	**366.283**	**-**	**366.283**

DG: ENEST			Year 2025	Year 2026	Year 2027	TOTAL MFF 2021-2027	POST 2027	GRAND TOTAL
• Operational appropriations								
15 02 02 03	Commitments	(1a)	90.023	14.623		**104.646**		**104.646**
	Payments	(2a)	90.023	14.623		**104.646**		**104.646**

• Appropriations of an administrative nature financed from the envelope of specific programmes[3]								
Budget line		(3)				-		-
TOTAL appropriations for DG INTPA/ENEST/MENA	Commitments	=1a+1b+3	**405.057**	**65.871**	**-**	**470.929**	**-**	**470.929**
	Payments	=2a+2b+3	**405.058**	**65.871**	**-**	**470.929**	**-**	**470.929**

DG: INTPA/ENEST/MENA			Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**	POST **2027**	**GRAND TOTAL**
• TOTAL operational appropriations	Commitments	(4)	405.058	65.871	-	**470.929**	-	**470.929**
	Payments	(5)	405.058	65.871	-	**470.929**	-	**470.929**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0.000	0.000	-	**-**	-	**-**
TOTAL appropriations under HEADING 6 of the multiannual financial framework	Commitments	=4+6	**405.058**	**65.871**	**-**	**470.929**	**-**	**470.929**
	Payments	=5+6	**405.058**	**65.871**	**-**	**470.929**	**-**	**470.929**

DG: INTPA/ENEST/MENA			Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**	POST **2027**	**GRAND TOTAL**
• TOTAL operational appropriations (all operational headings)	Commitments	(4)	405.058	65.871	0.000	**470.929**	0.00	**470.929**
	Payments	(5)	405.058	65.871	0.000	**470.929**	0.00	**470.929**
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes (all operational headings)		(6)	0.000	0.000	0.000	**0.000**	0.000	**0.000**

TOTAL appropriations Under HEADING 1 to 6 of the multiannual financial framework (Reference amount)	Commitments	=4+6	**405.058**	**65.871**	**0.000**	**470.929**	**0.00**	**470.929**
	Payments	=5+6	**405.058**	**65.871**	**0.000**	**470.929**	**0.00**	**470.929**

Heading of multiannual financial framework	**7**	'Administrative expenditure'

EUR million (to three decimal places)

DG: INTPA/ENEST/MENA		Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**
• Human resources		0.000	0.000	0.000	**0.000**
• Other administrative expenditure		0.000	0.000	0.000	**0.000**
TOTAL DG INTPA/ENEST/MENA	Appropriations	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL appropriations under HEADING 7 of the multiannual financial framework	(Total commitments = Total payments)	**0.000**	**0.000**	**0.000**	**0.000**

EUR million (to three decimal places)

		Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021-2027**	POST **2027**	**GRAND TOTAL**
TOTAL appropriations under HEADINGS 1 to 7	Commitments	**405.058**	**65.871**	**0.000**	**470.929**	**0.000**	**470.929**
of the multiannual financial framework	Payments	**405.058**	**65.871**	**0.000**	**470.929**	**0.000**	**470.929**

3.2.2. Estimated output funded from operational appropriations (not to be completed for decentralised agencies)

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs			**Year**		**Year**		**Year**		**TOTAL 2021-2027**		**POST 2027**		**GRAND TOTAL**	
⇩			**2025**		**2026**		**2027**							
	OUTPUTS													
	Type	Average cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost	No	Cost
SPECIFIC OBJECTIVE No 1 Scale-up the Global Gateway														
- Additional investment mobilised				270.039		43.914			**0**	**313.953**			**0**	**313.953**
Subtotal for specific objective No 1			**0**	**270.039**	**0**	**43.914**	**0**	**0.000**	**0**	**313.953**	**0**	**0.000**	**0**	**313.953**
SPECIFIC OBJECTIVE No 2 Reduce excessive external dependencies														
- Additional investment mobilised				135.019		21.957			**0**	**156.976**			**0**	**156.976**
Subtotal for specific objective No 2			**0**	**135.019**	**0**	**21.957**	**0**	**0.000**	**0**	**156.976**	**0**	**0.000**	**0**	**156.976**
TOTALS			**0**	**405.058**	**0**	**65.871**	**0**	**0.000**	**0**	**470.929**	**0**	**0.000**	**0**	**470.929**

3.2.3. Summary of estimated impact on administrative appropriations

– ☒ The proposal/initiative does not require the use of appropriations of an administrative nature

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below

3.2.3.1. Appropriations from voted budget

VOTED APPROPRIATIONS	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027	POST 2027	GRAND TOTAL
HEADING 7						
Human resources	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7						
Human resources	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.3.2. Appropriations from external assigned revenues

EXTERNAL ASSIGNED REVENUES	Year 2025	Year 2026	Year 2027	TOTAL 2021 - 2027	POST 2027	GRAND TOTAL
HEADING 7						
Human resources	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7						
Human resources	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.3.3. *Total appropriations*

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year **2025**	Year **2026**	Year **2027**	**TOTAL 2021 - 2027**	POST **2027**	**GRAND TOTAL**
HEADING 7						
Human resources	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Other administrative expenditure	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7						
Human resources	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Other expenditure of an administrative nature	0.000	0.000	0.000	**0.000**	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together, if necessary, with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

3.2.4. *Estimated requirements of human resources*

– ☒ The proposal/initiative does not require the use of human resources

– ☐ The proposal/initiative requires the use of human resources, as explained below

3.2.4.1. *Financed from voted budget*

Estimate to be expressed in full-time equivalent units (FTEs)

VOTED APPROPRIATIONS		Year **2025**	Year **2026**	Year **2027**	POST **2027**
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (in Full Time Equivalent unit: FTE)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support	- at Headquarters	0	0	0	0

line [XX.01.YY.YY] [2]	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

3.2.4.2. Financed from external assigned revenues

EXTERNAL ASSIGNED REVENUES		Year **2025**	Year **2026**	Year **2027**	POST **2027**
• Establishment plan posts (officials and temporary staff)					
20 01 02 01 (Headquarters and Commission's Representation Offices)		0	0	0	0
20 01 02 03 (EU Delegations)		0	0	0	0
01 01 01 01 (Indirect research)		0	0	0	0
01 01 01 11 (Direct research)		0	0	0	0
Other budget lines (specify)		0	0	0	0
• External staff (in Full Time Equivalent unit: FTE)[1]					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY] [2]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

3.2.4.3. Total requirements of human resources

TOTAL VOTED APPROPRIATIONS + EXTERNAL ASSIGNED REVENUES	Year **2025**	Year **2026**	Year **2027**	POST **2027**
• Establishment plan posts (officials and temporary staff)				
20 01 02 01 (Headquarters and Commission's Representation Offices)	0	0	0	0
20 01 02 03 (EU Delegations)	0	0	0	0
01 01 01 01 (Indirect research)	0	0	0	0
01 01 01 11 (Direct research)	0	0	0	0
Other budget lines (specify)	0	0	0	0

• External staff (in Full Time Equivalent unit: FTE)					
20 02 01 (AC, END from the 'global envelope')		0	0	0	0
20 02 03 (AC, AL, END and JPD in the EU Delegations)		0	0	0	0
Admin. Support line [XX.01.YY.YY] [2]	- at Headquarters	0	0	0	0
	- in EU Delegations	0	0	0	0
01 01 01 02 (AC, END - Indirect research)		0	0	0	0
01 01 01 12 (AC, END - Direct research)		0	0	0	0
Other budget lines (specify) - Heading 7		0	0	0	0
Other budget lines (specify) - Outside Heading 7		0	0	0	0
TOTAL		**0**	**0**	**0**	**0**

Considering the overall strained situation in Heading 7, in terms of both staffing and the level of appropriations, the human resources required will be met by staff from the DG who are already assigned to the management of the action and/or have been redeployed within the DG or other Commission services.

3.2.5. Overview of estimated impact on digital technology-related investments

TOTAL Digital and IT appropriations		Year **2025**	Year **2026**	Year **2027**	**TOTAL MFF 2021 - 2027**
HEADING 7					
IT expenditure (corporate)	0.000	0.000	0.000	0.000	**0.000**
Subtotal HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Outside HEADING 7					
Policy IT expenditure on operational programmes	0.000	0.000	0.000	0.000	**0.000**
Subtotal outside HEADING 7	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
TOTAL	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

3.2.6. Compatibility with the current multiannual financial framework

The proposal/initiative:

– ☒ can be fully financed through redeployment within the relevant heading of the multiannual financial framework (MFF)

This proposal will be financed through assigned revenues from reflows generated by EFSD surpluses.

No additional Union budgetary resources neither reprogramming will be needed for this proposal.

– ☐ requires use of the unallocated margin under the relevant heading of the MFF and/or use of the special instruments as defined in the MFF Regulation

– ☐ requires a revision of the MFF

3.2.7. Third-party contributions

The proposal/initiative:

– ☒ does not provide for co-financing by third parties

– ☐ provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

	Year **2024**	Year **2025**	Year **2026**	Year **2027**	Total
Specify the co-financing body					
TOTAL appropriations co-financed					

3.3. Estimated impact on revenue

– ☒ The proposal/initiative has no financial impact on revenue.

– ☐ The proposal/initiative has the following financial impact:

– ☐ on own resources

– ☐ on other revenue

– ☒ please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[22]			
		Year **2024**	Year **2025**	Year **2026**	Year **2027**
6 5 0 0 — Neighbourhood, Development and International Cooperation Instrument – Global Europe — Assigned revenue			305.035	51.248	
6 5 2 0 — Pre-accession Assistance — Assigned revenue			90.023	14.623	

For assigned revenue, specify the budget expenditure line(s) affected.

14 02 01 70 NDICI — Global Europe — Provisioning of the common provisioning fund

15 02 02 03 IPA III — Provisioning of the common provisioning fund

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

The proposal requires the Commission to allocate the EFSD surpluses to EFSD+ which are currently estimated at EUR 471 million.

22 As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20% for collection costs.

4. DIGITAL DIMENSIONS

Regulation (EU) 2024/903 of the European Parliament and of the Council of 13 March 2024 laying down measures for a high level of public sector interoperability across the Union is not applicable to this proposal

4.1. Requirements of digital relevance

The proposal is assessed as having no requirement of digital relevance, since it does not produce or require new data series in comparison to the NDICI-Global Europe Regulation. To the extent that it allows for new investment and financing operations to be supported by the EFSD+ Guarantee, existing indicators as well as reporting and monitoring systems are to be used to track impact and performance.

4.2. Data

N/A (see 4.1. above)

4.3. Digital solutions

N/A (see 4.1. above)

4.4. Interoperability assessment

N/A (see 4.1. above)

4.5. Measures to support digital implementation

N/A (see 4.1. above)