



EVALUATION OF THE EUROPEAN UNION EXTERNAL ACTION

INSTRUMENTS EVALUATION

EUROPEAN UNION'S EXTERNAL FINANCING INSTRUMENTS (2014-2020 AND 2021-2027)

Volume I: Synthesis Report
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European Union's External Financing Instruments (2014-2020 and 2021-2027)

Instruments Evaluation Report

The report consists of two volumes:

VOLUME I: SYNTHESIS REPORT

- 1. Introduction and background information**
- 2. Methodology and limitations**
- 3. Findings**
- 4. Overall assessment and key lessons learned**
- 5. Conclusions and potential ways forward**

VOLUME II: ANNEXES

- 1. Annex 1 – Evidence matrix**
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List of Abbreviations and Acronyms

AAP	Annual Action Programme
ACP	Africa, Caribbean and Pacific
DG AGRI	EC's Directorate-General for Agriculture and Rural Development
ASEAN	Association of Southeast Asian Nations
AU	African Union
CBC	Cross-Border Cooperation
CBDS	Capacity Building of Military Actors in Support of Development and Security for Development
CBSD	Funding of military actors in support of development and security for development
CFSP	Common Foreign and Security Policy
CIR	Common Implementing Regulation
CSDP	Common Security and Defence Policy
CSO	Civil Society Organisation
DCI	Development Cooperation Instrument
DG	EC's Directorate-General
DG DEVCO	EC's DG International Cooperation and Development, predecessor to DG INTPA
DG ECHO	EC's Directorate-General for European Civil Protection and Humanitarian Aid Operations
DG ENER	EC's Directorate-General for Energy
DG HOME	EC's Directorate-General for Migration and Home Affairs
DG INTPA	EC's Directorate-General for International Partnerships
DG NEAR	EC's Directorate-General for Neighbourhood and Enlargement Negotiations
DG RTD	EC's Directorate-General for Research and Innovation
DOAG	Decision on the Overseas Association, including Greenland
EAG	External Action Guarantee
EAMR	External Assistance Monitoring Report
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECDPM	European Centre for Development Policy Management
EDF	European Development Fund
EEAS	European External Action Service
EFI	External Financing Instrument
EFSD (+)	European Fund for Sustainable Development (Plus)
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
EIP	Economic and Investment Plan
ENI	European Neighbourhood Instrument
ENPARD	European Neighbourhood Program for Agriculture and Rural Development
EOM	Election Observation Mission
EPF	European Peace Facility
EQ	Evaluation Question
EBRD	European Bank for Reconstruction and Development
EU	European Union
EUD	EU Delegation
EUR	Euro
EURATOM	European Atomic Energy Community
EUTF	EU Trust Fund
FPI	EC's Service for Foreign Policy Instruments
FPN	Foreign Policy Needs
GAVI	Gavi, The Vaccine Alliance
GD	Greenland Decision

GERF	Global Europe Result Framework
GPGC	Global Public Goods and Challenges
HDP	Humanitarian-Development-Peace
HIC	High-Income Country ⁽¹⁾
HQ	Headquarters
IAEA	International Atomic Energy Agency
IcSP	Instrument Contributing to Stability and Peace
IFI	International Finance Institution
INSC	Instrument for Nuclear Safety Cooperation / European Instrument for International Nuclear Safety Cooperation
IPA	Instrument for Pre-Accession Assistance
ISG	Interservice Steering Group
LDC	Least Developed Country
MFA	Macro-Financial Assistance
MFF	Multiannual Financial Framework
MICs	Middle-income countries ⁽²⁾
MIP	Multiannual Indicative Programme
MSME	Micro-, Small and Medium-sized Enterprise
MTE	Mid-Term Evaluation
NAO	National Authorising Officer
NGO	Non-Governmental Organisation
NIPAC	National IPA Coordinator
OACPS	African, Caribbean and Pacific Group of States
OAD	Overseas Association Decision
OCT	Overseas Countries and Territories
ODA	Official Development Aid
OECD-DAC	OECD's Development Assistance Committee
OPC	Open Public Consultation
PI	Partnership Instrument
PIP	Proposed Investment Programme
PSCP	Peace, Security, and Conflict Prevention
RAO	Regional Authorising Officer
REC	Regional Economic Community
RIP	Regional Indicative Programme
RMF	Risk Management Framework
RR-FPN	Foreign Policy Needs envelope under the RRP
RRP	Rapid Response Pillar
SDG	Sustainable Development Goal
SWD	Staff Working Document
TEI	Team Europe Initiative
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the European Union
UMICs	Upper middle-income country ⁽³⁾
UN	United Nations
WBIF	Western Balkans Investment Funds

⁽¹⁾ For a list of countries belonging to this group, see OECD Website, *DAC list of ODA Recipients*: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm>.

⁽²⁾ See Footnote 1 above.

⁽³⁾ See Footnote 1 above.

Executive summary

Purpose and nature of the evaluation

This evaluation is simultaneously a final and mid-term exercise. It is the final evaluation of the External Financing Instruments (EFIs) forming the basis for the European Union (EU) external cooperation under the Multi-annual Financial Framework (MFF) covering the period 2014-2020 as well as the off-budget European Development Fund (EDF). At the same time, it is the mid-term evaluation of the EFIs forming the basis for EU external cooperation under the MFF 2021-2027.

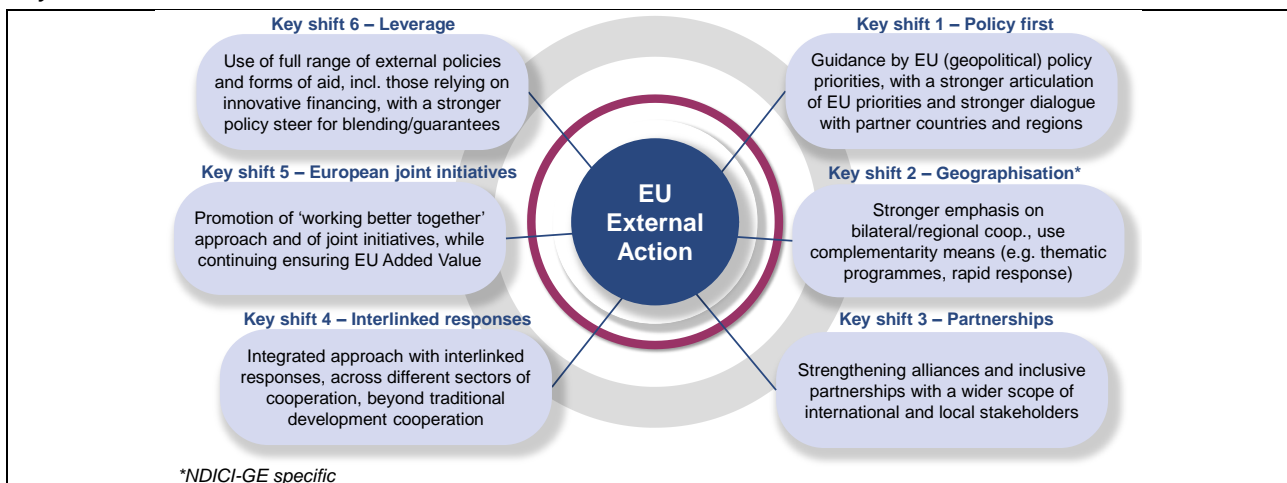
EU external cooperation is guided by: i) the policy framework in place at the time of design and implementation of an action, ii) the regulatory ('instruments') framework established under the MFF, and iii) a wide range of institutional factors and processes related to the design and delivery of the EU's external cooperation as a supranational structure. The evaluation aims to provide a balanced, credible and useful assessment of the instruments framework, including its fitness for purpose and its performance. It considers the way in which the instruments interact with the evolving EU policy framework and core institutional conditions and dynamics. It is not an overall assessment of EU external cooperation or specific policies that drive it.

Context

The 2021-2027 EFI architecture reflects a significant streamlining of the previous instruments, with most instruments having been consolidated under the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE). Beside NDICI-GE, the Instrument for Pre-Accession Assistance III (IPA III) covers the Western Balkans and Türkiye, while two special-purpose instruments remain: the Decision on the Overseas Association, including Greenland (DOAG) and the European Instrument for International Nuclear Safety Cooperation (INSC).

Since 2014, EU external cooperation has had to adapt to a rapidly changing context. The EU has responded to some of these challenges by adopting a more policy-driven approach in its external action and introducing new ways of working within the EU institutions and in their cooperation with EU Member States and other partners. The current MFF and related regulations accordingly spell out a **transition path** between the 2014-2020 to the 2021-2027 EFIs. This path is guided by principles that can be summarised in the form of **six 'key shifts'** underpinning the new logic adopted in the MFF 2021-2027 (see figure).

Key shifts in the new EFI architecture



Methodology

The evaluation is evidence-based, using a mixed-methods approach. It relies on a theory of change focussing on the transition from the previous EFIs to the current ones and four main evaluation questions: i) on responsiveness to EU and partner countries' policy priorities; ii) on efficiency and flexibility in programming and delivery (i.e., the processes by which the instruments are deployed); iii) on interlinkages and EU added value; and iv) on EU's leverage to achieve expected results. Multiple sources were systematically used to triangulate the information collected whenever possible.

Over 1,500 documents reviewed	Close to 350 key stakeholders interviewed	235 responses from 58 countries (incl. 43 separately uploaded contributions)	Targeted consultations in five sessions with different stakeholder groups	67 written EUD contributions and 172 responses through two survey exercises

Overall conclusion and key lessons learned

The new EFIs, representing in many aspects a fundamental shift, are changing the way in which the EU, together with the EU Member States, thinks, plans and implements in external action. With the geopolitical context rapidly evolving, and having recognised the need to simplify and streamline, the EU introduced innovations into the EFI architecture and rules. These have enabled the EU to better meet its expanding mandate and increase EU external cooperation's potential for achieving intended outcomes and effective leverage, particularly in partner countries with converging priorities and interests. The evaluation highlights positive effects at all levels, including in terms of: i) coherence with the policies and priorities of the EU, and responsiveness to those of partner country; ii) efficiency and flexibility in programming and delivery; iii) EU internal and external linkages; iv) EU added value and increased leverage in the EU's triple role – as development actor, global player and geopolitical actor.

However, the evaluation also reveals incompatibilities among different external action objectives, and the contradictions posed to these objectives by internal and external factors. This may hamper the EU's effective use of the EFIs for their intended purpose:

- The trilemma of reconciling, in coherent decision-making, the EU's premium placed on partnership and ownership priorities, the EU's values, and the promotion of the EU's interests;
- Unintended consequences and gaps in coverage resulting from the application of core principles such as Geographisation (e.g., the challenge for geographic instruments to coherently contribute to global challenges and foreign policy needs; the reduced scope to engage strategically with all stakeholders including civil society and Local Authorities; insufficient flexible funding at partner country level to adequately respond to fragility and protracted crises);
- Areas of limited progress (e.g., the predictable and effective use of incentives, conditionalities and performance-based schemes, the mobilisation of private capital);
- Gaps in partnership related to the transition from grant-giving to investment facilitation, especially in unfavourable (low-income, fragile, conflict or protracted crisis- affected) settings where capital is needed most; and
- A wide range of institutional challenges resulting from the transition (e.g., division of labour, new forms of expertise required, adjustment to change).

The new EFIs have increased their responsiveness to crises and unanticipated contingencies. However, the flexibility in the new regulatory framework has been stretched to the limit and, more important, some financial resources have been depleted. Decisive action will be needed on the assumption that there will be no abatement of new needs and crises.

In the context of this evolving transition process, the following lessons have been learned:

Lesson 1: Managing the transition implied by the new EFIs requires more time, energy and creativity than expected.

The EU has shown that it is capable of making a transformational shift in its regulatory and financial framework for external action and the associated dialogue. However, the challenges in the transition process to effectively operationalise the new EFIs involved significant changes, not only in terms of mandate, roles, processes and practices, but also in mindsets. The EU devoted important efforts for proactive change management purposes, but after 2-3 years of implementation, the lesson can be drawn that the scope and depth of the transformation process, as well as the inertia of old ways of working, were underestimated. More facilitation and time will be required to move towards a different operating culture (e.g., to think and act geopolitically), acquire the right mix of expertise among staff or build bridges between different actors now obliged to work together more (e.g., in the framework of the Team Europe approaches, the EFSD+, and a whole-of-Commission / Delegation approach). The reform was largely a top-down exercise, which is unavoidable for such a change. Now the time has come for more attention to bottom-up learning. At the same time, strong political leadership and steering are needed in the further roll-out of the EFIs, particularly in fostering coherent decision-making, overcoming silo approaches, pushing for effective joint action or mobilising new forms of expertise.

Lesson 2: When frameworks and EFIs meet difficult contexts, ambitions must be realistic.

This lesson had already emerged during the MTE of the 2014-2017 MFF. The new set of EFIs better equips the EU to play its three core roles (as development actor, global player and geopolitical actor) in external action. However, the social, economic, political and security context globally and in many countries / regions has become even more contested, reducing the scope for effective EU leverage at all levels (national, regional, global). The new EFIs can accelerate a positive trend or help slow down a negative one - but even the best EFIs cannot create or reverse a trend. EU actors seek to adapt to the shrinking space for supporting policy reforms and exerting geopolitical influence. The overall lesson learned is the need for more realistic ambitions, differentiated response strategies (underpinned by solid political economy analysis and greater levels of flexibility) as well as enhanced capacities to exploit windows of opportunities as they arise.

Lesson 3: Sound new principles underpin the EFIs, yet they need to be carefully applied and managed.

Principles such as Geographisation and Financialisation hold potential for more relevant and effective EU engagement. However, emerging lessons show the importance of understanding the conditions for success as well as the limitations and unintended consequences that arise when applying such principles. This implies recognising that Geographisation can only work if complemented and well-articulated with other levels of action. This is not an easy thing to achieve as EU external action often amounts to squaring the circle: managing an EFI structure with multiple budget lines (geographic and thematic), multiple layers (EFSD+ financed by the geographic pillar) and involving a wide range of actors. All this to respond to very different needs (short- vs. long-term needs in partner country, local challenges vs global challenges) and demands (accountability), including the need for political compromise.

Lesson 4: The expanding external action mandate of the EU in increasingly difficult environments requires more sophisticated levels of knowledge and analysis.

The evaluation reveals gaps in information, knowledge and learning in the major dimensions of external action (e.g., scope for effective reforms in partner countries; adequate response strategies in authoritarian / illiberal countries; conditions for exercising more geopolitical leverage). Gaps in knowledge have affected decision-making, hampered partnerships and reduced EU leverage. These gaps have been insufficiently acknowledged so far. In particular, to be an effective advocate at country level and in regional and global fora, the EU needs consolidated data and analysis on what it is doing on a given issue and what has worked well so far. Only on the basis of a good understanding of the EU portfolio can bridges be built between different components for coherent programming and delivery, the attainment of stated objectives be monitored, and leverage be enhanced.

Lesson 5: Reviewing the way to look at results and foster effective uptake of insights gained.

The new EFI architecture aims to have greater relevance, impact and influence. The EFIs are expected to contribute to this and, for this purpose, the bar has been elevated for the quality of M&E systems. Emerging lessons learned show that there is still a long way for the EU to go in collecting and processing / analysing evidence on the issues and contexts addressed by external action, as well as 'what worked, what did not work and why'. This is not because of a lack of data collection and reporting. A quite comprehensive results framework has been put in place and EU staff spend substantial time in delivering on all the reporting and accountability requirements (in addition to and often at the expense of their content and policy dialogue work). Yet, this M&E system struggles to provide qualitative analyses on outcomes achieved that may begin to plot a learning curve. This is even more acute when it comes to assessing EU leverage as a global player and a geopolitical actor. M&E systems adequate to fill these needs have yet to be developed and put in place. An additional challenge will be to foster an effective uptake of the insights they generate.

Lesson 6: Preparing the future: further adaptations are required to keep the EFIs fit for purpose in an increasingly volatile global context.

The current EFIs have responded well to challenges identified under the previous MFF. However, as was the case in the past, the current MFF and related EFIs, once put in place, were affected by major changes in the international environment (particularly Russia's war of aggression against Ukraine) and at the EU level (including greater divides between EU Member States and less cohesion in decision-making). This turbulence is shaking up the carefully designed EFI architecture, revealing gaps in response capacity (in terms of EU political weight, actual levels of influence and available funding) as well as incompatibilities between the roles played by the EU – with own EU interests increasingly taking centre stage. There is no sign that the global context for EU external action is becoming easier or more predictable. The resulting message is that the EU may need again to show its ability to further adapt the EFI architecture in the medium-term.

Specific conclusions from the evaluation

In addition to the more general and overarching conclusion and lessons learned above, the evaluation formulated eight specific conclusions:

Conclusion 1: Balancing EU's triple role

A better global vision, sound new principles and relevant changes better equipped the EU to pursue its three core mandates using the EFIs and increase its geopolitical traction. However, the increased assertiveness of EU external policy regarding interests and values comes at some risk of reducing the EU's traditional role and influence as a trusted development partner. In addition, while Geographisation has enhanced coherence, the overall power of international and development cooperation to achieve political and geopolitical influence has diminished.

Conclusion 2: Partnerships

Experience with partnerships under the new EFIs has been mixed – some have strengthened and some have weakened. Country-level consultations have generally been greater under the current MFF than the previous one, and there is stronger partnership with EU Member States under the Team Europe approach, with European Development Finance Institutions under Financialisation, and with assorted global initiatives under

the globally focused Global Challenges thematic programme. One important change has been for Local Authorities, who lost their dedicated thematic programme under NDICI-GE and struggle to find their place under the geographic instruments. It is unclear that the new EFIs have strengthened two fundamental preconditions for partnership – shared vision and shared responsibilities.

Conclusion 3: Geographisation of global challenges

Under Geographisation, global thematic challenges are to be mainstreamed into country – and regional level programming while the NDICI-GE Global Challenges thematic programme is to be targeted (with reduced budget) at global initiatives. For a broad range of reasons detailed below, it is unlikely that the new EFIs, specifically the Global Challenges thematic programme under NDICI-GE, are more effective than the previous EFIs.

Conclusion 4: Leverage

The context for increased EU leverage, whether at country, regional or global level, continues to be difficult. Positive dynamics in terms of leverage have been fostered when there is a large convergence of interests with partner countries. If there has been any change in the degree of leverage between the previous and current EFIs, it has been a weakening for reasons that are not the fault of the new instruments, but of the deteriorated context and conflicts between the three EU ambitions discussed under Conclusion 1.

Conclusion 5: Financialisation

While Financialisation is justified by the massive needs for investment to achieve the SDGs, there are still practical issues of transition from grant-giving to investment facilitation that need to be addressed. Also underappreciated are its inherent limitations, especially in unfavourable (low-income, fragile, conflict or protracted crisis- affected) settings where capital is needed most. Due to the longer implementation process of financial instruments, ‘crowding in’ of private capital is yet to happen on a large scale.

Conclusion 6: Flexibility and responsiveness

Thanks to the Cushion and Rapid Response Pillar, as well as other sources of flexibility under NDICI-GE and IPA III, the new EFIs have responded well to the rigidity criticised in the 2017 mid-term review of the previous EFIs. Examples of responsiveness include the COVID-19 pandemic, Russia’s war of aggression in Ukraine, and the Syrian refugee crisis in Türkiye and in the region. At the same time, the EFIs’ regulatory frameworks have been stretched to the limit and, more important, financial resources have been depleted. Decisive action will be needed on the assumption that there will be no abatement of growing needs.

Conclusion 7: Change management

While consolidation and streamlining have brought efficiencies, they have also brought the need for broader and deeper consultations, both internal and external, and new ways of working, processes and practices have evolved to meet these challenges, but the EU’s institutional structure has remained largely unchanged.

Conclusion 8: Working better together within the EU

The new EFIs have successfully promoted closer collaborations between the Commission services, EEAS, and the EU Member States. The latter have benefited from the Team Europe approach and Financialisation has brought the European Development Finance Institutions more firmly into the EU family. The increasing prominence of security challenges has also led to the mobilisation of multiple EU actors to respond to situations of insecurity in fragile and conflict-affected states, although there are still gaps in the responses to protracted crises.

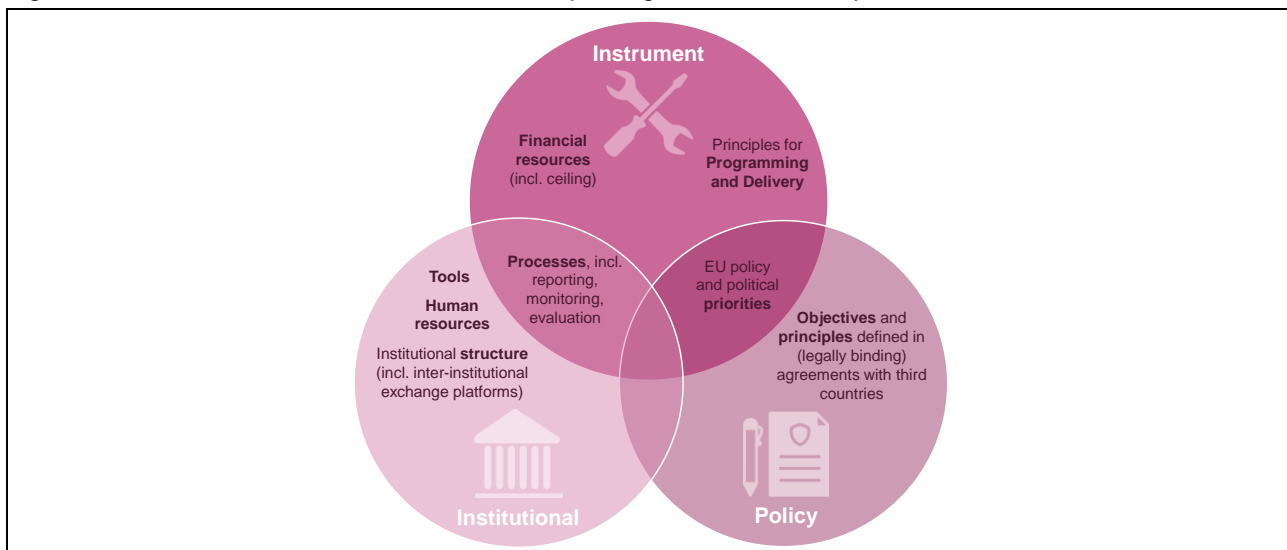
1 Introduction and background information

1.1 Objective and scope of the evaluation

This evaluation is **simultaneously a final and mid-term exercise**. It is the final evaluation of the External Financing Instruments (EFIs) forming the basis for the European Union (EU) external cooperation under the Multi-annual Financial Framework (MFF) covering the period 2014-2020 as well as the off-budget European Development Fund (EDF) ⁽⁴⁾. At the same time, it is the mid-term evaluation of the EFIs forming the basis for EU external cooperation under the MFF 2021-2027. The current EFIs covered by the evaluation include the Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI-GE), the Instrument for Pre-Accession Assistance III (IPA III), the European Instrument for International Nuclear Safety Cooperation (INSC) ⁽⁵⁾, and the Decision on the Overseas Association, including Greenland (DOAG). The timing and the decision to combine the final evaluation of the previous instruments and the mid-term evaluation of the new ones are judicious because: i) new instruments such as NDICI-GE, DOAG, INSC and IPA III have reached their cruising speed, and learning from previous instruments can help to understand whether the new instruments are better fit for achieving results and impact; and ii) the new set of rationalised and simplified instruments calls for a number of changes in the way the EU conducts its cooperation in third countries and it is crucial to learn from the adjustments made so far to see how to accompany in the best way these changes and ultimately enhance EU external cooperation.

Of critical importance is that **this is an evaluation of the instruments** as established by their respective regulations, of their fitness for purpose and their performance, as opposed to an overall assessment of EU external cooperation or specific policies that drive it. As illustrated in Figure 1, EU external cooperation is guided by: i) the policy framework ⁽⁶⁾ in place at the time of the design and implementation of an intervention, ii) a wide range of institutional factors and processes related to the design and delivery of external cooperation; and iii) the regulatory ('Instruments') framework established under the MFF. The **focus of the evaluation** is on the latter – i.e., the Instruments framework. The other two elements, however, form an essential context. It follows that this evaluation needs to consider the way in which the instruments interact with the evolving EU policy framework and core institutional conditions and dynamics.

Figure 1 The internal frameworks underpinning EU external cooperation



Source: *Particip GmbH and ECDPM analysis.*

The **general objective** of this evaluation is to provide the relevant EU institutions and services, stakeholders and the wider public with an independent assessment of past and current performance of the EFIs. The **specific objectives** can be summarised as providing an assessment on the EU added value, relevance and

⁽⁴⁾ The EFIs related to the MFF 2014-2020 include the Development Cooperation Instrument (DCI), European Instrument for Human Rights and Democracy (EIDHR), European Neighbourhood Instrument (ENI), Instrument contributing to Stability and Peace (IcSP), Instrument for Pre-Accession Assistance (IPA II), 11th European Development Fund (EDF), Partnership Instrument for Cooperation with third countries (PI), Instrument for Nuclear Safety Cooperation (INSC), Overseas Association Decision (OAD), and Greenland Decision.

⁽⁵⁾ Under MFF 2014-2020, this instrument was referred to as the Instrument for Nuclear Safety Cooperation (INSC).

⁽⁶⁾ This includes specific EU policies focusing on EU external action support, but also broader EU policy and political priorities (incl. foreign policy priorities) influencing decision-making related to EU external cooperation as well as objectives and principles defined in agreement between the EU and third countries at bilateral, regional and global level.

performance of EFIs, on their flexibility and capacity to react to changing political and policy priorities and a changing context, on internal and external coherence as well as on scope for further simplification of the EFIs. Furthermore, the evaluation seeks to identify lessons learnt (both positive and negative) and formulate recommendations to inform future decisions on the instruments. The use and functioning of the External Action Guarantee (EAG) and the European Fund for Sustainable Development plus (EFSD+), and in particular its contribution to the overall objectives and principles, is also assessed. The evaluation also considers the external dimension of internal EU policies where relevant.

The **main users of the results** of this evaluation include the European Commission (EC), notably its services directly involved in EU external cooperation (in particular DG INTPA, DG NEAR and the FPI), the European External Action Service (EEAS), the Council of the EU, and the European Parliament as well as the EU Member States, including their national Parliaments, cooperation and development agencies and financial institutions. Other potential beneficiaries beyond the direct users include partner countries, relevant international organisations (e.g., UN bodies), academia and the private sector. The results of this evaluation may also be used to inform the **Mid-Term Review** of the Multiannual Indicative Programmes (MIPs) referred to in Art. 16(3) and (4) of NDICI-GE, and the work on the (potential) next generation of EFIs.

The evaluation was supported, and its progress followed by, a comprehensive Interservice Steering Group (ISG) consisting of DG INTPA, DG NEAR, FPI, the EEAS, the EC Secretariat General and several other EC services (e.g., 'line DGs') involved in EU external cooperation.

1.2 Context and background of the external financing instruments

The **objectives of EU external action** are set by Article 21(2) of the Treaty on EU (TEU) ⁽⁷⁾ – see Box 1. Part Five of the Treaty on the Functioning of the EU (TFEU) contains a series of articles on the various policies that constitute the external action of the EU. The latter include notably trade policy, development cooperation, economic, financial and technical cooperation with non-EU countries, humanitarian aid, Common Foreign and Security Policy, and Common Security and Defence Policy, as well as the external dimension of EU internal policies (such as migration, environmental protection, etc.).

Box 1 Overview of Article 21(2) of the Treaty on EU (TEU)

The objectives of EU external action include: i) safeguarding its values, fundamental interests, security, independence and integrity; ii) supporting democracy, the rule of law and human rights, iii) preserving peace and strengthening international security, iv) fostering the sustainable economic, social and environmental development of developing countries with the primary aim of eradicating poverty, v) encouraging the integration of all countries into the world economy, vi) improving the quality of the environment and the sustainable management of global natural resources, vii) assisting populations, countries and regions confronting natural or man-made disasters, and viii) promoting an international system based on stronger multilateral cooperation and good global governance.

In line with Article 8 TEU, the EU shall also develop a special relationship with countries in the **Neighbourhood East and South** regions, aiming to establish an area of prosperity and good neighbourliness, founded on the EU values and characterised by close and peaceful relations based on cooperation. Moreover, the objectives of **EU enlargement policy** are to support potential new members to meet EU accession criteria as set forth by the European Council. According to Article 49 TEU, any European state can apply for membership if it respects EU values (as set out in Article 2 TEU) and is committed to promoting them. During the enlargement process, the EC helps countries wishing to join the EU to meet the necessary criteria for membership by providing policy guidance, and supports them in implementing the related political, institutional, legal, administrative, and economic reforms, including the overall alignment with EU rules and norms, the EU *acquis*.

At global level, the **2030 Agenda for Sustainable Development** (with its Sustainable Development Goals – SDGs) and the **Paris Agreement** on climate change (2015) provide the multilateral framework for external action. The **Global Strategy for the foreign and security policy of the EU** (2016) can be taken as the first comprehensive statement of the EU's reinforced goal to use external finance to project its interests and values while preserving the Partnership principle. The **New European Consensus on Development** (2017) ⁽⁸⁾ reaffirmed the EU's commitment to the 2030 Agenda for Sustainable Development, including genuine partnerships, meaning that the search for shared goals and priorities took on greater importance.

Since 2014, EU external cooperation has had to adapt to a **rapidly changing context**. The negative impacts of **climate change**, in the form of extreme events, have manifested themselves earlier than policy makers (and most scientists) foresaw ⁽⁹⁾ and collective action to address the problem has proven difficult to achieve. **Migration** and forced displacement reached a peak with the 2015-2016 'refugee crisis', but has remained a source of policy concern, and a threat to EU cohesion, ever since. Long-standing **geostrategic alliances** (e.g., the Transatlantic relationship, EU-Latin America and the Caribbean, NATO) have been challenged and

⁽⁷⁾ EU, *Consolidated version of the Treaty on the European Union* (C 326 / 17), 2012.

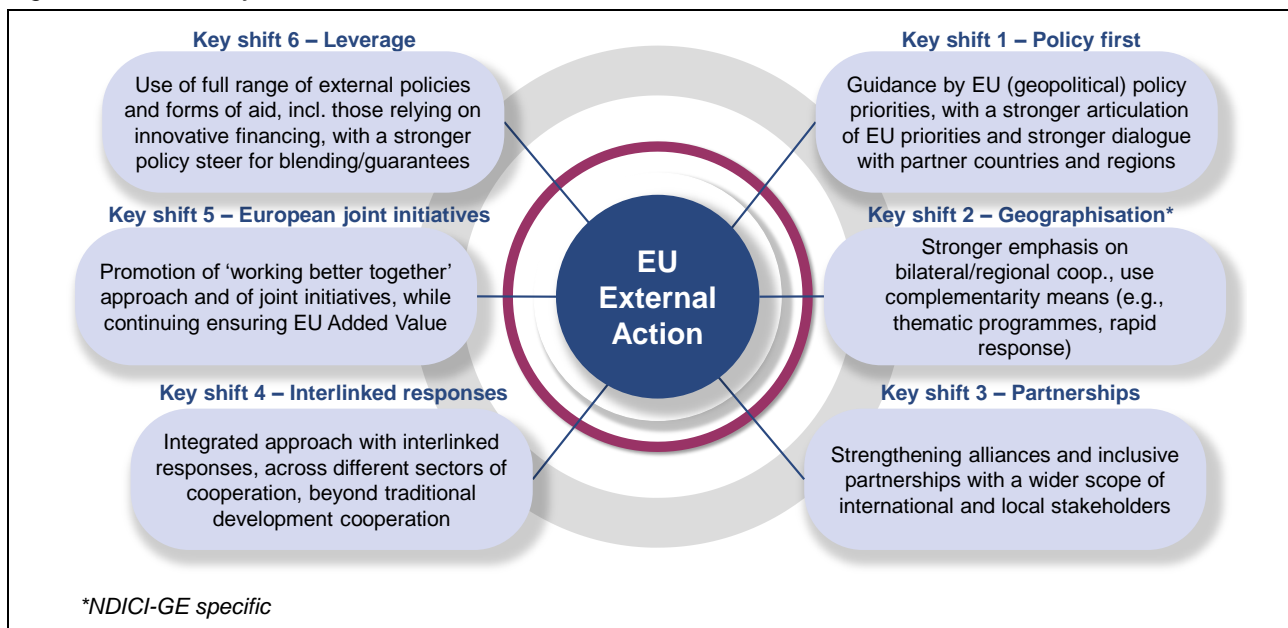
⁽⁸⁾ EU, *New European Consensus on Development. Our world, our dignity, our future*, 2017.

⁽⁹⁾ IPCC, *Climate Change 2022 – Impacts, Adaptation and Vulnerability*, 2022.

tentative new ones (e.g., China-Russia, Iran-Russia) have emerged. China has sought to assert itself on the international stage, politically and economically at global level, and militarily at regional scale. Russia has expanded its footprint in Africa through its willingness to lend military and diplomatic support to different partners. Populist **authoritarianism**, usually with a strong national, ethnic, and / or religious dimension and a drive to close space for civic action, has emerged as a political force, in many global regions, challenging the core values of liberal democracies. **Multilateralism**, maintained by the United Nations and indeed, the EU itself, has been forced to cope with not only consecutive, but concurrent crises, with cumulative damage to the international system. **COVID-19** and Russia's war of aggression against **Ukraine** have deepened some of the political shifts or exacerbated dilemmas in the EU policy framework.

The EU has responded to some of these challenges by adopting a more policy-driven approach in its external action and introducing new ways of working within the EU institutions and in their cooperation with EU Member States and other partners. The current MFF and related regulations accordingly spell out a **transition path** between the 2014-2020 to the 2021-2027 EFIs. This path is guided by a number of key principles, that can be summarised in the form of **six 'key shifts'** underpinning the new logic adopted in the MFF 2021-2027, specifically embedded in NDICI-GE (see Figure 2) ⁽¹⁰⁾.

Figure 2 Key shifts in the new EFI architecture



The Mid-term evaluation (MTE) of the EFIs carried out in 2017 concluded that there was a need for **simplification** and greater **flexibility** in the overall framework for EU external action, and that there were gains to be made by rationalising the number of instruments to ensure better interactions at the operational level; in particular between geographic and thematic instruments and between instruments that can intervene in the same geographical areas. In general, there was a perception that EU external action was being driven more by instruments available (and most convenient) than by EU policy goals.

In reaction to this, the 2021-2027 EFI architecture reflects a significant streamlining of the previous instruments ⁽¹¹⁾. Most EFIs, as well as the former EDF extra-budgetary instrument used to support the Africa, Caribbean and Pacific (ACP) countries and Overseas Countries and Territories (OCTs), have been consolidated under **NDICI-GE and its Delegated Regulation** ⁽¹²⁾, with an overall allocation of EUR 79.5 billion (in current prices) for 2021-2027. NDICI-GE consists of **three pillars**: i) a geographic pillar (purposely the largest, at EUR 60.4 billion) to support and foster dialogue and cooperation with third countries and regions and to develop special strengthened partnerships and enhanced political cooperation with the European Neighbourhood; ii) a streamlined thematic pillar (EUR 6.4 billion) to respond to Global Challenges, to support Human Rights and Democracy, Civil Society Organisations (CSOs), and Peace, Stability and Conflict Prevention; and iii) a Rapid Response actions pillar (EUR 3.2 billion) to enable immediate reaction to conflict and crisis situations that threaten EU foreign policy priorities, enhance resilience, including by better linking humanitarian aid and development action, and support general EU foreign policy needs and priorities. There

⁽¹⁰⁾ These 'key shifts' are non-exhaustive and reflect some of the main new principles under the current MFF as laid down in the Guidelines for the programming of NDICI-GE.

⁽¹¹⁾ See Annex 6 in Volume II for a more detailed overview of the previous and current MFFs, including a financial mapping.

⁽¹²⁾ EU, *Commission Delegated Regulation (EU) 2021 / 1530 supplementing Regulation (EU) 2021 / 947 establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe*, 2021.

is, in addition, iv) a new **Cushion** (EUR 9.5 billion) devoted to emerging challenges and priorities. The NDICI-GE Regulation, in addition to a classical ODA target, also features targets ⁽¹³⁾ on climate change and on gender as well as on human development, biodiversity, migration and displacement, Cross-Border Cooperation (CBC) in the Neighbourhood.

IPA III and its Delegated Regulation¹⁴ apply to the Western Balkans and Türkiye and are endowed with an initial budget of nearly EUR 14.2 billion during 2021-2027 to support beneficiaries to align with EU rules, harmonise with EU laws, policies and standards, and generally demonstrate commitment to EU values, with a view towards eventual membership. The programming framework includes **five thematic windows**: i) Rule of Law, fundamental rights and democracy; ii) Good governance, EU *acquis* alignment, good neighbourly relations and strategic communication; iii) Green agenda and sustainable connectivity, iv) Competitiveness and inclusive growth, and v) Territorial and Cross-Border Cooperation (CBC). IPA III supports implementation of the Economic and Investment Plan for the Western Balkans to spur the long-term recovery, accelerate the green and digital transition, and foster regional cooperation ⁽¹⁵⁾. Like NDICI-GE, IPA III has **targets** for climate action and biodiversity, and **gender equality** should also be reflected and mainstreamed throughout its implementation, in line with the Gender Action Plan III.

The reformed EFI architecture includes two special-purpose instruments. The **Decision on the Overseas Association, including Greenland (DOAG)**, merging the previous Overseas Association Decision (OAD) and Greenland Decision (GD), aims at promoting the economic and social development of the OCTs and at establishing close economic relations between them and the Union as a whole. While all 13 OCTs are covered, there is a specific priority given to preserving ties between Greenland and Denmark, an EU policy goal whose prominence has risen in view of climate change and the geostrategic importance of the Arctic.

The **European Instrument for International Nuclear Safety Cooperation (INSC)** supports the promotion of nuclear safety culture, the safe management of spent fuel and radioactive waste and the implementation of effective and efficient nuclear safeguards. It builds on the activities within the European Atomic Energy Community (EURATOM) to support: i) the governmental, legal and regulatory frameworks for nuclear safety in the beneficiary countries; ii) spent fuel and nuclear waste management activities; and iii) effective safeguards and systems of accountancy and control of nuclear materials as key elements of nuclear non-proliferation. INSC has a total budget of EUR 300 million for the period 2021-2027 and is meant to complement NDICI-GE.

The new NDICI-GE structure also includes **EFSD+**, an investment framework which offers an integrated package of financial instruments combining budgetary guarantees and blending tools – see Box 2 ⁽¹⁶⁾.

Box 2 Overview of the EFSD+ investment framework

EFSD+, which has a worldwide coverage, builds on EFSD – the first investment framework for EU external action, which was launched in 2017 and focussed on two regions (Africa and the EU Neighbourhood) – as well as on blending facilities established by the EU in different regions since 2007, including the Western Balkans Investment Framework (WBIF). EFSD+ is financed from NDICI-GE geographic budget lines, except for the Western Balkans and Türkiye, where EU support relies on IPA III funding.

EFSD+ is the main tool to implement EU external investment strategies such as the Africa-Europe Investment package and the Economic and Investment Plans for the Eastern Partnership, the Neighbourhood South region and the Western Balkans. EFSD+ was identified to play a key role in the context of EU's recent Global Gateway initiative to promote global connectivity, trade, and growth, with an enhanced role for the European Investment Bank (EIB) through its dedicated investment windows. EFSD+ is also intended to be an important tool for private sector development through its Open Architecture ⁽¹⁷⁾ which allows all eligible European Development Finance Institutions and International Financial Institutions (DFIs / IFIs) ⁽¹⁸⁾ to use EU budgetary guarantees offered under EFSD+ to engage in lending operations with commercial sub-sovereign entities and the private sector.

⁽¹³⁾ Targets are objectives set in the Regulation as a means for the EC to shape and steer its external action. For some, but not all of them, internationally recognised markers are used to track funding and monitor target progress and achievement. While not all targets are assessed through markers, the EC uses specific markers also outside the context of targets for monitoring purposes.

⁽¹⁴⁾ EU, *Commission Delegated Regulation (EU) 2021 / 2128 supplementing Regulation (EU) 2021 / 1529 as regards setting out certain specific objectives and thematic priorities for assistance under the Instrument for Pre-Accession Assistance (IPA III)*, 2021.

⁽¹⁵⁾ EC, *Economic and Investment Plan for the Western Balkans*, COM(2020) 641 final, 2020.

⁽¹⁶⁾ Investment grants and technical assistance as the most used types of financial contribution under EU Blending; other forms of support include, for instance, equities.

⁽¹⁷⁾ For the period 2021-2024, six thematic investment windows have been defined under the Open Architecture: i) Micro-, Small and Medium-sized Enterprises (MSMEs); ii) Connectivity; iii) Sustainable Agriculture, Biodiversity, Forests, Water; iv) Sustainable Cities; v) Human Development; and vi) Sustainable Finance and Impact Investment.

⁽¹⁸⁾ In this evaluation, the term 'DFIs / IFIs' includes: i) international financial institutions and multilateral development banks such as the EIB, EBRD and the World Bank, ii) regional development banks such as the Caribbean Development Bank, and iii) European Development Finance Institutions such as KfW. It doesn't include financial intermediaries involved in the

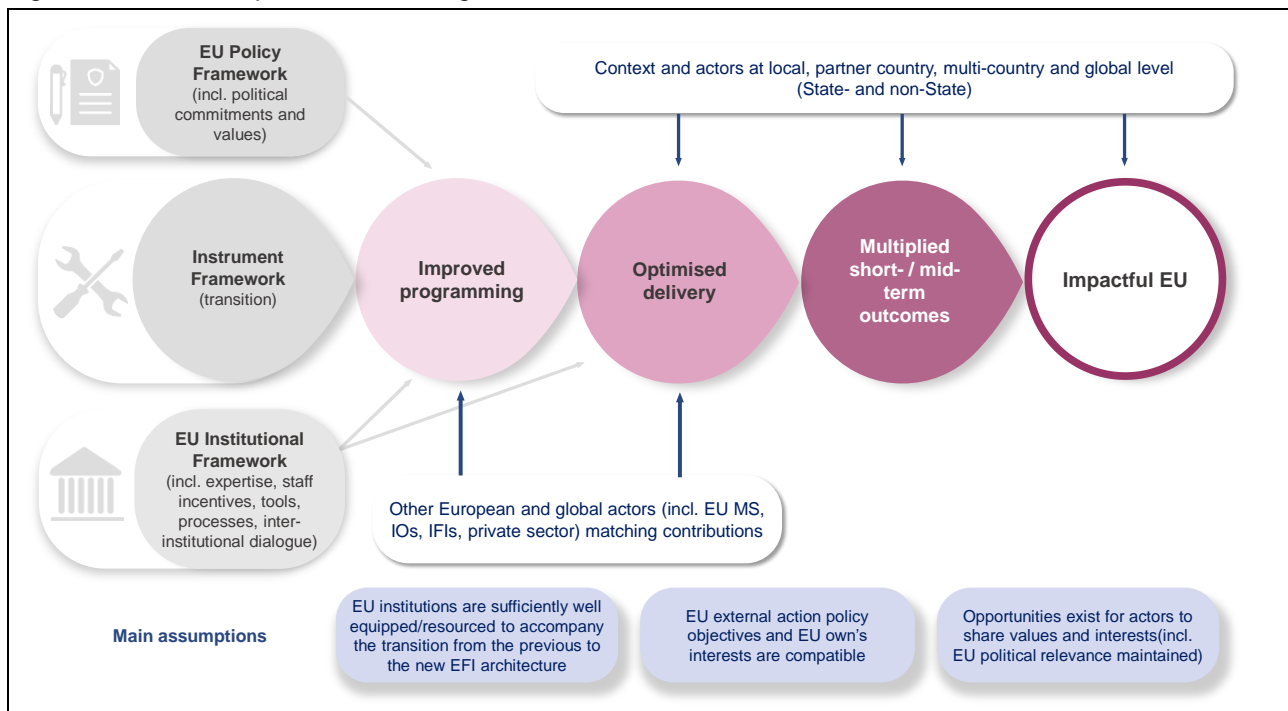
While being part of the overall framework for EU external action, **instruments** for Humanitarian Aid and the Common Foreign and Security Policy (CFSP) including the European Peace Facility (EPF) (off-budget) are not included in the scope of the evaluation and therefore not discussed in further details.

1.3 Intervention logic and problem analysis

The analysis done in this evaluation examined how the three levels presented above (policy framework, institutional changes and regulations, see Figure 1) interact in practice in the context of the transition between the EFIs of the MFF 2014-2020 and those of the MFF 2021-2027, facilitating the key shifts identified in Figure 2 and responding to the challenges and problems described above in section 1.2. It led the evaluation to examine the ability of the instruments to simultaneously promote **EU geopolitical interests and policy priorities** while responding to the **needs and priorities of partner countries and regions**, thereby solidifying existing **partnerships** and forming new ones. It also covers interactions between stakeholders at European level, including the criteria of **EU added value**.

The Evaluation Team therefore reconstructed what the EU intended to change, through the transition from the former to the present EFI structure. A simplified version of the Theory of Change used as an overarching analytical framework for this evaluation is presented below (see Figure 3). It addresses the various EFIs as 'a package', rather than presenting individual intervention logics for each instrument separately. It follows the intervention logic of EU external action from input level, via outputs and outcomes to the impact level, highlighting three main assumptions that underpin this logic.

Figure 3 Simplified overarching reconstructed ToC



Three main elements constitute the **inputs** of the EU into this transition, each of which underwent changes with the new EFIs structures, albeit to different degrees. The EU's **policy framework** provides the context that guides the objectives to which the EFIs and programming are expected to contribute. External to the instruments but crucial for coherence, it has ensured compliance in instrument deployment and gradually evolved over time, responding to challenges and ambitions. It consists of both political commitments (subject to changes) and values (enshrined in the Treaty) that are expressed in strategic and thematic policy documents. The **EFIs** constitute the toolbox for the EU to channel its funds purposefully towards the objectives as defined in the policy framework. The restructuring of instruments in 2021 aimed to bring about 'shifts', learning from the previous EFI architecture and aligning with EU external action ambitions (see Figure 2 above). The evaluation focuses on the impact of these changes on EU external action's functioning and their potential contribution to the EU's role globally, regionally, and locally, taking into account the EU-internal and EU-external contexts. The **institutional framework** constitutes the set of EU-internal actors that deploys the funds associated with the EFIs in EU external action. It includes executive structures, human resource capacity (expertise, knowledge and the way these are shared and used); the way work is organised (organisational

implementation of EFSD / EFSD+ interventions (e.g., local commercial banks or local branches of international commercial banks), nor international private investors.

structures, culture and practices); as well as the set of tools (e.g., instructions, working templates, incentive structures and performance management) that channel the workforce’s decisions for the use of the instruments and the outputs stemming from these.

The **outputs** of the transition from one structure of EFIs to the next include: i) Improved programming of external action; ii) Optimised delivery of external action, as embedded in the annual action plans / multi-annual action plans, the actions themselves, and the way they are governed, implemented, monitored and evaluated for learning and accountability. It also includes political and policy dialogues, public diplomacy and strategic communication.

At the **outcome level**, the transition from the previous to the current EFIs structure is expected to boost several pre-existing trends multiplying short- and mid-term outcomes:

1. The EU is an increasingly pivotal development and cooperation partner, which channels not only its own external action (and the funds associated), but also the action (and the funds / investments) of other global, regional, and national actors, towards its overarching policy objectives.
2. The EU’s responses are progressively enhanced to contribute to global challenges and global public goods, particularly those for which a target has been set in the NDICI-GE Regulation.
3. The EU is an increasingly strong, recognised and responsible global geopolitical actor in an increasingly multipolar world characterised by the rise of a growing number of non-likeminded powerful players.
4. The EU’s stakeholders, especially in the targeted countries, are increasingly empowered to work towards shared overarching policy objectives.

The expected **impact** of EU external action is formulated within the EU’s policy and instrument framework (input level). The documentation identifies two key sets of impact, essentially evolving around the EU becoming an impactful actor at the international level: i) EU interests are protected and promoted; ii) the EU contributes to sustainable development through the implementation of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, at all levels of intervention.

2 Methodology and limitations

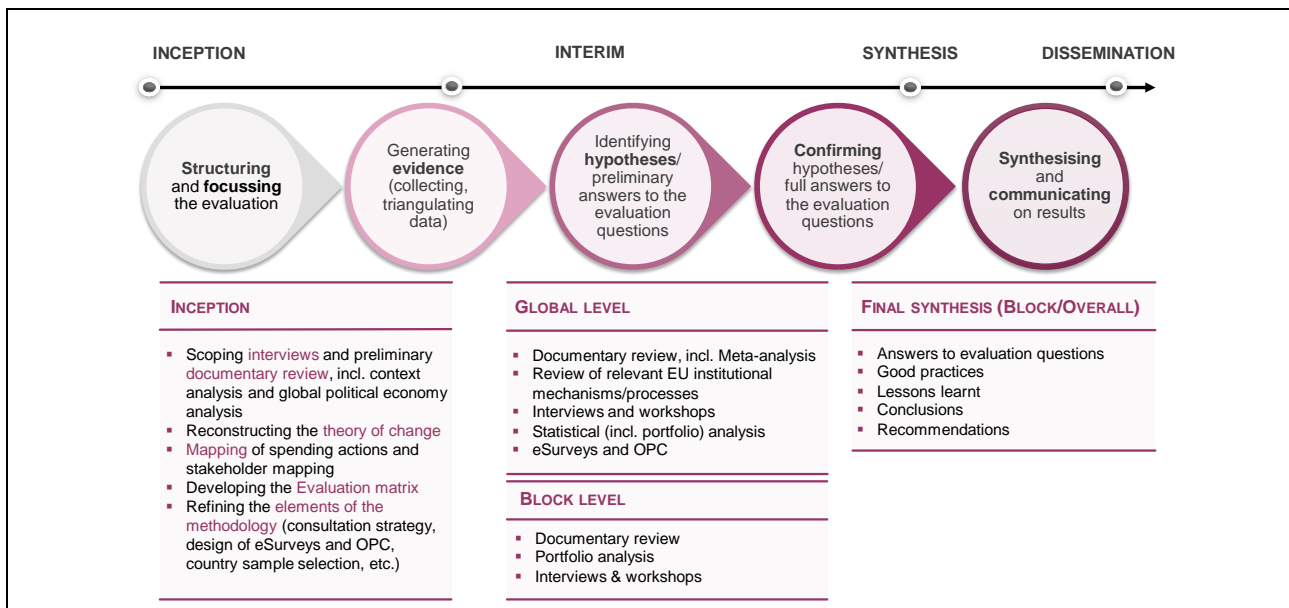
2.1 Methodology and tools used

2.1.1 Overall approach

The emphasis of this evaluation is not on measuring ‘EU contributions’ in specific outcome areas. In the logic of an ‘instrument evaluation’, the focus is rather on assessing whether the current set of EFIs are (better) fit for purpose and enable the EU to (better) engage in external action and achieve the goals set out in the EFI regulations. In doing so, the evaluation is primarily concentrated on the transition between MFFs and the ‘key shifts’ identified in section 1.2 as its main entry point for analysis.

The evaluation is evidence-based, using a **mixed methods approach** combining quantitative and qualitative data collection and analysis. It followed three main phases as summarised in Figure 4.

Figure 4 Evaluation process



The evaluation relies on the concept of **theory-based evaluation**. The team used the reconstructed theory of change of the transition from the previous EFIs to the current one to identify **four Evaluation Questions (EQs)** that guided data collection and analysis – see Table 1.

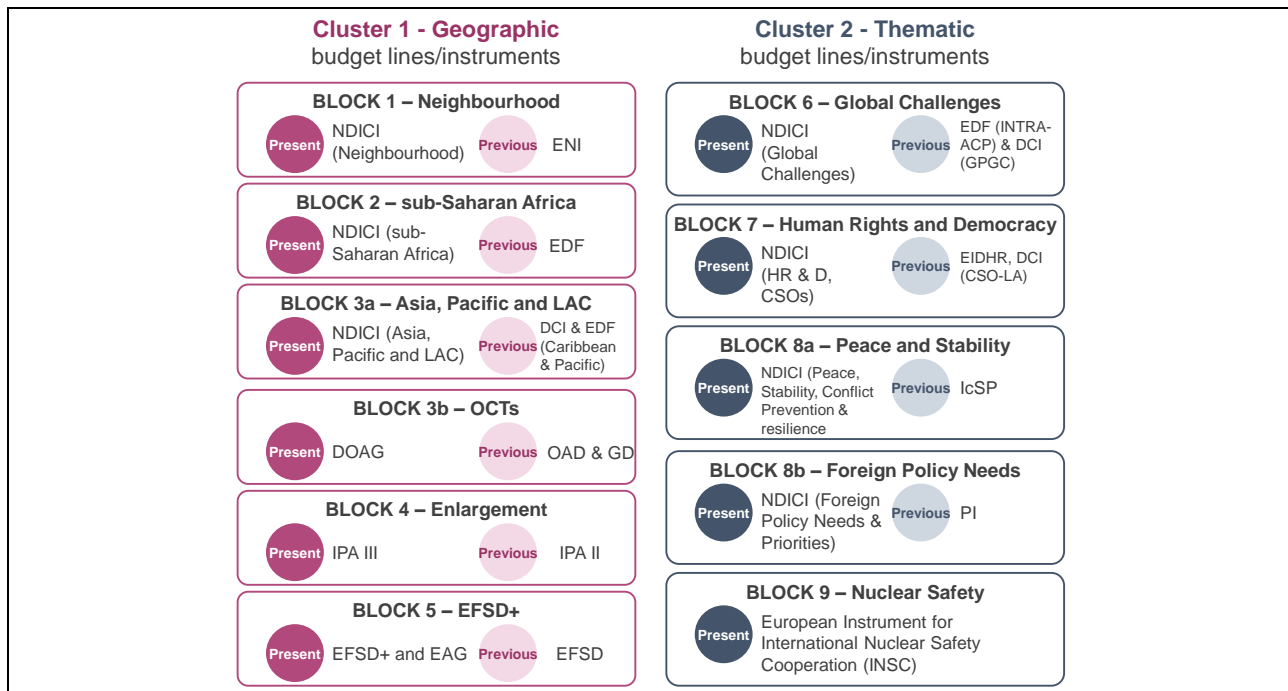
Table 1 EQs' coverage of the OECD DAC and EC-specific evaluation criteria

EQ / Evaluation criteria	Relevance	Coherence	Efficiency	Effectiveness	Impact	Sustainability	EU added value
EQ1 – Responsiveness to EU and partner countries' policy priorities: <i>To what extent have the EFIs been translated into a programming process and other measures that reflect and respond to the evolution of EU political and policy priorities as well as the priorities and needs of partner countries?</i>	●●●	●●●		●	●	●●	
EQ2 – Efficiency and flexibility in programming and delivery: <i>To what extent have programming and delivery gained in efficiency and flexibility between the previous and current MFFs?</i>		●	●●●	●●			
EQ3 – Interlinkages and EU added value: <i>To what extent have the EFIs facilitated EU-internal and external interlinkages, in order to boost EU added value?</i>	●	●●●	●	●●			●●●
EQ4 – EU's leverage to achieve expected results: <i>To what extent have the EFIs strengthened EU's leverage to achieve the expected results of EU external action?</i>	●●		●	●●●	●	●	●●

●●● Largely covered ●● Covered ● Also covered

The evaluation work was structured in **11 blocks** ⁽¹⁹⁾, organised in two clusters (geographic and thematic). The separation of blocks followed primarily the logic of the previous EFIs. For the main data collection and analysis, the organisation of the work built on this structure while promoting interlinkages between clusters and between relevant blocks.

Figure 5 Overview of blocks



The large number of sectors and countries / regions covered by the evaluation also required a reasoned **sampling strategy**, to keep the numbers of documents (e.g., programming documents) for review, and the

⁽¹⁹⁾ Evolving from the nine blocks presented in the terms of reference, Block 3 was split into Block 3a (Asia, Pacific and LAC) and 3b (OCTs); Block 8 was split into Block 8a (Peace and Stability) and 8b (Foreign Policy Needs).

numbers of key informants for consultation, at a manageable level. The Evaluation Team adopted a purposive sampling strategy: it selected cases which illustrate well the diversity of EU support based on various criteria – see Table 2. In particular, the selection of countries for the sample reflects geographic diversity (at both the regional and country level), as well as the diversity of EU portfolio (e.g., in terms of volume, instruments, modalities) and the coverage of different partner contexts (e.g., situations of fragility, income levels).

Table 2 Country sample used to structure data collection and analysis

Regions	# countries	Sample countries	
Neighbourhood East	2	• Moldova	• Ukraine
Neighbourhood South	3	• Jordan • Egypt	• Morocco
Sub-Saharan Africa	5	• Chad • Kenya • Madagascar	• Senegal • Somalia
Asia (incl. Central Asia)	3	• Iraq • Nepal	• Tajikistan
Caribbean & Pacific	2	• Haiti	• Papua New Guinea
Latin America	2	• Honduras	• Chile
Enlargement	4	• Kosovo* ⁽²⁰⁾ • North Macedonia	• Serbia • Türkiye
OCTs	2	• Greenland	• Saba (Netherlands)

2.1.2 Sources and methods of data collection and analysis

Triangulation was a crucial step to enhance the reliability and validity of findings. The Evaluation Team employed multiple methods to corroborate the evidence gathered, building on different sources, cross-fertilisation mechanisms within the Team, and complementary levels of analysis. The evaluation builds on evidence collected at both global and at block- or country / region-specific level. Country- or regional level evidence contributed to triangulation but, more importantly, helped to confront higher-level, sometimes abstract, assessments of the EFIs, with the concrete reality of how they are perceived, experienced, and used at the local level.

The **review of documentary evidence** formed the backbone of data collection activities and started in the earlier stages of the evaluation. The Evaluation Team carried out a literature review that focussed on more than 1,500 documents related to EU external action, including EU policy, legal and programming documents, EU internal and external reporting documents (e.g., External Assistance Management Reports – EAMRs), documents emanating from partner countries, EU action documents and related reports, publications and reports by DFIs / IFIs and international organisations, reports by CSOs, and policy research / evaluations focusing on EU external action and international cooperation. The documentary review directly generated evidence to support many findings, but more importantly served to lay a foundational reference for other data sources.

The Evaluation Team used **stakeholder consultations** to complement and to perform a ‘reality check’ on elements emerging from documentary evidence. Consultations took various forms:

- **In-person and remote semi-structured interviews** with close to 350 key stakeholders ⁽²¹⁾ offered qualitative insights and perspectives on their overall perception of the EFIs and the transition to the current framework, allowing for a broad and nuanced understanding of the matter. The evaluation consulted with EU staff at HQ, including DG INTPA, DG NEAR and FPI, as well as other EC services (14 ‘line DGs’ and the Secretariat General), EEAS, EU Delegations / Offices and external stakeholders such as representatives from UN agencies, regional organisations, EU Member States, DFIs / IFIs and national partner governments as well as from international and in-country Civil Society Organisations (CSOs), Local Authorities and research institutes.
- The EC, in close consultation with the Evaluation Team, launched an **Open Public Consultation (OPC)**, implemented through an online survey ⁽²²⁾. The OPC survey was open to participants from 31 March to 23 June 2023 and a total of **235 stakeholders from 58 countries** (incl. from 20 EU Member

⁽²⁰⁾ This designation is without prejudice to positions on status and is in line with UNSCR 1244 / 1999 and the ICJ opinion on the Kosovo* declaration of independence.

⁽²¹⁾ Additional information on the composition of stakeholder groups interviewed is presented in Annex 3 in Volume II.

⁽²²⁾ For further information see European Commission Website, *Financing for European action outside EU borders – evaluation of the instruments (2014-2020 & 2021-2027)*, https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13544-Financing-for-European-action-outside-EU-borders-evaluation-of-the-instruments-2014-2020-2021-2027-/public-consultation_en.

States) responded to the questionnaire. In addition to their replies to close-ended questions, many participants also provided qualitative comments and shared a total of 43 additional documents – ranging from further explanations and written statements to official position papers, studies and meeting notes.

- In complement, the EC (in consultation with the Evaluation Team) organised **targeted consultations** (mostly in the form of group discussions) with specific stakeholder groups: i) Experts from **EU Member States**; ii) Members of the **Practitioners' Network for European Development Cooperation** ; iii) Members of the **Policy Forum for Development** (including CSOs and associations of Local Authorities); iv) Representatives of relevant **UN agencies**; and v) Representatives of **International Financial Institutions**.
- The Evaluation Team also used three **eSurveys incl. voluntary additional contributions by the EU Delegations (EUDs)** and specific **workshops / group discussions** at HQ level to gather primary data from specific stakeholders, triangulate information and quantify broader trends and opinions. Survey reports, including key findings emerging from the responses and additional statistics on participants, are presented in Annexes 3 and 5 in Volume II.

2.2 Limitations and challenges

Despite its very broad scope (covering, in a sense, most of the EU external action since 2014), the high number of both stakeholders and Evaluation Team members, as well as the relatively short implementation period of less than a year, this evaluation did not face major or unusual obstacles, beyond what is common with any complex evaluation. Like many other evaluations, it faced a few external challenges over which the Evaluation Team had limited control. However, as they were mostly anticipated from the start, the Evaluation Team applied adequate mitigation measures. These challenges therefore had no (or only little) impact on the overall timeliness of the evaluation, the quality of evaluation products or the ability of stakeholders to provide meaningful input and feedback on these products.

Challenges related to the nature of the assignment and its scope

It is in the nature of such an evaluation to deal with complex concepts, overarching strategies and decision-making processes, that are, in their core, highly political. Developing a full understanding of the evaluand including all interlinkages took time and effort within the Evaluation Team. The Evaluation Team's composition and its structure, which allowed for multiple vertical and horizontal intersections and feedback loops, provided a strong basis for developing, correcting and disseminating common understanding of the key evaluation concepts and topics early in the process.

Collecting stakeholder insights (both interviews and surveys) proved a challenge when informants, in particular those not working with EFIs on a daily basis, would rather report on observations closer to their daily work routines (e.g., on individual projects) than on (more relevant) instrument-level issues. The Evaluation Team paid particular attention during interviews to present key elements and topics at stake and made additional efforts during data collection to weight gathered information based on its relevance at instrument-level.

This is an instrument evaluation. As laid out in section 1.1, there are overlapping areas between the three frameworks that underpin EU external action: instrument; policy; institutions. Moreover, the nature of the evaluation meant that there were limits to what it can do and deliver, for example with regards to assessing concrete performance at intervention level and at macro level (i.e., as regards the concrete contribution of instruments to development results and foreign policy results), or within specific policy areas. Exchanges with the ISG during the inception phase allowed to clearly delineate the scope of this evaluation early in the process. Throughout the evaluation process, the Evaluation Team received strong support from the evaluation management at the European Commission.

Challenges related to the timing of the evaluation

This evaluation is not a stand-alone exercise: it is embedded in the broader EC exercise to conduct a mid-term evaluation of its external action under the MFF 2021-2027. Towards the synthesis phase, an overarching Staff Working Document (SWD) had to be drafted in parallel by the Commission services. The close connection between both exercises required additional coordination efforts and regular process updates, which at times put additional strain on the tight calendar and deadlines that this evaluation was subject to. Communication with the responsible units at DG INTPA, DG NEAR, FPI as well as the EEAS was excellent and regular exchanges at varying technical and managerial levels greatly strengthened synergies between both exercises.

Challenges related to the evidence base

The potential evidence base for this evaluation covering almost the entire portfolio of EU external action since 2014, is enormous. Specific efforts by the Evaluation Team and the ISG were required to further delineate the

scope and to develop a sound sampling strategy to keep data collection to a manageable scale. As described in section 2.1.1, this challenge was successfully overcome in the inception phase.

The financial database provided by the EC (extracted from the 'Statistical Dashboard') contained encoding errors, which the Evaluation Team was only partially able to resolve (in part due to the size of the database, in part due to inconsistencies with other available data). It also contained limited information on some parts of the EU external action portfolio, in particular the support delivered through trust funds and the one provided in the form of guarantees. This meant that not all parts of the quantitative analysis could be equally developed based on 'dashboard' data alone. To compensate, the Evaluation Team used additional sources, such as the financial annexes to the Annual reports on the implementation of EFIs (even if they do also initially build on dashboard data and therefore reproduce some of its flaws). Of themselves, these flaws constitute material for findings which is reflected in some sub-sections of section 3 on Findings.

Finally, on several aspects, the early stage of the implementation of the MFF 2021-2027 was a challenge across all instruments – and even more so for the part of the evaluation focussing on EFSD+ where the results are expected to materialise in the long term only. Considering the early stage of implementation, a wide range of stakeholders consulted focused their inputs often on conditions for success of the new EFIs, rather than on insights related to how effective the EFIs are to achieve intended outcomes. The evaluation team sought to integrate these valuable contributions in the report. To the extent possible, the Evaluation Team has used data related to developments that occurred in 2023, and the analysis builds on lessons from the predecessor investment framework, EFSD. The Team has also analysed the provisions made in the NDICI-GE Regulation regarding the functioning of the EAG. But, given the early stage regarding the use of guarantees, it was able to carry out only a partial assessment of the implementation of the EFSD+ as laid down in Chapter IV of the Regulation.

3 Findings

3.1 Evaluation Question 1 – Responsiveness to EU and partner countries' policy priorities (incl. overall relevance and coherence)

3.1.1 Introduction

In examining relevance and coherence based on the evidence gathered, the major shifts underpinning the transition from the previous to the current MFF are ubiquitous.

The first of these is the **Policy first approach**; the sub-theme being the potential for tension with the Partnership approach and ownership. This is one example of the trilemma of balancing EU values (or policies, which embody the values of the Treaty), EU interests, and EU partnerships (with countries, with international organisations, with civil society, etc.). The second is the **Geographisation principle**; the sub-theme being the shift from thematic to geographic approaches, with its requirement for enhanced mainstreaming, the signalling role of targets, and the monitoring role of markers. Also of concern, is **Financialisation** – the evolution of the EU from a grant-making institution to one facilitating other forms of financing (from DFIs / IFIs and the private sector), building on its country presence, grant resources, technical assistance and engagement in policy dialogue.

3.1.2 Coherence of the EFIs with EU policy framework and related programming

Finding 1 The EFI regulations set out a comprehensive broad cooperation framework which is coherent with the EU policies and international commitments.

The NDICI-GE Regulation aligns well with the EU evolving policy framework.

The NDICI-GE Regulation's overarching objective is 'to uphold and promote EU values, principles, and fundamental interests worldwide' ⁽²³⁾. In placing a greater emphasis on these aspects, the Regulation and the related Delegated Regulation align with the EU Global Strategy (2016), which called for a more vigorous external action driven by EU values and interests to build a stronger Europe. The Regulation aligns EU support with the pursuit of a rules-based and values-based global order, emphasizing multilateralism and cooperation with the UN. In this context, key international agreements, including the 2030 Agenda for Sustainable Development, the Paris Agreement on climate change, the Addis Ababa Action Agenda as well as the European Consensus on Development constitute the overall framework for the implementation of NDICI-GE. To these, Global Gateway has more recently been added.

The Geographisation principle has contributed to better coherence with EU policy priorities at country level in the Neighbourhood region, sub-Saharan Africa, Latin

⁽²³⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art. 3.1 (a).

America, Asia, Pacific regions by requiring stronger dialogue and consultation, particularly with government partners (see also section 3.1.4). In the **Neighbourhood**, as in other regions, the new instrument marks an increase in coherence because it explicitly refers to EU values and interests in relation to outreach activities ⁽²⁴⁾. In **sub-Saharan Africa**, with an element of retrofitting ⁽²⁵⁾, the objectives set in the Regulation and those framing EU's engagement in Africa have become more coherent over the years. The Joint Communication '*Towards a comprehensive strategy with Africa*' (2020), the Samoa agreement (2023), the 6th EU-AU Summit Joint Declaration (Brussels, February 2022) and the Global Gateway Africa-Europe Investment Package are assessed as all aligned and coherent under the Regulation. In **Asia and Latin America**, NDICI-GE recognises that meaningful cooperation with entire regions can only take place if all (key) countries regardless of their income status are included in the partnerships.

EFSD+ objectives and priorities have been coherent with and responsive to the wider policy objectives of the EU policy framework as well as international frameworks such as the 2030 Agenda for Sustainable Development. EFSD+ objectives outlined in Article 31 of the NDICI-GE Regulation are coherent with the wider objectives of NDICI-GE and are aligned with the EU policy framework under the current MFF 2021-2027, including the focus of EU external action on sustainable and inclusive economic, environmental and social development, LDCs and fragile countries. EFSD, EFSD+'s predecessor launched in 2017 with a more limited geographic scope, was already well aligned with the New European Consensus on Development adopted the same year.

This strong coherence is observed for all NDICI-GE pillars, as well as EFSD+ that promotes the financialisation shift.

This strong coherence is observed for all NDICI-GE pillars. For instance, in the thematic pillar, the **Global Challenges** programme is fully aligned with EU policies and priorities; specifically, supporting rules-based multilateral approaches to global agenda (e.g., 2030 Agenda for Sustainable Development, Paris Agreement on climate change, Addis Ababa Action Agenda). The Global Challenge programme has stronger emphasis than in the past on strengthening the EU's role as a global leader and standard setter and, in line with the key shift described as Policy first, reflects the view that greater weight should be put on the EU policies, priorities, and interests.

The strong coherence is also observed in specific areas of EU External Action that are covered through different instruments and NDICI-GE pillars. In particular, the legal, policy, and regulatory basis of the EU's external action under both successive MFFs recognise **human rights and democracy** as global and country-level priorities. In line with this, the NDICI-GE Regulation and the programming documents of NDICI-GE, IPA III, and before that EIDHR, IPA II, PI, IcSP and DCI regulations and programming documents, make human rights and democracy one of their strategic priorities. NDICI-GE makes explicit reference to the EU Strategic Framework on Human Rights and Democracy ⁽²⁶⁾.

Civil society is ubiquitous in the NDICI-GE Regulation, which re-emphasises the existing commitment to strengthen multi-stakeholder approaches and new ways of partnering with civil society actors, including women's rights organisations; supporting democracy and expanding civic space; and promoting a substantive and structured dialogue with the Union. The EU's policy framework for engagement with Local Authorities was shaped by a landmark Communication (2013). Ever since, the role and added value of Local Authorities was systematically and coherently stressed in EU discourse and policies as well as in the new regulations.

The NDICI-GE components in support of countering **fragility and responding to crisis** are coherent with EU policy objectives and frameworks. The objectives and priorities on peace and security set in NDICI-GE are coherent with, e.g., the Global Strategy (2016), the New European Consensus on Development' (2017), '*A Union that strives for more*' (2019) or Joint Communication on '*Strengthening the EU's contribution to rules-based multilateralism*' (2021). The peace and security dimension is an integral part of the objectives set forth by the NDICI-GE Regulation and must be addressed as an area of cooperation by all pillars. The Crisis Response and Resilience components

⁽²⁴⁾ EU, *Regulation (EU) 2014 / 232 establishing a European Neighbourhood Instrument*, 2014. Art. 1.1 (d).

⁽²⁵⁾ All exercises, in particular NDICI-GE, post-Cotonou negotiations, the regional MIP programming, and the preparations of the EU-AU summit, were carried out at around the same time.

⁽²⁶⁾ EU, *Regulation (EU) 2021 / 947 establishing the NDICI-GE*, 2021. Recital 13.

under Pillar 3, managed by FPI, DG INTPA and DG NEAR, are coherent with the EU's attention to the Humanitarian-Development-Peace (HDP) nexus promoted as of 2019.

IPA III is fully aligned with the priorities of the enlargement policy.

IPA III aligns with the Enlargement criteria, taking into consideration countries' requirements to be accession-ready and align with EU values and priorities ⁽²⁷⁾. In the areas which do not have legally binding EU *acquis* (e.g., public administration reform), policy documents form the conceptual backdrop of programming under IPA III. In addition, the IPA III Regulation and Delegated Regulation are aligned with a series of policy documents – both region-specific and global, recent and less recent – and their priorities. In the Regulation, the culmination of the pre-accession policy logic is the performance-based approach (Article 8-3). Interviewees in headquarters emphasised that IPA III, fully aligned with the priorities of the Enlargement policy, has evolved along with those priorities (e.g., increased focus on the 'fundamentals first' approach). Unlike IPA I and II ⁽²⁸⁾, which included a specific performance reward, IPA III embeds a performance-based approach and the fair share principle continuously in programming (see section 1.2 above).

INSC and DOAG are entirely coherent with EU policies.

The new **INSC** Regulation has slightly adjusted the scope and objectives of the Instrument to emphasise transparency and cooperation with accession and Neighbourhood countries. In promoting nuclear safety culture, the safe management of spent fuel and radioactive waste, and effective nuclear safeguards in partner countries, INSC is entirely aligned on EU political principles and priorities. The mid-term review and final evaluation of INSC II (2014-2020) have both identified the ability to define common objectives with beneficiary countries as an area of weakness. INSC's experience in recent years (e.g., in Armenia, Central Asia, Iran and Ukraine) indicates that, whenever there was a clear convergence of EU and national interests, INSC partnerships with recipient countries have been supported by a shared understanding of cooperation goals. By contrast, when such convergence did not exist, as for example in the case of Iran in the past, achieving a shared understanding at policy and political level has been considerably more difficult (see section 3.1.4).

DOAG aligns itself with the global EU agenda by explicitly referencing key frameworks like the 2030 Agenda for Sustainable Development, the Paris Agreement on climate change, and the Addis Ababa Action Agenda. It emphasises inclusivity, interconnected objectives, and places a focus on gender equality and women's empowerment. DOAG highlights 'mutual interests' rather than sole EU interests. This shift underscores the deep and interconnected relationship between the EU and the OCTs, marking a significant evolution in EU-OCT relations. Importantly, this emphasis on mutual interests marks a departure from the 11th EDF, which did not highlight specific joint or mutual interests in its partnership with the OCTs.

Finding 2 While many issues of prioritisation lie at the level of how instruments are implemented (and are discussed under section 3.1.3), some are structural and reside at Regulation level.

The new regulations have consistently served as a catch-all for desired policy outcomes, making strategic prioritisation difficult.

This is to some extent inevitable, especially since the key stone of coherence is coherence with 2030 Agenda for Sustainable Development, which itself does not prioritise objectives, and the EU Global Strategy, which doesn't either. There are also some examples of vagueness at regulation level. The **IPA III** Regulation includes a long list of general policy priorities. The Regulation also does not specify how performance should be assessed in the programming process. Interviews with EUDs and headquarters (external action and line DGs), as well as EUD written contributions reveal differences of interpretation.

An analysis of **NDICI-GE** MIPs covering the sample countries of the evaluation indicates that bilateral programming consistently covers multiple thematic areas with systematically at least one area in each of the macro sectors structuring EU external action: Green Deal, Governance and Human Development. While there is no agreed

⁽²⁷⁾ EU, Regulation (EU) 2021 / 1529 establishing the Instrument for Pre-Accession Assistance (IPA III), 2021. Preamble, 2: 'The objective of an instrument for pre-accession assistance is to prepare the beneficiaries for future membership of the EU meaning that the candidate countries / beneficiaries are expected to use IPA III to further their abidance by accession criteria.'

⁽²⁸⁾ And is in contrast with NDICI-GE, under which MIPs provide a multiannual commitment.

methodology to precisely quantify the weight given to specific thematic dimensions ⁽²⁹⁾ and compare it with the allocations under the previous MFF, the review of MIPs nonetheless points to an overall stronger focus on Climate Change / Environment and on Education. This doesn't reflect a matter of prioritisation set in the instrument itself, but rather political priorities of the Commission that may evolve during a programming cycle.

Under the Open Access component of **EFSD+**, the EU identified six strategic investment areas to be supported by Guarantees building on three EU overarching sets of priorities: i) the European Green Deal launched in 2019; and ii) the Global Gateway ⁽³⁰⁾ adopted in 2021; and iii) EU policy priorities related to Jobs and Sustainable and Inclusive Growth (see Annex III of NDICI-GE Regulation). However, and despite aligning well with EU policy objectives, in the documents reviewed, references made to these overarching frameworks are not always consistent. For instance, the objectives of the human development investment window do not establish explicit linkages to the Global Gateway, although this window is expected to support two key sectors, namely health and education sectors. A more operational prioritisation problem, the gap between the EU, DFIs / IFIs, and national partners, is discussed under section 3.1.3.

The distinction between **human rights and democracy** was vague in regulations underpinning the previous MFF leading, according to several interviewees, to the primacy of human rights (better defined in EU and international law) over democracy. The NDICI-GE Regulation (Art. 3) clarifies the definitions; nevertheless gaps persist ⁽³¹⁾.

While there was some reshuffling and re-arrangement, all thematic concerns under GPGC found a home, as did a handful of new ones, as well, under the **Global Challenges** thematic programme. DCI GPGC also, when it was introduced, took on board all concerns of the previous thematic programmes. This suggests continuity of global concerns; and perhaps a lack of triage at strategic level.

3.1.3 Strategic focus of EU programming and non-programmable actions in line with the Policy first approach

Finding 3 Programming documents are more policy-driven and in line with the objectives and priorities set in the relevant regulations and EU goals in the relevant geographical regions.

Geographic MIPs are coherent with the NDICI-GE Regulation and are closely aligned with EU priorities and values, as well as partner countries' Agenda 2030 priorities.

Geographisation has improved coherence thanks to enhanced consultation and dialogue and stronger emphasis on EU policy priorities. In the **Neighbourhood** region, MIPs and action programmes show a high degree of consistency with the priorities and areas of cooperation set in the NDICI-GE Regulation. As in the past, MIP priorities and the AAPs adopted so far show an important EU contribution to supporting partner countries' efforts towards the objectives of the 2030 Agenda for Sustainable Development. In addition, the strategic focus on EU priorities and interests is made stronger through the Economic and Investment Plan (EIP) and the EFSD+: i) the EIPs outlining a set of indicative flagship investments identified by the EU in collaboration with partner countries and ii) EFSD+ operations guided by strategic orientations adopted in 2021 articulated around three overarching priorities (Green Deal, the Global Gateway, and Jobs and Sustainable and Inclusive Growth). All MIPs include priorities such as green transition, digital transformation, good governance, economic and social resilience and migration. They also reflect the greater importance granted to EU values in the Regulation, with most programmes including priorities to promote human rights and fundamental freedoms, gender equality and empowerment of women as well as good governance and the rule of law ⁽³²⁾.

NDICI-GE's Policy first approach has been well integrated into the new country MIPs in **sub-Saharan Africa** and significant efforts were made to align with country priorities,

⁽²⁹⁾ There is a strong overlap between 'sectors' of cooperation (e.g., between energy and infrastructure; between sustainable jobs and education) and no consistent sector categorisation used in bilateral programming; this poses challenges in terms of comparing funding allocations across MIPs.

⁽³⁰⁾ EU, *Joint Communication on 'The Global Gateway'*, JOIN(2021) 30, 2021.

⁽³¹⁾ Sabourin, A., Jones, A., *Advancing democracy, human rights and gender equality through the NDICI-GE, and beyond*, ECDPM, 2022; IDEA, *Advancing democracy, human rights and gender equality through the NDICI-GE and beyond*, International Policy Brief, 2023.

⁽³²⁾ EC, *Guidelines for the Programming of the Neighbourhood, Development and International Cooperation Instrument – 2021-2027*, 2020. Page 6.

with many MIPs being based on National Development Plans. However, as also discussed in section 3.1.4 on partnership, there is a disconnect between the spirit of (post-) Cotonou (now approved as the Samoa agreement in November 2023), which commits all parties to ‘*shared ownership, reciprocity, mutual accountability and transparency*’, working in partnership through established joint mechanisms, and the way the NDICI-GE’s new programming principles are translated into practice. While alignment may be the stated objective, in practice the EU is often seen by partner countries as pushing (too much) its own policy priorities and / or preferred approaches on how to address these issues at the implementation level.

For **Asia and Latin America**, country and regional MIPs for 2021-2027 are policy-driven and comprehensively link the cooperation strategies to the policy priorities of the European Commission for 2019-2024. Programming during this period was based on the mutual interests and priorities of the EU and partner countries, but all evidence (EUD written contributions, interviews) is that the former assumed greater weight in programming the current MFF as compared to the previous one. A theme that emerges from the evidence is that multi-year programming does not facilitate rapid alignment to a rapidly shifting policy context on both partner country and EU sides. Once a programme is finalised, it becomes challenging to adapt, even in the face of changing political circumstances.

The challenge arising from the ‘graduation’ of partner countries from ODA and the problem it caused for future relations has been eliminated by NDICI-GE as funding can, in principle, continue under the same instrument. However, this does not necessarily mean that funding opportunities for partnerships with HICs are better under NDICI-GE as compared to dedicated instruments like the Partnership Instrument.

The IPA III region presents special challenges because of the particular nature of the bilateral programming process.

In the **Enlargement** region covered by IPA III, the ‘fundamentals first’ approach covers a broad array of issues, leaving some margin of appreciation in bilateral programming. The interplay between the wide IPA III programming framework (to which beneficiaries respond with their specific Strategic Responses), and bilateral programming, is expected to contribute to stronger strategic relevance of the instrument. However, in practice, according to a wide range of stakeholder interviews, there is no real strategic multiannual bilateral programming process in the region: so far, the IPA III beneficiaries have not succeeded to produce Strategic Responses of high quality that would provide the basis for strong mutual agreement with the EU, therefore, annual programming and day-by-day decision-making prevail ⁽³³⁾. Several interviewees (EUDs, beneficiaries, CSOs) have argued that annual bilateral programming is not in line with the strategic intention of the instrument. In the end, Strategic Responses have been used as a reference document, not as a programming tool or as a roadmap ⁽³⁴⁾. The performance-based approach and the possibility for the Commission to modulate scope and intensity of assistance ⁽³⁵⁾, are intended to set in motion a virtuous cycle of emulation (reform laggards following leaders). This approach makes IPA III beneficiaries more responsible for the progress that can trigger intensified assistance, and conversely EU funding for the actions proposed in the Strategic Responses.

Finding 4 With some exceptions, thematic programming is characterised by more continuity than change. The full programmatic impact of Geographisation – ensuring the inclusion of global thematic concerns at country and regional – is difficult to assess yet.

Global Challenges is supporting a wide range of global initiatives...

Global Challenges AAPs confirm that the EU is supporting a wide range of international initiatives through UN actors, multilateral development banks, and other implementing partners. Geographisation was accompanied by a refocusing of the Global Challenges programme on global-level approaches, global public good problems and global-level actors, which has contributed to greater programmatic coherence with non-EU global actors, donors / organisations / initiatives. These global activities programmed by the EU under Global Challenges have been closely aligned with EU priorities and cover a broad range of topics related to the priority themes

⁽³³⁾ Source: EUDs and headquarter interviewees, CSOs NIPACs, Strategic Responses and AAPs 2021-2023 Kosovo*, North Macedonia, Serbia, Türkiye.

⁽³⁴⁾ Source: Interviews with several EUDs and NIPACs.

⁽³⁵⁾ EU, *Regulation (EU) 2021 / 1529 establishing IPA III*, 2021. Recital 32, and Art. 8.5 enable such modulation in case of a significant regression or consistent lack of progress with reforms in the areas covered by the ‘fundamentals first’ approach. This provision has not been used so far.

identified under the '4 Ps' (People, Planet, Prosperity and Partnerships). The priorities of the European Green Deal and Digital Transformation are well-represented, as is circular economy. A number of initiatives serve to disseminate European expertise and approaches to policy and governance issues.

... but it is difficult to judge whether Geographisation has successfully mainstreamed global thematic concerns at a lower levels.

The **NDICI-GE** Regulation promotes the principle of Geographisation, whereby most funding is implemented at country or regional level rather than through global thematic programmes, whose budget has been reduced under the 2021-2027 MFF. However, taking the **Neighbourhood** region as an example, Geographisation has not changed much the way bilateral envelopes are programmed, leading to more emphasis on thematic issues. Feedback from the EUDs shows no fundamental change in their approach to programming as a result of Geographisation. Counterparts in the partner countries are not aware of the concept and have not noticed any difference between ENI and NDICI-GE from the point of view of programming. While many MIPs in **sub-Saharan Africa** address global challenges of interest to both the EU and partners, the regional MIPs are viewed as now the main vehicle for addressing thematic issues.

Finding 5 Human rights and democracy continue to be priorities, with CSOs and Local Authorities regarded as key actors.

As under the previous MFF, NDICI-GE and IPA III continue to prioritise democracy and human rights, making these areas an integral part of Policy first.

The policy and regulatory bases of EU external action under both successive MFFs recognise **human rights and democracy**, including electoral issues (chiefly Elections Observation Missions, which constitute 25 % of the thematic programme) as global and country-level priorities. Thematic guidelines, programming guidelines, and relevant templates (MIPs, Strategic Responses, human rights and democracy strategy) have triggered some changes in the way the analysis underpinning programming is performed. The main vehicle is the annual EUD Report on the implementation of their Implementation Plan on Human Rights and Democracy, which focuses on the results of EU action.

Under **NDICI-GE**, the MIP 2021-2027 for the thematic programme on Human Rights and Democracy, as well as the geographic programmes following the Geographisation principle, streamline the multiplicity of commitments and references to human rights and democracy. To guide their programming on human rights and democracy, EUDs have produced country strategies which outline priorities in these areas, and how geographic and thematic programmes should contribute to them.

The relevance to the needs in the areas of human rights and democracy, and the intention to engage CSOs and Local Authorities, depend on the EU's ability to appreciate the needs and context, from a political economy perspective. This was highlighted in some country strategy evaluations, and thematic evaluations, and is an area that the Meta-Evaluation of human rights and democracy thematic projects raises as requiring additional effort ⁽³⁶⁾. Since the current MFF, EUDs are requested to produce an 'implementation plan' of their country allocations under the Human Rights and Democracy thematic programme, linking up to the human rights and democracy strategy. Although useful, these documents require the agreement of all EU Member States at country level ⁽³⁷⁾, which makes their finalisation particularly lengthy – as these thematic areas are sensitive, and there is no easy consensus about them among EU Member States. They do not form an integral part of the MIPs, and their level of implementation remains contingent on the MIPs and annual programming.

CSOs, and, to a lesser extent, Local Authorities are prioritised as key governance actors.

NDICI-GE and IPA III prioritise **CSOs and Local Authorities** as an integral part of the Policy first approach. In particular, actions undertaken in IPA beneficiaries have increasingly focused on governance, including at local level. This is in line with the recommendations from previous thematic and instrument evaluations. The main issue identified during targeted consultations is that support to CSOs and Local Authorities through geographic programming has not led to policy changes by the government.

For **CSOs**, a major foundation remains the Civil Society Roadmap. The programming process gives them specific consideration, as a section of the template for MIPs specifically addresses CSO engagement (support measures, specification of

⁽³⁶⁾ Source: EC, *Meta-Evaluation of human rights and democracy thematic projects 2014-2021*, 2023; EC, *Evaluation of the EU support to rule of law – DG INTPA*, 2022; EC, *Evaluation of support to rule of law – DG NEAR*, 2019; EC, *Evaluation of the European Instrument for Democracy and Human Rights*, 2017; EC, *Evaluation of CSO-LA thematic programme 2014-2019*, 2020.

⁽³⁷⁾ EUD Implementation Plans for Human Rights and Democracy need agreement at Head of Delegation level.

consultations). Many EUDs also have CSO focal persons, which normally provide CSOs with a single point of contact, although the degree of outreach and visibility varies widely. A 2023 survey reveals that essentially all EUDs consulted with CSOs, chiefly for strategic programming purposes towards the preparation of the MIP and in the framework of the Gender Action Plan III. The EU has, so far, entered into partnerships with CSOs considered 'representative' of others – but their perceived representativeness is not always clearly demonstrated, and recent evaluations reveal the prevalence of frustrations among CSOs who are not engaged through partnership agreements, often in relation with eligibility issues during the calls for proposals.

Under NDICI-GE, **Local Authorities** are also recognised as key stakeholders. However, according to most interviewees (incl. EU headquarters, CSOs), the effect of the discontinuation of the dedicated budget line has been reduced attention to Local Authorities in EU programming, and the absence of clear priorities to work with them. This issue is further discussed in section 3.1.4 (Finding 9).

Finding 6 Under the thematic programme for Peace, Stability and Conflict Prevention (PSCP) and the Rapid Response Pillar (RRP), peace and security continue to be a priority, but this is a work in progress.

There is scope to better integrate peace and security in NDICI-GE programming process.

Peace and security is the subject of the separate thematic NDICI-GE programme on Peace, Stability, and Conflict Prevention. As shown by a review of selected MIPs, as well as by the systematic introduction of conflict assessments under NDICI-GE (under the PSCP thematic programme) for fragile countries, peace and security continue to be a priority in country programming. However, this is still work in progress, as there were also signs of EUDs expecting the thematic programme or the RRP to deal with peace and security despite it having been defined as a MIP priority.

In line with the overall policy continuity and building on actions designed and implemented under the previous MFF, the EU continued to engage through **crisis response** actions in multiple countries across Africa, the Middle East, the Americas, Asia and Europe. The majority of actions have traditionally been in Africa and the Middle East. However, Ukraine-related needs have been a priority through the IcSP (pre-2022) and through RRP (2021 onwards) under NDICI-GE. There is an increased focus on global threats like counterterrorism and disinformation, addressed through ongoing implementation and programming of actions funded under the Global Threats component of the PSCP thematic programme former IcSP Art. 5 alongside targeted actions on disinformation under RRP linked to the context of the war in Ukraine.

Finding 7 EFSD+ is coherent with the Policy first approach, but there are problems in translating it into MIPs, and persisting doubts regarding the approach adopted to cover difficult contexts.

Policy first is fully integrated into the EFSD+ framework, but there are practical obstacles to implementing the principle.

The Policy first approach is integrated into the **EFSD+** framework and related programming processes. However, there are some obstacles to this. The multi-country / multi-regional nature of the Proposed Investment Programmes (PIPs) makes it difficult to use MIPs as a guiding framework. Although there are noticeable improvements compared to the previous MFF, interviews, the Open Public Consultation and validation survey indicate that some EFSD+ supported interventions, both blending operations and guarantees, are still driven mostly by DFIs / IFIs. Moreover, involvement of national partners and EUDs in the various steps of investment project development still varies across countries, mostly because of a lack of capacity. The situation is further compounded by the fact that DFI / IFI decision making is still often centralised and several DFIs / IFIs – notably but not exclusively the EIB – cannot rely on fully-fledged offices at partner country level. Key EU partners such as EIB have started taking action to expand their local presence.

EFSD and EFSD+ have shown flexibility, but procedures for prioritisation are underdeveloped under EFSD+.

While the broad EFSD and EFSD+ frameworks ensure flexibility (e.g., resp. COVID-19 and Ukraine) and overall coherence, the assumption in the latter is that prioritisation at country / regional level is achieved in the context of Geographisation. However, interviews show that the current set-up does not fully allow this. It gives substantial room for DFIs / IFIs, to decide on which entry point to use and on the design of the related intervention. Some interviewees also raised concerns regarding the difficulty to ensure policy monitoring at EU level when priorities are not clearly spelled out. Several EU Member States representatives highlight insufficient clarity regarding the attention

to be given to the different EFSD+ objectives, hampering effective steering by the EFSD+ Strategic Board.

There are concerns regarding how EFSD+ funding, esp. with the use of guarantees, can be directed towards difficult contexts and non-traditional lending policy areas.

The information currently available shows that the focus of the EFSD+ portfolio may not be conducive to achieving some of the EU policy priorities highlighted in the NDICI-GE Regulation and the Global Gateway, such as priorities related to investments in the area of human development and in LDCs. EFSD blending operations and budgetary guarantees focused on support to Micro-, Small and Medium-sized Enterprises (MSMEs) and infrastructure development in 'traditional' sectors (e.g., transport), and evidence indicates that the EFSD+ portfolio is likely to have a similar focus. In particular, as highlighted in recent studies ⁽³⁸⁾ and according to interviews carried out by the Evaluation Team, this partially reflects the difficulties for DFIs / IFIs to engage in non-traditional areas; e.g., social sectors. Factors include i) a business model based on the need to take into account the bankability of projects (incl. minimum investment thresholds), which can be difficult to achieve in social sectors and under-developed financial markets, and ii) limited local presence, biasing risk-perception towards risk-aversion. Some interviewees also point to the fact that, while a stronger dialogue with EUDs and innovative approaches to linking different forms of support (including budget support) could help mitigate some of the risks for DFIs / IFIs and facilitate their investments in such contexts, such efforts have been limited so far.

Finding 8 Mainstreaming and monitoring cross-cutting themes have proven difficult, both geographically and thematically.

The new EFIs strongly mainstream key EU priorities.

The **NDICI-GE** Regulation (Art. 8.8) requires the mainstreaming of climate change, environmental protection, human rights, democracy, gender equality, and disaster risk reduction in EU external action (where applicable). Several of these themes (e.g., human rights, democracy, climate change, environment protection) are additionally served by the NDICI-GE thematic programmes with a global reach. This is aligned with policy documents and is mirrored in several guidance documents. IPA III foresees the mainstreaming of climate change, environmental protection and gender equality (whereas human rights and democracy are part of the 'Fundamentals').

In **Asia and Latin America**, but also in the **Enlargement** region, interviewees raised the concern that multiple themes to be mainstreamed leaves a large margin of appreciation to the bilateral programming actors on how to mainstream, and with what level of priority. Under IPA III, there are uncertainties as to how mainstreaming fits within the thematic windows and the preparation of the Strategic Response by the governments – i.e., on which issues to prioritise, how, and under which window.

In practice, EUDs have increasingly chosen to make these cross-cutting themes, stand-alone priorities and intervention sectors, an approach preferred to mainstreaming, perceived as challenging.

Targets support mainstreaming, without mirroring it.

While there is not a perfect match between targets and mainstreamed issues ⁽³⁹⁾, targets reflect some key EU policy documents, incentivise mainstreaming (e.g., as reported by EU officials and national stakeholders regarding **sub-Saharan Africa**), and help prioritize among the issues to be mainstreamed. They also sometimes complexify programming, as they take a range of forms (notably budget share and proportion of actions). They help with monitoring, but again in a complex and incomplete fashion, because in a number of important cases they do not exactly correspond to markers used for monitoring: e.g., climate change and gender equality (the OECD DAC Rio and gender equality markers, respectively). Coding errors add to the challenge (both reported by interviewees and observed in dashboard analysis). An example is the difficulty to assess the overall budget dedicated to **human rights, democracy, civil society / CSOs and Local Authorities** in geographic programming. Such monitoring difficulties were already pointed out in the 2017 MTE of the EFIs. Feedback from the OPC confirms the limitations of targets as a policy monitoring tool.

⁽³⁸⁾ Pérez, A., et al., *The implementation of EFSD+ operations from an inclusive perspective*, commissioned by the European Parliament (DEVE Committee), 2023.

⁽³⁹⁾ In NDICI-GE, in addition to a classical ODA target, the Regulation features targets on climate change and on gender, which is coherent with the mainstreaming requirement – but also on human development, biodiversity, migration and displacement, CBC in the Neighbourhood, which are not among mainstreamed issues, and none on human rights and democracy (covered also by a thematic programme). IPA III contributes to the Commission's target on Climate Change (25 % of EU expenditures).

3.1.4 Partnership approach with authorities and other stakeholders from partner countries and regions

Finding 9 There is little evidence that the new EFIs have strengthened geographic partnerships. There has been more continuity of approaches than change in most regions and thematic areas, the main exceptions being countries where the NAO / RAO system has been abandoned and the partnership with Local Authorities.

The Partnership principle remains strong in the Neighbourhood despite some frictions in the Neighbourhood South.

In the **Neighbourhood**, NDICI-GE promotes a policy-driven approach to cooperation, requiring the EU and its partners to identify the policies that will guide the use of the instrument. The programming guidelines emphasise the need for EUDs / HQ to engage with all stakeholders when designing programmes echoing the principle of inclusive programming laid out in the Regulation ⁽⁴⁰⁾. The engagement with stakeholders prior to and during the programming process was significant, as evidenced by the document themselves, the feedback from interviewed counterparts in partner countries, the European Court of Auditors ⁽⁴¹⁾ and ECDPM ⁽⁴²⁾. There is often a convergence of interests, with partner countries seeing the MIP as a tool for achieving their own strategic priorities. However, partner country commitments to democracy, fundamental rights and freedoms have deteriorated in the Neighbourhood South with emergence of authoritarian regimes. As many partner countries are no longer actively pursuing reforms in these areas, it becomes harder for the EU to provide meaningful assistance with programmes at country level. Concerns have been expressed about an increasingly EU-centric cooperation in relation to the Global Gateway initiative, which has been met with scepticism by certain partner countries due to its perceived excessive focus on EU interests and values and disconnection from partner countries' needs – a concern also expressed by some interviewees in the Asia and Pacific regions.

MIP formulation in Asia and Latin America saw broader and deeper consultation (as compared to the previous MFF) with a range of stakeholders.

In **Asia and Latin America**, MIPs, EAMRs, progress reports, evaluation reports and other documents as well as interviews suggest that the cooperation programmes are based on, and rooted in, solid partnerships with government stakeholders at all levels. Based on extensive interviews and the European Court of Auditors' report on NDICI-GE programming, it is evident that 2021-2027 programming saw broader consultations in partner countries compared to previous MIP formulations, strengthening the foundation for partnerships. EUDs engaged with a diverse group of stakeholders, including government officials, civil society, Local Authorities, and the private sector, early in the MIP development. Notable trends are the stronger emphasis placed on relations and collaboration with CSOs during programming for the current MFF (as opposed to the past) and the effective frameworks for bilateral and regional partnership provided by the Team Europe approach and Global Gateway.

Under IPA III, there is no evidence of strengthening the partnership approach during preparation of Strategic Responses.

In the **Enlargement** region covered by IPA III, partnerships are meant to be strengthened in the bilateral programming process during preparation of Strategic Responses under the lead of National IPA Coordinators (NIPACs). However, as emphasised at the IPA III Regional Conference in November 2021, not all IPA III beneficiaries were familiar with the Strategic Response concept at the time when they needed to produce these. The administrative capacity of the NIPAC offices is not sufficient to rally public authorities and other actors into strategic, partnership-based programming: interviews with the EUDs and headquarters, as well as with CSOs and NIPACs show that, despite sometimes considerable efforts invested by the NIPAC staff, broader ownership in the programming process is low. The level of consultations varies widely from one beneficiary to the next.

In contrast, multi-country programming and regional programmes (such as IPARD, Facility for Civil Society and Media) have continued the previous practices of EU-led consultations, which rely on long-established partnerships.

The abolition of the EDF NAO system under

In the **Africa, Caribbean and Pacific** regions, the Samoa agreement enacted the suppression of the intermediary programming role of the National Authorising Officer (NAO) / Regional Authorising Officer (RAO). While the decision was not a result of the

⁽⁴⁰⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art.12 (c).

⁽⁴¹⁾ 'Overall, the priority areas and supported sectors were relevant, as they responded to the development priorities.' European Court of Auditors, *Programming the NDICI-GE: Comprehensive programmes with deficiencies in the methods for allocating funds and impact monitoring*, Special Report, 2023.

⁽⁴²⁾ ECDPM, *Catching up with Global Europe: 15 questions on the EU's new financial instrument answered*, 2021. Page 7.

NDICI-GE has brought benefits, but it comes at a partnership cost, as has the sidelining of Regional Economic Commissions.

new EFIs, it was concomitant to their launch, and created specific conditions for the transition to the current MFF. In particular, with the dismantling of the NAO function, the extent of consultations with the national authorities during programming has been significantly altered and / or reduced under the current MFF. The engagement with partner countries' line ministries has become more direct and stronger under NDICI-GE – with the consultations also focusing on a reduced range of sectors from the outset.

While the country MIPs remain broadly aligned to country priorities, there has been a deliberate departure from a *de facto* alignment to the priorities of the Regional Economic Commissions (with, admittedly, their limited capacities and sometimes unrealistic expectations) in the regional MIP. The new instrument marks a shift away from the 11th EDF's choice of regional organisations as preferred partners. As a result, the regional MIP comes with clearly stated intentions to move away from Regional Economic Communities' (REC) priorities.

There was poor communication by the EU about its decision to dismantle NAO / RAO, leading to strong discontent (e.g., as evidenced by the contribution of African, Caribbean and Pacific Group of States (OACPS) to the OPC online survey). As reported by EUDs, the lack of a clear and timely political message on the abolition of the NAOs has made their engagement with the authorities more difficult.

Support to local authorities, an uneasy counterpart to work with, has been de facto deprioritised.

The DCI thematic budget line dedicated to **Local Authorities** has been discontinued in the EFI transition. The rationale for this change, not called for in the 2017 MTE of the EFIs or the CSO-LA thematic evaluation, remains unclear. This is not to be interpreted as meaning that there is no more EU funding going to Local Authorities; in fact, a provision in NDICI-GE foresees the earmarking of funds for Local Authorities under geographic programmes⁽⁴³⁾. However, the review of MIPs shows that funding to Local Authorities is not appearing in most, a finding confirmed by interviews. The effect of this situation is reduced attention to Local Authorities in the EU's strategic focus. Local Authorities have, under the new EFIs, lesser access than under the previous MFF to EU funds, to EU-supported democratic processes, and to EU programmes focusing on service delivery to rights holders. Moreover, the existence of a budget line gave these stakeholders a certain visibility and a link to the EU independent of national authorities, and thus an autonomy from them. This has been lost, as the effect of the loss of the budget line has been that support to these actors is effectively funnelled through central governments. This leads to some collateral loss of coherence with EU policy goals⁽⁴⁴⁾.

Finding 10 Apart from global-level partnerships strengthened through Global Challenges, there is no evidence of strengthened partnerships in the major thematic areas covered by the EFIs.

Global Challenges the thematic programme has contributed to partnership at global level, but not necessarily to bilateral partnerships.

As **Global Challenges** is a thematic programme to support global actions (e.g., 2030 Agenda for Sustainable Development and Paris Agreement on climate change) in a spirit of multilateralism, it offers better opportunities for partnership with like-minded actors at global level. It is not clear that bilateral partner priorities are of much significance in the programming of Global Challenges actions, which '*should be applied strategically, in support of multilateralism and the rules-based global order, should promote EU's priorities and values, and will finance global and trans-regional initiatives for achieving internationally agreed goals, ..., protecting global public goods or addressing global challenges*'⁽⁴⁵⁾.

Partner countries have virtually all endorsed the targets from the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change, but to think that they necessarily attach the same priority to them as does the EU would be unrealistic. A core finding of the 2017 mid-term evaluation of the EFIs was that it had proven difficult, and increasingly so, to agree on shared priorities with partner governments, particularly in sensitive global areas such as environment and climate change and migration.3.1.3

There has been no deepening of partnerships in the area of peace

In the area of **peace and security**, compared to the previous MFF, according to partner countries, NDICI-GE has not slated into a stronger partnership approach with authorities and other stakeholders despite positive examples of strategic dialogue (e.g., Kenya). Partner-country authorities, NGOs and CSOs as well as EU Member States

⁽⁴³⁾ EU, *Regulation (EU) 2021 / 947 establishing the NDICI-GE*, 2021. Recital (36): '*Support to local authorities under the geographic programmes should amount indicatively to at least EUR 500 000 000.*'

⁽⁴⁴⁾ Bossuyt, J., *Local authorities in EU external action after 2020: Strategic actors or distant voices?*, 2020.

⁽⁴⁵⁾ EC, *Global Challenges MIP 2021-2027*, 2021. Page 24.

and security, but some increase in possibilities for conflict prevention in fragile-state situations.

see Geographisation, accompanied by mandatory conflict assessments for fragile countries, as a positive step. NDICI-GE seeks to shift towards a more conflict foresight- and prevention perspective, instead of a crisis management one, a recommendation of the 2017 mid-term evaluation of the EFIs. However, interviewees still note a limited EU appetite to engage in fragility and conflict-affected settings, especially coming from the geographic programmes. Moreover, while the Geographisation principle brings along a stronger focus on the partner countries, respondents stressed the need to pay continued attention to cross-border and regional security challenges which should not be de-prioritised due to the enhanced country focus.

International NGOs and CSOs remain strong partners as the EU struggles to build national and local partnerships.

International NGOs and CSOs remain important partners for dialogue and consultations to inform the EU's programming on peace, security and related governance matters. This is evident from programming documents, such as the Annual Action Programmes for 2021 to 2023 of the PSCP thematic programme. There is no evidence, however, that these exchanges have resulted in a stronger partnership approach compared to the past. Interviewees from NGOs and CSOs see the new EFIs as a continuation of the past with some improvements instead of something fundamentally new. A continuation is also seen with regard to the involvement of partner-country NGOs and CSOs for implementing actions, which remains low despite formulated EU statements that the 'localisation agenda' needs to be given more attention and the EU's active search for ways to directly support in-country CSOs. The continued ability of the **Peace, Stability and Conflict Prevention** programme to programme actions without going through the government helps promote more localised conflict prevention and peace building approaches.

Finding 11 Despite some improvements over EFSD, EFSD+ continues to be affected by a 'partnership gap' – the structural difficulty of forming durable partnerships with stakeholders.

Despite some positive changes, engagement with partner country stakeholders under EFSD+ remains limited, especially in the area of open access guarantees.

Despite increased attention to partner countries' representatives under **EFSD+** (as compared to EFSD), the direct involvement of these stakeholders in the implementation of EFSD+ has remained limited. This is especially the case in the Open Access part of EFSD+, partly because of the strong focus on private sector operations, and the portfolio approach underpinning guarantees. The problem previously identified – weak involvement of national stakeholders (esp. government and Local Authorities) – has persisted under EFSD+. In the sample studied, no PIPs explicitly referred to consultations with partner countries' representatives. The weak involvement of partner countries' representatives under EFSD led to three effects: i) limiting local ownership and opportunities for building partner countries' government capacities and understanding of financial instruments; ii) not accounting properly for local priorities and needs; and iii) not tapping the opportunity (for the EU) to create and / or strengthen partnership with partner countries' governments.

The EUDs' role has been strengthened under EFSD+ ...

EUDs' involvement in investment project structuring and implementation has increased under EFSD+. First, to address the issues experienced under the EFSD, the EUDs are more involved in early stages. Under the Open Architecture Window, all PIPs consulted were developed on the basis of consultations with EUDs. Second, for several EUDs, capacities have increased through trainings, support from EC headquarters, and by hiring staff with relevant skills. Third, according to interviews with EC HQ staff, by integrating EFSD+ as part of the programming process, the EUDs can now, in principle, better engage with partner countries' representatives. The EFSD+ guarantee window on sovereign and non-commercial sub-sovereign operations (EIB exclusive Window 1) also provides an opportunity to better involve partner countries in identifying and enhancing the design and implementation of investment operations.

... but is still too weak to fill the partnership gap.

However, overall, the lack of involvement of partner countries' representatives is likely to remain an issue whatever the type of operations – EFSD+ blending operations and guarantees are likely to encounter the same challenges than those of the EFSD. Interviews and consultation with DFIs / IFIs, EC HQ staff and experts indicate that there is a persisting capacity constraint in many EUDs, especially in LDC and fragile settings. Besides the issue of capacity, there is also an issue of incentives: EUDs' performance is often primarily assessed against indicators relating to grants / budget support disbursement and impact. Their work on the investment side is not systematically assessed nor rewarded, and hence, when there are competing priorities, the EFSD+ is less likely to be the area where most efforts will be dedicated.

3.2 Evaluation Question 2 – Efficiency and flexibility in programming and delivery

3.2.1 Introduction

Central to the design of the new EFIs were two themes: i) **streamlining for efficiency**, and ii) **flexibility for responsiveness**. These were crucial to making the transition from an EU external cooperation which was too much driven, shaped and even distorted by the available instruments. This section presents findings on the way in which the EFIs on one hand, and change management during their implementation on the other hand, have made this intention a reality.

3.2.2 Learning curve and enabling environment for new ways of working

Finding 12 The simplification of the EFIs' structure and regulatory framework, especially through the establishment of NDICI-GE, is a significant step forward in terms of efficiency and clarity.

The streamlining of instruments has led to a simplified EFI structure...

The new set of regulations streamlined the number of EFIs, from ten instruments under the previous MFF, to four (NDICI-GE, IPA III, DOAG, INSC). This resulted in a smaller number of financial envelopes to handle for EUDs and their partners. This progress is particularly marked for **NDICI-GE**, because this new instrument took over several of its predecessors.

Building on the lessons of the Common Implementing Regulation (CIR) ⁽⁴⁶⁾, this simplification, embodied by a small corpus of regulations, was a welcome change for partners and EU staff, as indicated by the in-country stakeholder survey and interviews with EUDs, headquarters, but also CSOs and government officials particularly in **sub-Saharan Africa**. For instance, international CSOs interviewed about the thematic programmes on **Human Rights and Democracy**, and on **Civil Society** respectively, agreed that a simpler architecture eased strategic communication and the understanding of the civil society and the general public, both at global level and in partner countries.

... and more unified programming processes.

Under the previous MFF, the EU produced geographic and thematic programming documents that were not fully harmonised in terms of format, timing and content ⁽⁴⁷⁾. Due to the existence of diverse instruments, these documents did not capture all initiatives (e.g., those under **EIDHR**) in all countries. Under the current MFF, all countries, territories, and thematic programmes covered by **NDICI-GE** go through their programming process concomitantly, using a unified process and an identical MIP template. Most EUDs (validation survey and written contributions) and the headquarters (interviews with EU officials at HQ) have welcomed this change, because it makes the MIPs clearer for all DGs and for the partners. In written consultations, several EUDs in **sub-Saharan Africa**, **Asia** and the **Neighbourhood** region highlighted the increased transparency stemming from this unified process regarding the policy objectives covered and prioritised by the EU in partnership with stakeholders in a given country. The MIPs are also institutionally more useful under the current EFIs, as comparable documents that facilitate coherent planning, monitoring, and instrument-level reporting, including on the coverage of policy objectives.

Streamlining under IPA III meant that the EU performs programming solely under the five thematic Windows ⁽⁴⁸⁾ of the IPA III Programming Framework for the seven beneficiaries in the **Enlargement** region. The IPA III Programming Framework ⁽⁴⁹⁾, as a unified strategic document for the region, forms a single, coherent point of reference for the EU and its partners, which covers well all the policy objectives highlighted in the IPA III Regulation. However, while the five thematic Windows cover the clusters of the negotiation chapters under the 2020 Enlargement Strategy, and are largely, although not entirely aligned with them, the indicators of the IPA III programming framework do not entirely reflect the negotiation chapters nor the indicators of the IPA III Regulation.

⁽⁴⁶⁾ EC, *External Evaluation of the Common Implementing Regulation (2014 – mid 2017)*, 2017.

⁽⁴⁷⁾ Enlargement – IPA II Indicative Strategy Papers for the entire MFF; South and East Neighbourhood – 3-year ENI and EPI Single Support Frameworks covering different years depending on the country; Asia – DCI MIPs for the entire MFF; sub-Saharan Africa, Pacific and the Caribbean – EDF National Indicative Programmes for the entire MFF; largest UMICs and HICs, Country and / or Regional Strategies for the entire MFF where applicable; OCTs – EDF Programming Documents for the entire MFF. Thematic programming: EIDHR, ICSP, PI, EFSD strategic documents.

⁽⁴⁸⁾ There are five Windows in IPA III Programming, corresponding to broad thematic areas, not to be confused with thematic programming under NDICI-GE.

⁽⁴⁹⁾ Annex to EU, *Commission Implementing Decision adopting the Instrument for Pre-Accession Assistance (IPA III) Programming Framework for the period 2021-2027*, C(2021) 8914, 2021.

Moreover, in the absence of country allocations or country-specific priorities, it reduces predictability for the EUDs and for the partners. Faced with these challenges, the NIPAC Offices, in charge of coordinating the national Strategic Responses that translate the IPA III Programming Framework into concrete country programmes, adopted very different approaches, unevenly attuned to the spirit of the instrument and not always useful for the preparation of AAPs (which embody continuous programming). Rather than strategically sequencing and prioritizing specific policy objectives, most Strategic Responses present a long list of issues and proposed actions under all five windows. These operational downsides of IPA III bilateral programming have not so far demonstrated the expected strategic advantages with the move to thematic programming.

The intense efforts devoted to learning new ways of working adapted to the new EFIs ...

The negotiations on the new instruments' regulations started in 2018, but the two key regulations were adopted in June 2021 (**NDICI-GE**) and September 2021 (**IPA III**), resulting in very intense programming processes for 2021. DG INTPA and DG NEAR anticipated some challenges by adopting and unrolling the MIP templates, and with an intense period of production of guidelines and targeted advice to EUDs in 2020-2021 (guidance on programming, thematic guidelines e.g., on conflict sensitivity and security). They offered programming training, even before the adoption of the Regulation. Reliance on previous experiences of strategic programming (MIPs, National Indicative Programmes, Single Support Frameworks) helped the EUDs and headquarters withstand challenges relating to the first programming cycle of the new EFIs.

Box 3 *IPA III: slow unrolling of programming capacity building efforts.*

In comparison with NDICI-GE, IPA III recorded lower institutional preparedness for bilateral programming. In contrast, multi-country programming processes (e.g., for CBC, IPARD) have remained stable and were met with higher preparedness. DG NEAR issued the package of programming guidance and templates iteratively and with delay from June 2020 to March 2022. The IPA III programming guidance, which compiled the IPA III programming guidance and advice provided in 2021 and 2022, was issued in January 2023. The partners had to develop their Strategic Responses to the IPA III Programming Framework before it was officially adopted, due to which national authorities were not sufficiently prepared for a substantially different programming approach compared to previous IPA instruments.

...have not entirely enabled to overcome the inertia imposed by institutional structure.

From one MFF to the next, the status of partner countries towards the EU, and their coverage by instruments has evolved, while the institutional structure of the concerned services has not. Therefore, the status of partner countries vis-à-vis the EU Member States (prospective members, OCTs, and others), the geographic coverage of EFIs, and the EU's internal organigramme are still not fully aligned. By and large, the transition to the new EFIs' structure took place within a rather static organisational structure and geographic coverage, as described in section 3.3. Meanwhile, the status among accession countries has evolved significantly with the suspension of accession talks with IPA beneficiary Türkiye (2019), which remains an IPA beneficiary but with modest amounts compared to the size of the country ⁽⁵⁰⁾, and largely benefits from NDICI-GE support from the RRP and the Cushion. This was followed by the granting of the EU candidate status to Moldova and Ukraine, and the subsequent candidate status granted to Georgia (2023), all benefiting from EU financial assistance under NDICI-GE. Therefore, some candidate countries receive assistance via NDICI-GE, whose bilateral programming approach is not pre-accession oriented. Interviews with EU officials showed that there is no intention, at this stage, to transfer the coverage of these countries to IPA III, considering with reason that the difficulties faced by experienced IPA beneficiaries would be all the heavier for new candidate countries, which is concurrent with the evaluation's findings. Besides, the option of a dedicated instrument for Ukraine is pending ⁽⁵¹⁾.

⁽⁵⁰⁾ EUR 341 million for the period 2021-2027 so far, according to the Annual Reports on implementation of EFIs.

⁽⁵¹⁾ EC, *Proposal for a Regulation of the European Parliament and of the Council on establishing the Ukraine Facility*, COM(2023) 338 final, 2023.

Finding 13 The Geographisation of NDICI-GE and the continuous country programming under IPA III shifted the centre of gravity of programming towards the country level, inducing an extra workload for the EUDs (and NIPACs), but decision-making does not always mirror this shift.

EUDs, with headquarter support carry the bulk of consultation, programming, and implementation.

Since the advent of the new EFIs, EUDs have borne the primary responsibility to program and implement the bulk of NDICI-GE action, supported chiefly by geographic and thematic units, and in cooperation with line DGs. The regulatory provisions and guidance have increased the EUDs' workload, level of exposure, and level of responsibility: the decentralised structures of the external services have become central to most analytical, decision-making, implementation, and reporting processes. EUDs are also increasingly mobilised in the implementation of regional programmes, a trend that existed already under the previous MFF. Interviews with EUDs and EUD validation survey results confirm this trend in all geographic areas.

With the suppression of the **EIDHR**, the only thematic instrument object of this evaluation is INSC. The other three instruments (NDICI-GE, IPA III, DOAG) are geographic, and they are increasingly geographised: Article 4.5 of the **NDICI-GE** Regulation proposes a 'subsidiarity principle'. The unit of analysis and programming is, by and large, the country (or territory), and group of countries (for multi-country and regional programmes). With the notable exception of Global challenges, many of the activities of the thematic programmes are implemented at country level⁽⁵²⁾. So are most actions under the **Resilience**⁽⁵³⁾ and **Crisis response**⁽⁵⁴⁾ envelopes of the RRP. The NDICI-GE programming guidelines and MIP templates require EUDs to conduct broad consultation during their programming process. **DOAG** is even more geographised than its predecessor, as the EU is opening or more substantially staffing EUDs in the DOAG geographic area. The government-led multiannual programming of **IPA III**, although based on a region-wide thematic programming document, takes place at Beneficiary level for bilateral programmes.

In contrast, the business processes of the thematic units in DG INTPA, DG NEAR and FPI have remained fairly constant as regards the implementation of the thematic programmes: an example is the **Elections Observation Missions**, which were not impacted by the new EFI structure. The main change observed in the work processes is linked to the termination of the PI and creation of the Foreign Policy Needs envelope within the RRP, which substantially changed processes for FPI.

The EUDs and headquarters have absorbed the rollout of NDICI-GE and DOAG satisfactorily during the first programming process of this MFF: despite some exceptions and challenges reported (particularly in **sub-Saharan Africa and the Neighbourhood regions**), the review of MIPs, written contributions of EUDs, and EUD interviews confirm that most MIPs and AAPs were in line with guidance and adopted on time.

Reflecting the political responsibility of the Commission for EU financial assistance, Headquarters remains pivotal in decision-making when stakes are high.

Evidence shows that decisions on financial assistance are taken by Headquarters given the political responsibility of the Commission to implement EU financial assistance. Faced with a crisis, differences of views with a government, or the rising influence of contender international donors and partners of the government, the instructions from headquarters may result in overhauling the regular annual planning process lead by EUDs. From the perspective of EUDs or beneficiaries political programming and planning decisions may be frustrating. Examples include the introduction of temporary and reversible financial measures vis-a-vis **Kosovo*** following the local elections in 2023; or the merging of distinct resilience support actions in **Madagascar**, which were meant to respond in targeted ways to differentiated local needs and lost relevance in the process.

Headquarters retains decision-making especially on interventions that are critical to the EU's responsiveness, particularly visible, or channelling large funding (e.g., **Ukraine, Moldova and Western Balkans Energy Support** packages). Blending operations, often mobilising large budgets, are approved centrally through a long process. Regional

⁽⁵²⁾ E.g., support to national CSOs under the CSO thematic programme (Source: EC, *Thematic programme for Civil Society Organisations – MIP 2021-2027*, 2021); support to human rights defenders in some countries under the Human Rights and Democracy thematic programme (Source: EC, *Thematic programme for Human Rights and Democracy – MIP 2021-2027*, 2021).

⁽⁵³⁾ Refers to Budget Position 14.02.032 'Support to inclusive quality education for refugees in Türkiye'.

⁽⁵⁴⁾ For instance and among many others: Integrated Response Mechanism for Ukraine, Conflict mitigation and community reconciliation in Northwest Nigeria, Afghanistan Inclusive Dialogue Initiative, Empowering Trust and Cohesion in Bosnia and Herzegovina.

and thematic programming remains headquarters-led, although it is consulted with EUDs, time allowing. In **Sub-Saharan Africa**, the sheer size of the regional MIP budget and time pressure led to Brussels-based decisions for many actions, with limited consultations with EUDs. Finally, the mobilisations of the NDICI-GE Cushion and RRP, are decided centrally, although their implementation often relies on EUDs and EUDs are consulted. Under **DOAG**, headquarters-based line DGs remain the key decision makers on large calls for proposals, and EUDs regretted not being more engaged.

Finding 14 Issues related to the environment of the EFIs (at EU HQ and EUD level) have complicated the transition from the previous to the current MFF; ‘learning by doing’ is likely to bridge gaps only partly where they exist.

Faced with time pressure and capacity constraints, the EU prioritised progress in programming and delivery over the introduction of significant internal institutional changes.

The support for adaptation efforts, on-demand advice, training, and guidance by the EU to ease the transition from the previous to the new EFIs can be characterised as efforts to manage change. Where they have been effective, they have contributed to implementation of the new programming guidelines stemming from the EFIs and from the Geographisation principle that took place through NDICI-GE. However, these efforts have not received high priority, resources, or attention in the context of time pressure linked to the transition. With the relatively late adoption of the regulations, and despite some anticipation by all services, the first programming cycle was compressed, and as a result, delivery was prioritised over change management.

The shifts embodied in the EFIs have tested the capacity of EUDs and headquarters. The thematic units in DG INTPA and DG NEAR, and of the INSC team dealt with a growing number of priorities and wider circle of partners. Headquarter and EUDs have reported issues of vacancy and staff turn-over (in particular in fragile contexts), which did not ease the new phase of programming. Challenging external circumstances (COVID-19, fluid environment) have exacerbated pressure during the transition phase.

Support measures such as Technical Assistance Facilities have partly bridged these gaps for certain core functions (e.g., for planning and implementation of actions or communication). Both headquarters and EUDs also entrust the management of granting schemes to implementing partners such as EU Member States agencies, UN agencies, international and European CSOs, or regional organisations – although it is uncertain whether all these actors are better equipped than the EU.

New ways of working and mainstreaming: a complex relationship.

Such efforts facilitated consultations and the mainstreaming of cross-cutting themes as envisaged by the EFI regulations. The transition towards new EFIs put a ‘stress test’ on already limited mainstreaming capacity, which partly explains why mainstreaming expected from Geographisation is materialising gradually. Whereas many EUDs have programmed dedicated actions on human rights, CSOs, peace and security, or climate change, these aspects are unevenly mainstreamed throughout the (other) sectors in geographic programming, as revealed by the review of sampled MIPs. There are doubts about the readiness to carry out conflict-sensitive actions in countries which are not explicitly fragile or conflict-affected.

Finally, the weaknesses of the targets-markers approach – although arguably the ‘least bad’ option to push for stronger coverage of a policy objective, and for mainstreaming – are well known and documented in thematic evaluations and interviews at all levels. They range from a ‘check box’ approach, to simple lack of expertise and understanding despite the best guidance efforts of thematic units and line DGs, to overreliance on apparently objective quantitative indicators – and this far from exhausts the list.

IPA III beneficiaries’ capacity gaps and lack of clarity prevented the country-led, performance-based programming foreseen by the instrument.

Several external and internal factors have prevented the beneficiaries and the EU from executing the type of strategic programming expected of them by the IPA III Regulation and Programming Guidelines. As opposed to country multiannual, sector-based programming which prevailed under **IPA II**, a definable **IPA III** approach to programming has actually not materialised so far. This is firstly due to the congruence of external shocks (sequels of the COVID-19 pandemic, energy crisis resulting from Russia’s war of aggression against Ukraine). In addition, the internal (often polarised) politics in some beneficiaries incentivise the aggregation of wishes from various line ministries. Despite support provided under IPA II, the capacity of NIPAC offices, suffering from perennial understaffing and turnover, and of public administration in general, has not risen up to the demands of the IPA III programming process. In addition, beneficiaries have difficulties accommodating the uncertainty attached to the absence of bilateral multiannual envelopes: without advance knowledge of the main

actions that will be funded in the respective sectors, it is difficult to plan the necessary national budget lines in these sectors. The protracted process of deployment of the IPA III regulatory, guidance and programming framework has compounded the issue, by placing the Beneficiaries in the uncomfortable position of jointly programming without a clear framework. There are also diverging interpretations on the performance-based approach. Under these conditions, the EU and its partners fell back on the practice of annual programming without full clarity on how to define and assess performance. To resolve uncertainties, they resorted to the continuation of a fair-share-based allocation of assistance resources based on the size of the respective countries, and they differentiated chiefly based on absorption capacity⁽⁵⁵⁾.

EFSD+: a new paradigm demanding major improved governance and capacity development.

Implementation of **EFSD+** is still mostly pending, with some aspects of the tool (e.g., the Open Architecture guarantee window) having been deployed in only a few contracts. Problems inherited from the predecessor EFSD's 'one-stop-shop' governance structure can, however, be easily identified. There is a lack of details on the business processes, distribution of roles and responsibilities of headquarters and EUDs, or the internal transition processes. EU Member States are asking for more transparency and more communication, with more space for strategic discussions.

EFSD+ and traditional bilateral and regional programming are difficult to coordinate for coherence, due to their very different temporal horizons. The long-term view of EFSD+ creates de facto uncertainty for geographic programme staff. Without the ability to clearly anticipate the future investment schemes and the time of their deployments, it is difficult for EUDs to initiate dialogue with partner countries on possible EFSD+ operations such as guarantees. Even the WBIF, has been criticised by a range of interviewees for being slow and cumbersome, and its positive features ensuring cooperation between the EU, EU Member States and DFIs / IFIs have not been carried over EFSD+-wide.

Failure to fully exploit the promise of EFSD+ has been compounded by delays in EFSD+ deployment so far, compared to the rest of the programming process. EFSD+ funds were reserved from MIP allocations late in the process, requiring adjustments in the planning of the bilateral cooperation. Country allocations were confirmed only at the very end of the process and many other last-minute changes were reported (targets, percentage allocation to Team Europe initiatives, funds to be reserved for EFSD+). As the provisioning for guarantees (whose rates are provided by the NDICI-GE Regulation, and which are funded from geographic budget lines) weighs on the geographic programmes, this experience could create frustration. EUDs, for instance in **sub-Saharan Africa**, felt they were consulted on investment projects, but too late and without the necessary background and ability to contribute to decision-making.

Capacity shortfalls already existed for the EFSD during the previous MFF, but the introduction of the EFSD+ has exacerbated them, while increasing the urgency to address them, in view of the amounts and potential risks at stake. EUDs face challenges as they need to anticipate the impact of provisioning on the future geographic budget line, so as to plan strategically, taking this factor into account for the provisioning for guarantees, and its effects on bilateral programming and the use of the geographic budget lines. The EU has initiated the recruitment of specialised staff, but in numbers that are not commensurate to the scale of the EFSD+, or to its ambitions. The EU also conducted a series of trainings, but these are insufficient to equip the services with entirely new, specialised technical finance skills. These shortfalls are compounded by internal rules and procedures (visa routes, templates, financial management and reporting) that are very dissimilar to those of financial institutions, particularly the DFIs / IFIs which implement most EFSD+ actions.

3.2.3 Transaction costs and efficiency: gains and losses from the transition

Finding 15 The new EFIs have entailed an increased but worthwhile workload (as compared to the previous MFF) for interactions, both internally and externally.

Breaking silos means more EU-internal

Under the current MFF, geographised programming and simplified EFI architecture involve a cooperative process within EUDs, within headquarters, and between EUDs and headquarters, involving both line DGs and external action services. **NDICI-GE** has

⁽⁵⁵⁾ Source: Interviews with EUDs, Geo Desks, NIPACs, CSOs, targeted consultations with EU Member States, review of EAMRs, Strategic Responses and programming guidelines.

cooperation, with intensified traffic and workload associated.

facilitated more effective cooperation of INTPA geographic and thematic teams. Not only does closer cooperation ensure more coherent, more tailored, and stronger programming and implementation, it also contributes to building knowledge, understanding and capacity of thematic issues across the EU's external action services and line DGs.

The general intensification of internal cooperation contrasts with the previous MFF: EUDs (interviews and written contributions) and headquarters (interviews, validation survey) found that the coexistence of EDF, DCI, ENI, EFSD, EIDHR, IcSP and PI engaged them in several parallel processes, sometimes operating in silos which they had to reconcile during the finalisation of their MIPs and during implementation.

Productive EUD-headquarter relations to unroll the programming guidance for the EFIs start with effective cooperation among EUD sections (e.g., Colombia, Myanmar). Joining forces increases internal transaction costs, especially for EUDs and FPI offices. But these costs represent an investment in enhanced coherence and possibly efficiency in future decision-making.

Breaking silos within external action services has not been easy, as reported in the **Neighbourhood, Asia-Pacific, and Enlargement regions** in particular. EUDs and headquarters emphasise the need for regular guidance, clarification and negotiations between staff involved in geographic programming (EUDs, Geo Desks, FPI, EEAS), and between geographic and thematic staff (thematic units in DG INTPA and DG NEAR, FPI).

Different operational practices of DG INTPA and DG NEAR also persist, as confirmed by many interviewees in headquarters and EUDs, as well as EU Member States during targeted consultations. These differences particularly affect the implementation of NDICI-GE in **Africa**, as they limit the possibilities for pan-African approaches, or multi-country initiatives on both sides of the Sahara – although enabling these was an intention of the Regulation.

Consultation between external action services and line DGs has intensified since the start of the current MFF, albeit often on an informal basis and without being recorded in the MIPs. Interviewees describe a 'win-win' collaboration with DG INTPA in which line DGs' expertise and political mandate is matched with DG INTPA's access to funds and field presence. According to line DGs, when this cooperation takes place at appropriate level and early on, it contributes to higher quality of MIPs and, ultimately, of interventions. Such collaboration is labour-intensive and creates additional transaction costs which are likely to slightly recede in the long run, but they are positive, as they ensure mutual understanding and priorities and common approaches, in line with the Policy first approach. As was the case during the previous MFF, this is most efficient where line DGs have field presence (e.g., **regional ECHO Office in Nairobi**), and where individuals display exceptional commitment and knowledge (e.g., as witnessed in **Madagascar**). Due to the priority put on migration by NDICI-GE, particularly with respect to **sub-Saharan Africa** (and, to a lesser extent, by IPA III regulations), DG HOME became increasingly involved in consultations for geographic programming. TEIs geared towards Global Gateways priorities (e.g., in **sub-Saharan Africa**) provide useful avenues to intensify coordination with line DGs and EU Member States.

There is no evidence that intra-EU consultation, coordination, and collaboration would have considerably improved under IPA III compared to previous instruments, although Member States have been consistently kept informed on the new IPA III programming approach, including through discussion in the Council Enlargement Working Group. Member States also continue to be involved on annual planning coordination at local level. The DGs interviewed regretted a more inward-looking process of **IPA III** programming, especially as the IPA III Programming Framework remains wide and beneficiary Strategic Responses have not provided a similar multi-annual strategic framework as the IPA II Indicative Strategy Papers. On **foreign policy needs**, interviewees in line DGs reported either no change compared to the PI, or a worsening, when differences of opinions about the continuation of pre-existing projects required higher-level mediation / arbitration.

The Partnership shift has demanded more

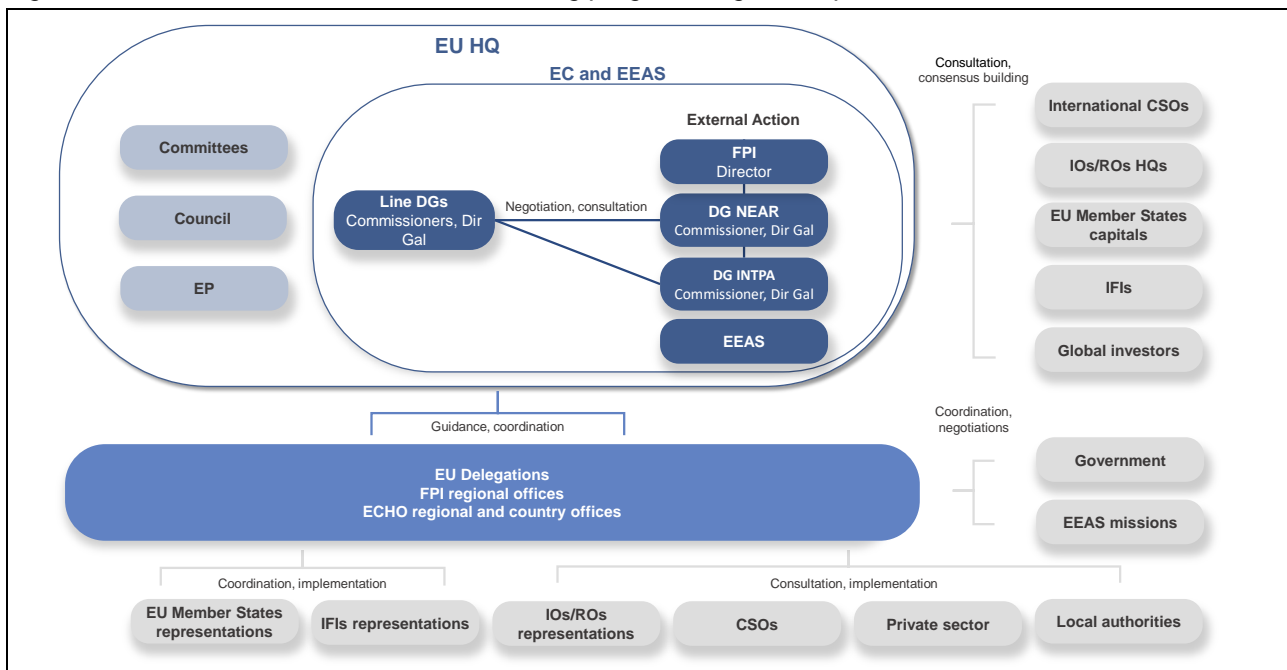
The current EFIs require more consultation with a growing number of partners. The first category is in-country stakeholders within the purview of EUDs, firstly the government: the regulations of **NDICI-GE, IPA III, INSC and DOAG**, as well as programming guidelines insist on the importance of an inclusive programming process based on

EU-external consultations.

genuine partnership with them. This came through strongly, for example, in interviews and documents concerning the **Asia, Pacific, and the Americas** region. EUDs are sometimes left to communicate difficult decisions and changes of priorities to partners (as highlighted by EUDs in **sub-Saharan Africa** and the **Enlargement** region). As also discussed under section 3.1.4 on partnerships, the situation was especially delicate in the ACP countries where the EU and its partners suppressed the function of NAO, a ‘one stop shop’ which used to centralise the approval of all EU contracts with the governments. The change has had multiple effects on consultation needs. EUDs now design and negotiate contracts directly with the relevant ministries and public bodies, without having to work through a single officer. At the same time, responsibility for coordination, with the associated workload, as well as the task of managing sensitivities, shift back to the EUD. On balance, EUDs are satisfied with the change because it allows them direct access to decision-makers and facilitates a whole-of-government approach.

At regional and global level, DG INTPA and DG NEAR geographic and thematic units in headquarters interact with regional and international organisations’ headquarters and representations, with DFIs / IFIs, and with associations of Local Authorities. With the new Framework Financial Agreements, they have expanded their circle of partner CSOs – which involved the arduous management of calls for proposal.

Figure 6 Patterns of consultations during programming and implementation



Source: Evaluation Team based on EFI regulations and EU programming guidelines.

EFSD+ risk management is inclusive of external actors: the Risk Assessment Group is open to EIB, EU Member States, and other eligible counterparts. EFSD+ guarantees bottlenecks exist in planning and contracting (interviews with DFIs / IFIs), given the complexity of the consultation and negotiation process for instruments that are adapted to specific needs. This may be problematic in case there is involvement of the private sector counterparts which operate usually under much shorter contracting schedules. Finally, guarantee pricing under EFSD+, as set in the Risk Policy Framework and communicated to all FIs, foresees risk-reflective pricing with the possibility of providing discounts for addressing certain policy objectives. FIs reported that lack of transparency (i.e. access to the pricing model) creates uncertainties. Coordination between the country and global levels places further demands on EUDs and headquarters to interact, but interviews reveal that this is cumbersome.

IPA III has created unprecedented transaction costs not only for the EUDs and headquarters, but also for the NIPAC offices⁽⁵⁶⁾. The latter facilitate consensus building amongst line ministries and other public entities, who at times compete for assistance.

⁽⁵⁶⁾ Source: Interviews with NIPACs, CSOs, EUDs; 2021 IPA III Regional Conference conclusions.

They also lead preparatory consultations with the same constellation of country-level stakeholders as described above, sometimes in polarised political environments. During the first three years of IPA III, this change increased the need for interaction between the beneficiaries and the EU (especially EUDs), and between the EUDs and headquarters, to accompany the concomitant processes of Strategic Response preparation and annual planning. As Strategic Responses were not of the expected quality ⁽⁵⁷⁾ and are under-used, some partners now question whether the effort was worthwhile.

Finding 16 Planning and implementation recorded some efficiency gains under the current MFF, but these did not directly result from the new EFIs.

The transition has been accompanied by a general effort to achieve greater efficiency.

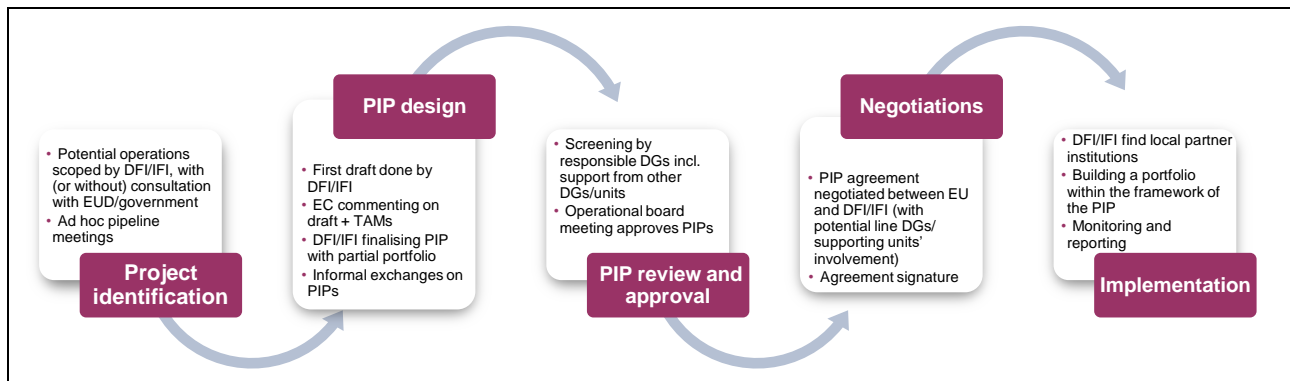
Parallel to the increase of transaction costs during programming (see Finding 15), the EU has made efforts to increase efficiency and decrease transaction costs during implementation.

The first trend is the gradual simplification of practices and processes for allocation, contracting, and implementation – although the regulatory framework on these procedures has remained mostly unchanged. In **ACP countries** for instance, the **NDICI-GE** Regulation suppressed the requirement for Financing Agreements at regional level prior to regional programmes, which existed under the 11th EDF and hampered efficient and suitable choice of partners. The simplification trend is not uniform across modalities: blending operations remain long and cumbersome to prepare, and especially to approve. EUDs are not making full use of all the options offered by NDICI-GE and by the financial regulations because they may not know them or may not fully understand them ⁽⁵⁸⁾. For instance, EUDs rarely use the simplification of financial operations, grouping of invoices, and optimisation of controls to free up human resources.

The second trend is that of planning and implementing fewer, larger actions and financial envelopes. It is visible for **NDICI-GE** in geographic and thematic programming, in **IPA III** for bilateral and regional programming, and also for **INSC** (with the number of contracts tending to decrease since 2014).

As illustrated in the accompanying diagram, EFSD+, with a particularly complex and lengthy PIP development and approval process, has very different planning and implementation cycles from the rest of programming; e.g., Action Document or even MIP development processes.

Figure 7 EFSD+ planning and implementation process



Monitoring and reporting: some improvements, but weaknesses remain.

The new instruments respond to shortcomings identified by the 2017 MTE of EFIs (regarding monitoring and learning) with new monitoring, evaluation and learning functions, but also face difficulties as discussed under the finding on mainstreaming and monitoring in section 3.1.3.

⁽⁵⁷⁾ Source: Strategic Responses review, compared with IPA III Programming Guidelines; interviews with EU Headquarters, EUDs, NIPACs, CSOs.

⁽⁵⁸⁾ According to the EC, *Evaluation of the European Instrument for Democracy and Human Rights, 2017*; EC, *Meta evaluation of human rights & democracy thematic projects (2014-2021)*, 2023; and to an internal study performed by DG NEAR.

The **NDICI-GE** Regulation and its Annex VI, complemented by the new Global Europe Result Framework (**GERF**)⁽⁵⁹⁾ establish a system where country-level monitoring percolates to global results reporting, thanks to indicators that are aligned with the SDGs while offering continuity with the previous framework. **INSC** shares a similar approach to results reporting. The **IPA III** Regulation also includes a dedicated Annex IV on performance indicators. The IPA III Results Framework introduced in 2022 promotes the comprehensive use of the performance indicators included in Annex IV of the IPA III Regulation, the indicators included in the overarching IPA III Programming Framework, and in the IPA Performance Framework, as well as relevant indicators included in the EFSD+ results Measurement Framework (ReMF)⁽⁶⁰⁾.

However, this progress is not yet fully mirrored in the programming-level results framework. The sampled MIPs under **NDICI-GE** and **DOAG** do not offer indicators aligned with the multi-level framework of NDICI-GE and the GERF. The above-mentioned set of indicators of the **IPA III** Programming Framework remains too large and is not closely aligned with the Negotiation Chapters. The **INSC** results framework remains principally output-oriented. The results measurement framework related to **EFSD / EFSD+** has not delivered comprehensive, consolidated and aggregated data so far, due to its still recent introduction into both blending and budgetary guarantees' proposals and contracting. Instrument-level annual reporting offers an aggregation of data from the country, regional and global levels, including monitoring of the targets. The IT system OPSYS serves to align indicators at action level, and feed micro-level data into global monitoring and reporting, but there is a broad consensus among the interviewed users that it does not fulfil the needs, and that the data which would enable to monitor the results of the EFIs remains incomplete. The unavoidable overlap in the implementation of the two MFF (many actions currently implemented were programmed under the previous MFF) meant that two result and monitoring frameworks coexisted for a while, which was burdensome and sometimes confusing, as indicated by partner governments and implementing partners. **CSO** funding is hard to document, as sub-granting and indirect management of grants by international organisations rely on the implementing partner's diligence. Overall, before and during the transition to the new EFIs, the EU has invested a lot of efforts into updating its results framework, and its reporting tools and processes. However, continuous monitoring of the instruments' delivery on the respective policy objectives remains a challenge.

Finding 17 The EU's efforts to reduce transaction costs have heightened barriers to partnership for CSOs and Local Authorities.

CSOs: the need to balance transaction costs and the advantages of partnership.

As discussed under section 3.1.4 on partnerships, NGOs and CSOs (international and national) and Local Authorities (national and internationally networked) are recognised by the new EFI regulations as vital partners to achieve EU Policy first goals and objectives. Especially in the case of CSOs, partnership is essential to combating 'shrinking space' and strengthening EU support for democracy and human rights; CSOs, thanks to their proximity with the citizens, are also natural partners for the EU towards the delivery of various policy objectives ranging from governance and PFM, to local development, to peace, security, and conflict prevention as well as crisis response, especially in conflict-affected and fragile contexts which require in-depth field awareness.

While the Partnership shift has demonstrably resulted in greater inclusion of international and EU-based CSOs in strategic programming, the situation is different for national and grassroots CSOs. Many EUDs (**Nepal, Serbia, Haiti, Moldova, Morocco**, among others) reported regular and productive dialogue with CSOs, which they promote as watchdogs, policy actors, and programming partners. But outreach, dialogue, and partnership come at a cost, and there is a need to strike a balance which is often at the detriment of local CSOs.

As a result, actions at country level of the RRP and of the thematic programme for CSOs function based on ever-larger calls for proposals. Direct grants are superseded by sub-granting schemes which shift administrative costs (and risks) to implementing partners, who in turn attempt to shift costs (with a risk premium) back to the EU. This favours operations with implementing partners which are perceived as more reliable

⁽⁵⁹⁾ EC, *Launching the Global Europe Performance Monitoring System containing a Revised Global Europe Results Framework*, SWD(2022) 22 final, 2022.

⁽⁶⁰⁾ EC, *The Instrument for Pre-Accession assistance (IPA III) Results Framework*, SWD(2022) 455 final, 2022.

and efficient, even if more expensive, than national-level actors: EU Member States agencies, DFIs / IFIs, international organisations (and regional organisations in the **Neighbourhood** and **Enlargement** regions, where these tend to have higher capacity), and EU-based or international CSOs. The **Crisis Response envelope of the RRP** is a good illustration: the analysis of implementing partners shows that, where these allocations reached CSOs, these were overwhelmingly international or EU-based.

Evidence shows that the options afforded by the instruments to circumvent the heavy requirements and formal difficulties, and reach out to grass-root CSOs, are under-used by EUDs. Potential beneficiaries and applicants at country and grassroots level, are not conversant with requirements or opportunities afforded under the instruments. As a result, potential gains to efficiency, as well as relevance and coherence, go underexploited by the EU.

Under **IPA III**, the majority of civil society support is provided through the IPA III Civil Society Facility and Media programme, which is programmed by the Commission directly for each IPA III beneficiary. Given the governments' leading role in organising of consultations and programming of bilateral IPA III assistance. CSOs' access to financial assistance could differ depending on the government's alignment with the EU's objective of a vibrant civil society. Gradual transition to indirect management by governments, envisaged in IPA III ⁽⁶¹⁾, can also be prejudicial in the context of shrinking space for civil society. For an aspiring Member State, this is a substantial part of 'fundamentals first' approach, and, in principle, is therefore also subject to assessment as part of the accession negotiation process.

Local Authorities have somewhat been left behind.

Local Authorities face similar barriers as CSOs, and these are compounded by the abandonment of the thematic programme on Local Authorities in the **NDICI-GE** Regulation (see section 3.1.4). Local Authorities frequently face eligibility issues such as the financial incapacity to co-fund EU interventions (Ghana, Gabon). They also lack the benefit of a dedicated focal person in all EUDs and only very few EUDs have implemented the good practice of Local Authorities Roadmaps. Indirect management by central governments, under IPA III and NDICI-GE can pose specific challenges, in cases where central government may not positively view access to EU funding by opposition-led Local Authorities.

In the Enlargement region covered by **IPA III**, Local Authorities are included in the public administration reform efforts under the 'fundamentals first' approach to some extent.

The **EFSD+** processes, as was the case already under EFSD and WBIF, do not require Local Authorities' participation in PIP preparation, although they are at the frontline of service delivery to the citizens, and responsible for infrastructure projects planning. Under EFSD+, the EIB dedicated window for commercial sub-sovereign operations has not been activated yet. The eventual operationalisation of such a window may bring closer involvement of Local Authorities for EFSD+ operations.

3.2.4 Responsiveness to crises and emerging challenges at local, country, regional and global level

Finding 18 The new instruments adequately responded to the lessons learned during the previous MFF, with a combination of old and new flexibility features.

Geographic and thematic programming combines new and old flexibility features.

The EU's external cooperation has long tried to reach a balance between predictable programming and agile responsiveness. A lesson of the 2017 Mid-Term Evaluation of the EFIs, confirmed by the evidence of this evaluation, was the fragmentation of flexibility features. The transition to **NDICI-GE** benefitted from the flexibility tools of previous EFIs' regulations. For instance, NDICI-GE allows waivers of regular approval routes and eased amendments for new assistance measures under the current MFF as was the case in **IcSP**. While endorsing these flexibilities, NDICI-GE enriched them with new provisions for programmable envelopes. The Regulation allows carry-overs from year to year; the fact that it is a single instrument removes some regulatory constraints that hindered the reallocation of funds between different instruments. It also stresses foresight through more context-sensitive programming (e.g., conflict analyses) ⁽⁶²⁾.

⁽⁶¹⁾ EU, Regulation (EU) 2021 / 1529 establishing IPA III, 2021. Recital 35, Art. 9-2.

⁽⁶²⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art. 8-8.

The combination of old and new flexibility features within NDICI-GE has equipped the EU to respond faster and better while keeping a strong degree of predictability. This proved particularly instrumental to match continuity in coverage, with responsiveness to crisis in fragile contexts. The EU used these features in combination with the flexible implementation of actions already programmed during the previous MFF to further increase agility (e.g., in response to the influx of refugees from Ethiopia / Tigray in Sudan).

IPA III, while in essence a modular instrument, using flexibility to reward performance, also proved capable of repurposing resources in a very short time for a major energy support package in response to the crisis in the Western Balkans. **EUTFs**, which pool resources from the EU budget, EU Member States and other donors, are no longer in use by the current MFF to respond to concerns of the European Parliament, EU Member States, and European Court of Auditors over transparency and accountability. However, the past EUTF still provide flexible financial resources through the implementation of actions programmed under the previous MFF. **INSC** has repeatedly proven its high flexibility through rapidly initiated, adjusted, stepped-up or suspended cooperation with Belarus, Iran, and especially Ukraine, thanks to fast budget allocations, and agile coordination.

The non-programmable Rapid Response Pillar and Cushion have contributed to flexibility under NDICI-GE.

The **Rapid Response Pillar (RRP)** under **NDICI-GE** prevents gaps and interruptions by providing three envelopes (Crisis Response, Resilience, and Foreign Policy Needs) ⁽⁶³⁾. Building on the experience of the **IcSP**, the **PI** and the **EDF B-Envelope** under the previous MFF, the RRP explicitly promotes long-term thinking while unleashing flexibility. The Foreign Policy Needs envelope under the RRP (RR-FPN) is of particular importance, in part because its coverage includes cooperation with **HICs**. Like the **PI** before it, it is nimble within the limits imposed by the annual budgetary process.

The RRP requires internal coordination of the actions it finances, especially between EUDs and headquarters. EU HQ as well as EUD interviewees noted delays related to the (informally called) ‘flagging procedure’, by which a service alerts on the need to allocate RRP funds for FPN. These coordination issues, added to the gradual financial depletion of the RRP, have led several interviewees from the EUDs and headquarters to consider whether NDICI-GE lacks a non-programmable envelope within the geographic pillar (as was the case under the EDF), although there is a concern that this could hamper complementarity and coherence with the RRP.

Complementary to programming and rapid response, the Emerging Challenges and Priorities Cushion provides a non-programmable envelope to respond to a broad range of unforeseen situation, needs and priorities ⁽⁶⁴⁾. It revealed its strategic importance from the onset of the MFF with sizeable and visible mobilisations, as discussed below. The interviewees celebrated the novelty of the Cushion, which provides avenues for a much-needed unified response across the three NDICI-GE pillars, as it can be channelled through all of them.

Finding 19 During the first half of the MFF, these features allowed strong and quick reaction to high-priority issues and crises, while testing the limits of the EFIs: COVID-19, the Russian war of aggression, and the refugee-migration crisis.

Response to the COVID-19 pandemic: a useful combination of the Cushion and re-purposed actions.

Cushion resources mobilised in response to the COVID-19 pandemic went primarily to the COVAX, a GAVI-managed facility, through both the Global Challenges thematic programme, and geographic programming. This was in line with the letter and spirit of the NDICI-GE Regulation, responding at the same time to unforeseen circumstances and to a global crisis, thus boosting the EU’s contribution to an international initiative addressing a classic global public challenge issue (infectious disease).

Complementary to the Cushion mobilisation, the EU deployed re-purposed actions programmed under the previous EFIs (e.g., funded by the **EUTFs**), and new actions under **NDICI-GE** geographic programming for country-level COVID-19 resilience responses (including budget support, with the re-purposing of certain budget support interventions and adjustment of conditionalities for faster COVID-19 assistance in **sub-Saharan Africa**). The **EFSD+ guarantees** additionally backed EIB concessional loans to COVAX. According to documentary evidence, the only gap was the scarce coverage by **DOAG**. In the IPA beneficiaries, post-COVID-19 recovery support was provided for

⁽⁶³⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art. 4-4, Art. 4-5, Annex IV.

⁽⁶⁴⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art. 6 and Art. 17.

mostly through IPA II funding, and to some extent through IPA III, in a particularly flexible and responsive fashion.

Response to Russia's war of aggression: a complex crisis requiring a country-level response unprecedented in its magnitude.

The EU's and EU Member States' response to this war is unprecedented in its magnitude and in the diversity of instruments and tools mobilised for **Ukraine** ⁽⁶⁵⁾, and to a lesser extent for the direct or indirect consequences of the war in **Moldova**, as well as the **Neighbourhood South**, and the **Enlargement** regions. While, according to EUD interviewees, the amount of funding would have been possible under the previous instruments, it would have entailed greater institutional friction, with associated administrative, time, and opportunity costs. In addition to the European Peace Facility, which is excluded from the scope of this evaluation, the NDICI-GE tools served pragmatically and interchangeably: various sources of funding (Geographic pillar, RRP allocations, and Cushion mobilisations) were used interchangeably, for this crisis without clear differentiation.

A central tool mobilised for this crisis has been the **NDICI-GE Cushion** (EUR 2.59 billion so far) ⁽⁶⁶⁾ but, aside from mobilisations directly funding emergency needs (e.g., services to internally displaced persons, fast recovery) some of these mobilisations give rise to concerns: the Cushion was mobilised to cover the increased provisioning rate related to loans contracted under the previous MFF (with an exclusive guarantee to EIB) but repurposed since 2022. This avoids depleting the geographic lines, but it conversely weighs on the cushion. In addition, interest rate subsidy related to new MFA loans to Ukraine are contributing further depletion of the Cushion, weakening its ability to respond to other and possible future crises.

Response to the protracted refugee and migration crises: grey areas regarding the scope of the envelopes used.

Response to migration and refugees' flows is a key priority of NDICI-GE and IPA III. Faced with continuing and new crises in this area, the EU has used geographic programming, the Cushion ⁽⁶⁷⁾ and the RRP Resilience and Crisis Response envelopes ⁽⁶⁸⁾ to respond – the latter two interchangeably despite their different purpose in principle.

The Cushion was introduced to primarily cope with 'unforeseen' challenges. But, in relation to migration, it has been heavily mobilised for a long-existing crisis, to honour pre-existing migration commitments made within geographic programming, which had to be funded but cannot be qualified as unforeseen. The centrepiece is support to Syrian refugees and host communities.

The way in which the RRP Resilience envelope was used is questionable: while the support to the refugees and local communities in Türkiye (EUR 530 million) ⁽⁶⁹⁾ does qualify for the envelope used, the complete depletion of the envelope for a single, long-standing crisis has been criticised by many interviewees. The RRP Crisis Response envelope was used in complement for the same crisis and for other pre-existing similar (protracted) crises (e.g., Rohingya refugees).

A geographic imbalance not responding to an explicit rationale.

The EU has thus (as pointed out above) extensively used the non-programmable tools of NDICI-GE to respond to a limited number of exceptional crises, which have mainly taken place in its neighbourhood (with repercussions on the Enlargement region). Close to three quarters of the NDICI-GE RRP allocations are thus directed to the **Neighbourhood** and **Enlargement** regions. Out of these, all allocations of the Resilience Envelope for 2021-2023 have been managed by DG NEAR, while FPI manages all actions under the NDICI-GE Crises Response envelope.

Other regions have received funding from the NDICI-GE RRP envelopes for the same period, but through smaller amounts. **Sub-Saharan Africa** comes far second to the Neighbourhood and Enlargement regions in RRP allocations. These allocations mostly

⁽⁶⁵⁾ Since the beginning of Russia's war of aggression against Ukraine, the EU and its Member States have mobilised EUR 68 billion in humanitarian, financial and military assistance to Ukraine. In addition, the EU and its Member States have mobilised at least EUR 17 billion to support people fleeing Ukraine. This brings the total EU support to Ukraine and its people to EUR 85 billion (situation as of December 2023).

⁽⁶⁶⁾ EU Parliament, *Draft Report on the implementation of the NDICI-GE*, Committee on Foreign Affairs, Committee on Development, 2023 / 2029(INI), 2023.

⁽⁶⁷⁾ For a total of EUR 81 million. Source: EU Parliament, *Draft Report on the implementation of the NDICI-GE*, 2023 / 2029(INI), 2023.

⁽⁶⁸⁾ For a total of EUR 572.5 million. This includes EUR 15 million in support to Moldova, linked to the influx of refugees from Ukraine, which is also reported above under the calculation of allocations linked to Russia's war of aggression against Ukraine. Source: EU Dashboard extractions of March 2023.

⁽⁶⁹⁾ As per European Council, *Council conclusions on external relations*, 24 / 25 June 2021.

correspond to smaller, scattered actions essentially under the Crisis Response envelope: for instance, the Sahel security crises including forced displacement. Zooming on the Crisis Response Envelope, the Neighbourhood and Enlargement regions come first in terms of amounts. This contrasts with the previous MFF, when the primary geographic focus of IcSP Art. 3 and 4 funding was on sub-Saharan Africa ⁽⁷⁰⁾. Over half of the Cushion mobilisations have reached the Neighbourhood and Enlargement regions, chiefly for Ukraine and Syrian refugees packages, while the remainder was dedicated mostly to global programmes, and EUR 400 million to Africa.

Finding 20 In the context of multiple and protracted crises, the existing flexibilities are overstretched.

Financial dimension: flexibility needs largely exceed the financial limits of the EFIs.

The succession of severe global or regional crises that characterised the end of the previous MFF and the first half of the current one, has been weathered but depleted the EU's flexible funding sources. During the COVID-19 crisis, the EU and DFIs / IFIs managed to repurpose **EFSD** funding, and since 2022 loans to Ukraine contracted under the External Lending Mandate were also repurposed. Meanwhile, the almost depleted Cushion has left geographic programmes with less money available for other, long-term actions, typically in conflict-affected and fragile contexts. This is particularly visible in **sub-Saharan Africa** and, to a lesser extent, in **Central and East Asia**.

As a result, several serious crises or resilience needs have been addressed mainly or exclusively through the geographic pillar, to a modest extent for some (e.g., Myanmar). Likewise, the energy crisis in the Western Balkan was addressed through regular programming. Other crises (e.g., Pakistan floods) receive limited response.

Responding to this, the EC has proposed a new dedicated instrument, the Facility for Ukraine – subject to adoption. This proposal is part of a broader request for EU Member States to add a further EUR 100 billion to the EU's common budget (MFF 2021-2027), largely designed to help the EU better respond to a succession of crises and new priorities which the EFIs and their budget are insufficient to satisfactorily meet ⁽⁷¹⁾.

Political dimension: the prioritisation of flexibility tools has been strongly defined by political imperatives.

Whenever there was strong political will, the EU responded effectively and efficiently to emerging needs and a succession of crises. The heavy weight of politics in flexibility is exemplified in the **Enlargement** region, where 2022, following Russia's war of aggression against Ukraine, the Western Balkans faced a crisis linked to the increased energy prices. Within weeks, the EU responded with a sizeable energy support package. This experience demonstrated the unprecedented flexibility of IPA III but came at the cost of one year of strategic focus and performance-based programming: the entire annual bilateral programming for 2023 was postponed to 2024 in all six Beneficiaries, with unconditional disbursements, regardless of uneven reform performance. Based on interviews, this bred the perception among national partners that the EU is not a predictable partner when it comes to the use of conditionalities, and that important decisions on assistance are more political than merit based.

Institutional dimension: while there has been some agility in the use of flexibility tools, there are constraints to their optimal use.

The EU used the varied tools at its disposal under the **NDICI-GE** Regulation: non-programmable tools, modality mixes (e.g., lending, blending, guarantees, budget support, project modalities), and flexibilities within regional programming at country, regional and global thematic levels. These were sometimes mobilised interchangeably and without clear reasoning underpinning the choice of tools. This is confusing for staff and partners, and blunts the EU's edge in fragile contexts, as presented in section 3.3.4.

Moreover, the shift towards Financialisation of EU external action has come with institutional and procedural heaviness, which are somewhat constraining when responding to multiple and protracted crises. Changes to already negotiated contracts generated high transaction costs for all parties and occurred under time pressure. The **EFSD+** also has its rigidities. The length and heaviness of EFSD+ long-term project planning, including the time needed for contracting processes, seriously curtails the EU's ability to support investment as a part of its more short-term resilience action.

⁽⁷⁰⁾ EEAS, *Annual Activity Report 2020*, 2021.

⁽⁷¹⁾ EC, *Proposal for a Regulation of the European Parliament and of the Council on establishing the Ukraine Facility*, COM(2023) 338 final, 2023. In addition to the EUR 50 billion for the Ukraine Facility, EUR 15 billion for migration management, including EUR 3.5 billion for supporting Syrian refugees in Turkey and EUR 2 billion for the Western Balkans. EUR 10 billion to create the Strategic Technologies for Europe Platform (STEP), a common pool of money to promote EU-made cutting-edge technologies. EUR 18.9 billion to repay the debt issued in the context of EUR 750 billion recovery plan, which is now subject to much higher interest rates as compared to its launch in 2020. EUR 3 billion to reinforce the Flexibility Instrument and cope with unforeseen crises. EUR 1.9 billion to cover administrative cost.

3.3 Evaluation Question 3 – EU-internal and external interlinkages (incl. EU added value)

3.3.1 Introduction

This section focusses on the degree to which the EFIs, taken together and through an increased emphasis on ‘**interlinked responses**’, have contributed to optimising the outcomes and the impact of EU external action. It covers the extent to which EU-internal linkages and coherence was strengthened and examines the EFIs’ ability to shape an increasingly coherent and synergetic programming and delivery with the priorities of non-EU actors. It further analyses how and the extent to which the new EFIs, by creating and facilitating these EU-internal and external interlinkages, were able to boost the **EU added value** in the landscape of international cooperation in view of the external action’s objectives. Issues covered are internal coherence and complementarity, alignment and synergies with other actors, TEIs and the EFSD+, the use of modalities, **EU visibility** and strategic outreach.

3.3.2 Facilitation of EU-internal linkages and strengthening coherence

Finding 21 The intention to strengthen the internal coherence of the new EFIs (NDICI-GE, IPA III, and DOAG) is evident and initial experiences show strengthened coherence and synergies between geographic and thematic funding. The termination of the PI has resulted in new lessons which still need to be fully absorbed across the EU services.

A simpler architecture and Geographisation strongly promote NDICI-GE internal coherence and synergies.

Similar to the previous MFF, the new regulatory framework emphasises the importance of coherence between EU policies, instruments and programmes to enhance the effectiveness of external action ⁽⁷²⁾. By consolidating the instruments, combined with the aim to direct the majority of resources at the country level via Geographisation, the NDICI-GE Regulation facilitates the planning and implementation of assistance as a unified package under a single set of rules combining resources from the EU and its partners (see section 3.2). The new Regulation also promotes programmes that are more coherent, larger-scale and more likely to lead to collaboration with others. Findings from the **Neighbourhood** region inform that this was difficult to achieve under the fragmented regulatory framework of the previous period, when the different instruments, programmes and rules often led to dispersed efforts, gaps and overlaps, inconsistencies, and a loss of effectiveness. Findings also note that the reduction in the number of EFIs enhances coherence and facilitates the coordination process, although coordination challenges within the EC have not disappeared (see section 3.2.3). However, as the support to Ukraine and Moldova demonstrates, the EU has proven its ability to respond to crises through a whole-of-EU approach, whereby NDICI-GE facilitated a joint EU response through its entire toolbox.

This positive assessment from the Neighbourhood is confirmed by findings from **sub-Saharan Africa** where a good level of complementarity has been retained under NDICI-GE, especially between the geographic and thematic programmes. Such complementarities are also reported from the **Asia, Pacific and Latin America** regions where the EU places a strong emphasis on coherence across various dimensions, including support within NDICI-GE, its alignment with other EFIs, and the coordination of policies and programmes ⁽⁷³⁾.

Yet, as reflected in the experience of the EFSD, coherence and synergies between the **EFSD+** guarantees (especially those targeting the private sector) and the other implementing modalities are expected to be more challenging to achieve and will need to be accounted for. The reform promotes a different type of approach (i.e., relying on financial instruments that are market- and demand-driven and often managed at HQ level), and is implemented by DFIs/ IFIs, who may have different interests and constraints than other actors in charge of traditional forms of aid support (e.g., budget support). In turn, this limits the capacity of EUDs to coordinate and link the EFSD+ with other instruments as they are not directly in charge, i.e., they are not the prime driver for EFSD+ investment operations (see section 3.2.2).

Concerning EU support to **human rights, democracy, CSOs and Local Authorities**, the simpler architecture of the EFIs and Geographisation of much of the support is

⁽⁷²⁾ EU, *Regulation (EU) 2021 / 947 establishing the NDICI-GE*, 2021. Art. 5. A similar provision can be found in all the regulations of the 2021-2027 MFF.

⁽⁷³⁾ As evidenced for example in EC, *Progress Report 2021 – Iraq*, 2022, or EC, *Republic of Honduras – Multi-annual Indicative Programme 2021-2027*, 2021.

expected to increase coherence and complementarity of thematic programmes, and between programmes and other instruments. Interviews with EU officials at HQ and EUDs confirm that, with fewer instruments, the whole-of-EU approach has become more tangible. Though a risk was noted that cohesion and coordination between support to Local Authorities and the other aspects of the portfolio may decrease with the abandonment of Local Authorities as direct beneficiaries of funding coming from a dedicated thematic programme (see also 3.1.4). Global Gateway delivers a clear message on the EU's intention of promoting a whole-of-EU approach, but one that sometimes eclipses priorities set in relation to human rights, democracy, civil society and CSOs, whose impact is long-term and sometimes difficult to measure ⁽⁷⁴⁾.

As for EU support to global challenges, the NDICI-GE Regulation language for better delineation of responsibilities between geographic and thematic instruments has contributed to improved clarity by stipulating that the role of **Global Challenges** is to complement, inform and strengthen country-focused and regional geographic actions. The regional MIPs, outlining the major areas of engagement across several countries of a region, remain the principal link with the country and global levels. In terms of the Global Challenges' intention to facilitate and incentivise coherence and synergies with internal policies and programmes, the NDICI-GE Programming Guidelines specify particular areas, such as Green Deal and digital transformation, in which EU external and internal policies should converge on the 'overarching policy priorities' of the EC ⁽⁷⁵⁾.

Under NDICI-GE, efforts to strengthen complementarity and coherence between country and regional support are visible but better results are uncertain so far.

Regional coherence and complementarity are meant to be achieved via cross-regional engagements, for instance via regional organisations, and via the establishing of linkages between country programmes, in particular those with a cross-border dimension. EU support to **Asia, Pacific and Latin America** as well as for **sub-Saharan Africa**, displays a strong emphasis on coherence. Within the context of NDICI-GE and previously DCI and EDF, reflections on coherence between bilateral and regional levels of support are extensively covered in strategy documents. A review of practical engagements also shows how previous MFF modalities and current MFF funding are used to ensure a coherence of action. References to regional initiatives were also found in country MIPs (2021-2027) for Kenya, Senegal, Chad and Somalia. Interviews with EU officials in Brussels and EUDs however note that linkages between the regional level and the country level are not very strong – similar to the previous MFF. Because of the size of the regional MIPs and very short timelines to complete them, the search for complementarity has not been systematic and comprehensive, albeit some exceptions were found such as NDICI-GE's regional funding for the Horn of Africa ⁽⁷⁶⁾.

For IPA III, strong efforts are made to foster Instrument internal coherence, and the strengthening of regional coherence is a priority.

For the **Enlargement** region, internal coherence and continuity of the instruments within each beneficiary are highly dependent on the quality of the Strategic Responses formulated under the Instrument, on the extent to which these consider the achievements of IPA II, and on the continuity of the sector policies and national strategies ⁽⁷⁷⁾. This was communicated via targeted consultations and corroborated by a review of the Strategic Responses. But programming processes of IPA III are at too early a stage to confirm whether this coherence is effective.

Strong efforts are also made to foster regional coherence. This strengthening depends on the EU's ability to plan CBC interventions and regional programmes (including multi-country investment projects) which are synergetic with the Strategic Responses. The IPA III Programming Framework and initial instrument reporting suggest that this complementarity between CBC interventions and the Strategic Responses is ensured, but it is too early to say whether regional coherence and synergies ⁽⁷⁸⁾, and reduced disparities among beneficiaries, mainly in terms of their readiness to access, can be shaped via the Instrument. Targeted consultations and interviews (with line DGs and

⁽⁷⁴⁾ Furness, M., and Keijze N., *Europe's Global Gateway: A New Geostrategic Framework for Development Policy?*, Deutsches Institut für Entwicklungspolitik, Briefing Paper 1 / 2022, 2022.

⁽⁷⁵⁾ EC, *Guidelines for the programming of the NDICI (2021-2027)*, 2020.

⁽⁷⁶⁾ Source: Review of EC, *Commission Implementing Decision of 30.9.2022 on the financing of the multiannual action plan in favour of Sub-Saharan Africa for 2022-2024*, C(2022) 7113 final, 2022; and *Regional and multi-Country Programmes in sub-Saharan Africa*.

⁽⁷⁷⁾ EC, *External Evaluation of the IPA II (2014-2017)*, 2017.

⁽⁷⁸⁾ Source: EC, *IPA III Programming Framework: Annex to the Commission Implementing Decision C(2021) 8914 adopting the Instrument for Pre-accession Assistance (IPA III) for the period 2021-2027*, 2021; and *Unpublished Internal EC Document – 16 / 11 / 2022*.

national stakeholders including CSOs) show that regional synergy is not taken for granted ⁽⁷⁹⁾.

DOAG reflects an emphasis on integration and more coherence.

The important change with regard to the EU's cooperation with OCTs is the creation of one instrument for all OCTs, **DOAG**, which brings the OCTs closer together in terms of promoting and following the same or similar (strategic) agendas according to interviews with EU officials at headquarters and EUDs. As for the coherence with EU policies and programmes, the MIPs are clear in outlining the synergies they envision to achieve with programmes in a broad range of thematic areas, as presented in section 3.1.3. But the extent to which coherence and synergies are achieved during implementation cannot be assessed so far because the implementation of programmes under the MIPs has either just or not even started at the time of the evaluation.

The termination of the PI has resulted in new coherence challenges but also opportunities.

Substantial tasks and responsibilities executed under the former FPI-managed Partnership Instrument (PI) were distributed across **NDICI-GE**. The new set-up envisions more coherence, complementarity and coordination between NDICI-GE's geographic and thematic pillars and the **RR-FPN** of NDICI-GE. While this change marks a considerable departure from the past, the legacy of the PI as an instrument that focused on the EU as a global actor partnering with third countries on a peer-to-peer basis was maintained under NDICI-GE.

This evaluation finds that there is much potential for complementarity and enhanced coordinated action between FPN, the geographic and thematic envelopes under NDICI-GE. However, according to interviews across EC services, this perspective requires a degree of institutional learning and common understanding of priorities and responsibilities that is still a work in progress across EU departments (see also section 3.2.2). So far, the transition to NDICI-GE has to a certain extent diluted the distinctiveness of the PI as the principal instrument devoted to EU and mutual interests across the Instrument. On the other hand, opportunities were created for coherence and synergies under NDICI-GE, which the PI had more difficulties to realise as a separate instrument in the past.

Finding 22 Coherence of the new EFIs with other external instruments and EU actors is mostly positive, building substantially on changes introduced during the previous MFF to enhance coherence and synergies.

IPA III and NDICI-GE regulations alike emphasise the need for mutual coherence, and coherence across EFIs.

Overall, there is strong coherence between the NDICI-GE and IPA III regulations and the need for coherence with other EFIs is stressed in both. **IPA III** builds on past lessons learned, and the instrument is equipped with tools to ensure external coherence with other instruments, but the realisation of this potential depends on smooth deployment and implementation, which will need to be further tested in the second half of the MFF. From the **Neighbourhood**, for instance, the evaluation has so far found little evidence that coherence with the remaining instruments⁸⁰ not integrated into NDICI-GE has improved ⁽⁸¹⁾.

Focusing on a broad set of issues considered as fundamental for the accession process ⁽⁸²⁾, the **IPA III** Regulation is coherent with the NDICI-GE policy-oriented approach. In addition, the IPA III Regulation is also closely aligned with key EU-internal policies, and EU policies for the region, such as the Green Agenda for the Western Balkan or the Western Balkan's Economic Investment Plan. Coherence across instruments is also supported by the common rules and procedures as per the NDICI-GE Regulation, also applicable to IPA III. The IPA III beneficiaries may (and do) benefit from thematic programmes under NDICI-GE and the NDICI-GE Cushion ⁽⁸³⁾, which further increases the links between these two instruments.

⁽⁷⁹⁾ The 2022 EC study on progress in regional policy (EC, *Study on progress in regional policy of the WB6 and Turkey*, 2022) also identified the permanence of such shortcomings from IPA I to IPA II and IPA III.

⁽⁸⁰⁾ IPA III, INSC, DOAG, Humanitarian aid, CFSP and the EPF.

⁽⁸¹⁾ NDICI-GE and IPA III do not envisage CBC programmes among candidate countries in the two regions.

⁽⁸²⁾ EU, *Regulation (EU) 2021 / 1529 establishing IPA III*, 2021. The fundamentals are broadly defined by the IPA III Regulation, Recital 6: Rule of law and fundamental rights; Economic governance; Democratic institutions and public administration reform. In addition (Recital 7), good neighbourly relations, although not explicitly a part of the fundamentals, are another core requirement to be supported in priority by the Instrument.

⁽⁸³⁾ So far, the cushion was mobilised once in an IPA beneficiary: Mobilisation of EUR 921 million for the Syrian Refugee Package in Türkiye.

Coherence with other EU external instruments in support of peace, security and resilience is strongly promoted, similar to the promotion of democracy ...

NDICI-GE, given its focus on a more strategically engaged EU external action and its integration of the former IcSP under its Pillar 2 (thematic support) and Pillar 3 (crises response component), provides for a good basis to build on frameworks and approaches covering **peace, stability and resilience** ⁽⁸⁴⁾. There is clear evidence, albeit still fragmented, that the introduction of these new collaborative frameworks has incentivised more coherence and synergies as of 2018 around peace and security, resilience and humanitarian assistance, but evidence that the introduction of NDICI-GE has created an additional momentum for shaping coherence and synergies compared to the last years of the previous MFF is so far limited. Collaboration and complementarity of EU services on Election Observations Missions (EOMs) is strong (see also Box 4).

Box 4 *Examples to promote coherence on peace, security, resilience, and democracy*

- EU election observation (EOMs) missions are prepared, executed and followed up via the joint engagement of the European Parliament, the EEAS, FPI, DG INTPA / DG NEAR and EUDs.
- The study on the Implementation of the HDP Nexus, based on country examples from Burkina Faso, Central African Republic, Chad, Democratic Republic of Congo, Nigeria, Sudan, Uganda, Iraq and Myanmar, show that the approach is valuable and of added value to the EU's external action in protracted crises contexts ⁽⁸⁵⁾.
- As several EU stakeholders noted, the collaboration between EUDs, DG INTPA, DG NEAR and FPI with civilian CSDP missions has gradually improved since the adoption of the CSDP Compact (2018).

... but there is room for further improvements in relation to security and the collaboration on humanitarian aid as several findings show.

The integration of the former IcSP into NDICI-GE has clearly incentivised more internal exchanges and joint engagement around peace and stability issues but there is scope to further mainstream attention to these topics across DG INTPA and DG NEAR and to better focus on the increasing needs of **fragile and protracted crises contexts** via the HDP nexus approach. The findings of the recent evaluation of EU support to Somalia are an example in this regard ⁽⁸⁶⁾.

The 2017 European Consensus on Development states that there is no development without security, and no security without development. In that regard, four areas requiring particular attention emerge from this evaluation. First, counter-terrorism support is provided via different EU services and – in the light of rapidly increasing funding from EUR 6.7 million in 2013 to EUR 560 million in 2023 – needs considerable coordination.

Second, the former funding of military actors in support of development and security for development (CBSD) under the IcSP has been changed into a modality called Capacity Building of Military Actors in Support of Development and Security for Development (CBSDS) which can be used under any of the three NDICI-GE pillars ⁽⁸⁷⁾. So far, this modality has been hardly used and questions were raised on how to use this modality in a complementary way with other NDICI-GE support.

Third, there are concerns regarding linkages with the European Peace Facility (EPF). This off-budget instrument is not part of this evaluation, but, according to the EPF Regulation, should be used as part of the Union's integrated approach to conflict and crises. Given the significance of the EPF for the EU's collaboration with partner countries and for shaping the EU's added value as a geopolitical actor, EU officials mentioned during interviews that more reflection would be beneficial on how to better coordinate funding via NDICI-GE with EPF funded actions.

Fourth, concerning EU support to protracted crises, good progress was made with the introduction of the HDP nexus towards the end of the previous MFF, which built on the experiences of the Humanitarian-Development nexus approach, promoted as of 2016 / 2017. Stakeholder consultations (with EUDs, EU Member States and the Practitioners Network) and interviews with different EU services and from outside the EU underlined the importance of flexible funding which was available under the previous MFF via EU

⁽⁸⁴⁾ These are in particular the Integrated Approach to External Conflicts and Crises and the Civilian CSDP Compact, both in 2018, and piloted the Humanitarian-Development-Peace Nexus as of 2019.

⁽⁸⁵⁾ EC, *HDP Nexus: Challenges and Opportunities for its Implementation* – Evaluation commissioned by DG INTPA / G5, 2022.

⁽⁸⁶⁾ EC, *Strategic country evaluation of the EU support to Somalia (2014-2021)*, 2023.

⁽⁸⁷⁾ Under the current MFF, a ceiling of EUR 270 million for seven years was envisaged for the CBSDS modality, amounting to some EUR 38 million per year.

Trust Funds ⁽⁸⁸⁾ and the B-envelope for ACP countries which, despite its (at times) cumbersome involvement of the NAO, was used to respond to humanitarian crises. The deployment of actions funded via these modalities allowed to react to highly fluid and unpredictable developments in protracted crises contexts flexibly and quickly. With the termination of these modalities, and the use of the Cushion for global and geo-political crises (COVID-19, Ukraine and Syrian refugees) there are concerns that the EU cannot react adequately any more to the increasing number of crises in different regions of the world (see also section 3.2.4).

There is scope for enhancing INSC's coherence with IPA III, NDICI-GE and vice versa.

The new **INSC** instrument emphasises improved coherence with IPA III and NDICI-GE, as corroborated by the INSC MIP (2021-2027), in which there is a higher focus on integrated approaches and instruments than in the previous period. Increased synergies are also sought via the promotion of cooperation between actors (EEAS, FPI, DG ECHO, DG ENER, DG NEAR, DG JRC, DG RTD) and improved policy dialogue during the design and implementation of the programme.

But organisational changes under the current MFF have separated the teams in charge of nuclear safety and safeguards (DG INTPA) from the team dealing with nuclear security (FPI), thereby hindering information exchange and coordination which previously happened in an informal, although limited, manner. This change has also led to a further isolation of the DG INTPA team, which can make the promotion of enhanced coherence and complementarity more difficult as noted by interviewees from EU headquarters. A major hurdle for INSC's implementation is the inadequacy of human resources as already noted in the more recent evaluation of INSC II (2014-2020), see Box 5. This prevails until today. Feedback on the implementation of INSC obtained during consultations on EU support to the Neighbourhood suggests that there has been no significant change compared to the previous period.

The transition to new EFIs and its focus on more coherence might result in strengthening INSC's image as an effective instrument for opening doors, thereby reinforcing its coherence with other actions. So far, however, there are no findings which would suggest that INSC is fully recognised in this regard. EU staff dealing with geographic programming in DG INTPA, for instance, mention that they increasingly have to focus on priority areas (notably with the Global Gateway initiative) but that INSC activities are generally not identified as part of these.

Box 5 *Key findings from the INSC II evaluation (2014-2020)*

- INSC's objectives were relevant to the EU and partners' policies, priorities and needs and the Instrument was assessed to have provided 'unique added value' by leveraging political engagement and financial resources for nuclear safety.
- The evaluation cites insufficient resources to support the management and implementation of INSC within DG INTPA and the EEAS, limiting quality, visibility, and cooperation with other EC actors.
- It was recommended to (re)assess where best to situate INSC within the EC to ensure adequate quality resources, as well as improved synergies across EU services and sectors of intervention, and to raise INSC's political and policy profile.

Finding 23 New EFIs have the potential to provide a solid foundation for the design and implementation of activities with other European actors, including Team Europe Initiatives.

New EFIs and TEIs combine well for shaping coherence and synergies. TEI take-off goes along with opportunities and challenges.

Under **NDICI-GE**, Team Europe Initiatives (TEI) and the new EFIs, equip the EU and EU Member States to better working together. Building on the experiences of joint programming introduced during the previous MFF, TEIs are rapidly gaining importance and are gradually superseding joint programming. TEI's implementation is still work in progress and more experiences are needed to ensure TEIs are smoothly operationalised. Experience so far shows that TEIs are significantly more utilised for energy, environment and connectivity areas, compared to supporting human rights, democracy, CSOs and Local Authorities ⁽⁸⁹⁾. Stakeholder consultations ⁽⁹⁰⁾ have also highlighted the need for clarifying and simplifying the TEI process and improving

⁽⁸⁸⁾ The Bêkou Trust Fund, for example, had facilitated a highly needed flexible response in Central African Republic in the domain of humanitarian-development and resilience support. The Peace Trust Fund in Columbia was the major funding source to serve the peace process in the country.

⁽⁸⁹⁾ European Court of Auditors, *Programming the NDICI-GE – Comprehensive programmes with deficiencies in the methods of allocating funds* – Special Report, 2023.

⁽⁹⁰⁾ Source: Targeted consultation with the Practitioners' Network.

coordination and communication to effectively implement the Team Europe approach. Several advantages (e.g., to facilitate a more coordinated and inclusive approach across EU actors) and challenges (perceived as complex and time-consuming, creating high coordination costs) were mentioned across instruments and geographic programmes.

Thematic programmes show their potential to provide a solid foundation for the design and implementation of TEIs. In the case of funding for **Global Challenges** the potential for leverage ⁽⁹¹⁾ and consolidating multi-partner policy positions was found ⁽⁹²⁾. More specifically, the COVID-19 crisis was seen as the take-off for a Team Europe approach, which is expected to become an important contributor to the Global Gateway ⁽⁹³⁾.

NDICI-GE also equips the EU and EU Member States to better work together on **human rights, democracy and CSOs** based on the European Consensus. So far, possibly informed by different views on how to tackle the issue of human rights and democracy ⁽⁹⁴⁾, no TEI on these issues has been programmed in the geographic pillar under the current MFF, though there are some examples in other areas which contain a component on human rights or rule of law support (e.g., TEI on human development in Zambia, TEI on social inclusion in Uganda). A noteworthy case for a whole-of-EU approach informed TEI is the Team Europe Democracy (see Box 6).

Concerning **peace, security and support to governance**, EUD consultations support the use of TEIs, including for fragile states, but it is too early to judge whether these TEIs will be effective in further strengthening whole-of-EU approaches.

Box 6 *The TEI on Team Europe Democracy ⁽⁹⁵⁾*

At global level, under the leadership of the thematic units, 14 EU Member States joined the global TEI on 'Team Europe Democracy', which encompasses diverse components, among others special measures to support a summit on democracy (2021), a flagship Youth and Women Democracy Initiative, and support to media actors in the context of new technologies. This TEI forms an integral part of the annual action plans of the thematic programme on Human Rights and Democracy, showing a catalytic effect of the thematic programme for the EU Member States deciding to contribute to it.

More attention to coherence in accession countries, building on past engagements.

Formally, all **IPA** iterations offer high coherence with the European Regional Development Fund and the EU internal policies, because IPA III accompanies the beneficiaries in their accession path, to be able to implement and enforce the EU *acquis* but also have capacity to implement future EU support mechanisms available for the EU Member States. As such, the Team Europe approach is subsumed under the EU's leadership position and the mobilisation by IPA III actions, of EU Member States' expertise and experiences. The IPA III Regulation does not foresee TEIs ⁽⁹⁶⁾, but neither does it prevent them. The Western Balkans Investment Framework (WBIF), established long before the current MFF, provides a good example of a Team Europe approach. It is a very positive example for stakeholder coordination as well as complementary use of financial and non-financial instruments. It pools the financial resources of the EU, EU Member States and DFIs/ IFIs. Overall, donor coordination, consultation for programming and prevention of duplication takes place in the framework of the Sector Working Group, coordinated by the NIPACs – but strategic-level consultation among donors is strongly aligned with the EU's priorities.

⁽⁹¹⁾ EU, *Joint Communication to the European Parliament and the Council on strengthening the EU's contribution to rules-based multilateralism*, JOIN 2021 / 3 final, 2021. Page 10.

⁽⁹²⁾ EU, *Joint Communication to the European Parliament and the Council on strengthening the EU's contribution to rules-based multilateralism*, JOIN 2021 / 3 final, 2021. Page 15.

⁽⁹³⁾ This is in line with EC, *NDICI-Global Europe 'Global Challenges' thematic programme, Multi-annual Indicative Programme 2021-2027*, 2021. Page 4: 'where possible and relevant, a 'Team Europe' approach will be taken'.

⁽⁹⁴⁾ See for instance: Dempsey, J., *Is the EU willing to defend human rights globally?*, Carnegie Europe, 2021. Reuters, *Greece blocks EU statement on China human rights at U.N.*, 2017.

⁽⁹⁵⁾ Belgium, Croatia, Czech Republic, Denmark, Finland, France, Germany, Ireland, Luxembourg, Netherlands, Poland, Slovakia, Spain and Sweden.

⁽⁹⁶⁾ There is no TEI section in the Strategic Response template, but rather a general placeholder, as opposed to the MIP template.

Finding 24 EFSD+ opens up possibilities for strengthening the whole-of-EU approach but it is too early to assess the extent to which this might happen.

EFSD and EFSD+ have fostered internal and external EU linkages but shaping coherence, also in the absence of developing additional instruments, will remain challenging.

EFSD and **EFSD+** have taken commendable steps toward fostering both internal and external EU linkages, through TEIs and beyond, contributing to a strengthened European Financial Architecture for Development, which is a testimony to the commitment towards a more integrated EU approach. Moreover, the open architecture of EFSD+ signifies a positive stride in enhancing the EU's external coherence for which the EFSD+ has facilitated interactions with and between a range of European financial actors. In this context, the European Development Finance Institutions played a key role in supporting joint proposals under the EFSD+ open architecture window, some of which includes smaller Development Finance Institutions. In doing so, the EFSD+ fosters an inclusive EU financialisation approach. At the same time, involving more actors makes it also challenging to ensure synergies between their operations. While the importance of Technical Assistance in shaping and executing blending and guarantees operations under the EFSD+ is acknowledged, shaping synergies between blending and guarantee operations can be challenging (see Box 7).

Box 7 Challenges undermining EFSD(+)'s coordination with other EU tools

EFSD and the EFSD+ distinguish themselves by their market-oriented approach and execution through a variety of financial institutions, emphasising private sector involvement in development. This contrasts government-administered budget support and the often EUD-managed technical assistance. The former leverages financial instruments to align with both policy goals and market dynamics, whereas the latter are typically directed by partner country governments and EUDs, respectively.

Not all financial institutions consider serving policy reforms as part of their investment operations, which also limits their (pro-)active involvement in more closely combining their activities with EU budget support and policy dialogue and policy reforms. It is to be noted, however, that ensuring the synergies between EFSD+ operations and budget support is primarily the responsibility of the EU, not of the DFIs / IFIs.

The whole-of-EU approach differs from other countries such as the United States, Japan or China that do not necessarily make the difference between ODA and commercial finance. The **EFSD+** is an ODA instrument, following the principle of untied aid, which can be seen as a distinctive feature of the whole-of-EU approach. If the EU is to achieve stronger mobilisation of the European private sector in a way that promotes its economic and geostrategic interests, additional non-ODA funded instruments will be needed. Discussions are already ongoing at the EU level notably in terms of engaging more with Export Credit Agencies (ECAs). The EU is assessing the possibility of enhancing the cooperation with ECAs and has also recently conducted a feasibility study for a European export credit facility ⁽⁹⁷⁾. Independently of the final outcome of this discussion, any new initiative should be well coordinated with the EFSD+.

Evidence of synergies between EFSD+, TEIs and Global Gateway is gradually emerging but capacity to ensure private sector buy-in is yet to be proved.

EFSD+ is one of the key implementation modalities for delivering on the TEIs and can therefore foster more coherent approaches amongst the stakeholders. Stronger collaboration between financial institutions, the EC, EUDs, EU Member States and partner countries is promoted and, as such, contributes to a whole-of-EU approach. This is a key aspect that can help build synergies between the EFSD+ and other tools of the EFI toolkit, such as budget support e.g., targeting reforms for a better business environment. In addition, the EFSD+ is expected to play a key role in facilitating the engagement of the private sector in the TEI endeavour. The open access under the EFSD+, in particular, can help mobilise significant European and local private sector investments for Global Gateway flagship projects and TEIs. So far, however, there has been limited evidence of the EFSD+ achieving a significant mobilisation of European private sector investments. One of the few good practices has been the European Bank for Reconstruction and Development (EBRD)'s partnership with ILX (an investment fund composed of mostly institutional investors such as Dutch pension funds) ⁽⁹⁸⁾. But, according to interviews with DFIs / IFIs, more will need to be done to achieve increased investments from the European private sector, including institutional investors and the corporate worlds as co-investors in infrastructure projects.

⁽⁹⁷⁾ EU, *Aligning European export credit agencies with EU policy goals*, 2023.

⁽⁹⁸⁾ EBRD Website, *EBRD, EU and ILX start joint initiative to boost private-sector finance*, 2023, <https://www.ebrd.com/news/2023/ebrd-eu-and-ilx-start-joint-initiative-to-boost-privatesector-finance.html>.

3.3.3 Coherence and synergies with priorities of non-EU actors

Finding 25 Collaboration with a mix of aligned non-EU partners shapes a coherent EU external action under the previous as well as current MFF.

Close partnerships between the EU and international actors were developed to ensure coherence in EU external action.

The EU's partnerships with international actors continue to guarantee good coherence between EU external action and the activities and objectives of a range of UN organisations and other aligned multilateral actors such as multilateral development banks. For all geographic regions and thematic areas, the relevance of these institutions is undisputed due to the scale at which they can operate, the broad range of topics covered and the diverse regions and country contexts in which they are able to work. Findings from the **Neighbourhood** region reveal also that the SDGs – an important framework for the EU's international engagement – provide for a connector with non-EU actors shaping alignments and promoting more coherence⁽⁹⁹⁾. Moreover, financial instruments under the EFSD and **EFSD+** have fostered the involvement of non-EU DFIs / IFIs and other non-EU actors, particularly via blending and the implementation of the guarantee instrument, which are open to international actors⁽¹⁰⁰⁾. Interviews on **INSC** with EU officials and officials from the International Atomic Energy Agency (IAEA), finally, show that the instruments help to align EU support with the work of international bodies like the IAEA thereby shaping coherence and complementing, rather than duplicating the IAEA's work on nuclear safety.

Regional organisations remain relevant EU partners, but some setbacks under the new Regulation are noted.

Cooperation with regional organisations is also intense, though this can differ per region as highlighted in the analysis of the EU's engagements in **Asia, the Pacific, Americas** and the **Caribbean**. Synergies are high in South-East Asia (with the Association of Southeast Asian Nations, ASEAN, in particular)⁽¹⁰¹⁾ and Latin America where issues like regional security, human rights and global challenges such as climate change are addressed. Findings point also to vibrant partnerships and strategic alliances with regional organisations in the **Enlargement** and **Neighbourhood** regions (OECD, strategic regional programmes with CoE). But the success of this cooperation and the EU's ability to implement regional programmes, in coherence with country programmes, depends on the presence of suitable regional partners⁽¹⁰²⁾. Regional and sub-regional organisations with low capacity, in **sub-Saharan Africa** in particular, may be at a disadvantage under the new Regulation as cooperation at the regional level can now be pursued more flexibly under multi-country programmes⁽¹⁰³⁾. Moreover, linked to the termination of the Cotonou Agreement, the EU does not have an obligation any more to work with regional organisations to implement its regional programmes. According to interviews with EU officials at HQ, this has negative consequences for some of these organisations, which the EU has helped to create and sustain in the past⁽¹⁰⁴⁾.

International and local NGOs / CSOs are key partners to downstream EU coherence and shape synergies.

International and local NGOs / CSOs have been key partners for working in fragile and protracted crises contexts under the previous as well as the current MFF. Under NDICI-GE, they are in principle highly relevant for linking actions along the HDP nexus approach. During the COVID-19 pandemic, they became an important channel for crisis response ahead of UN organisations (an increase from 13 % during the previous MFF to 47 % during the first two years of the current MFF – see Figure 8). In other contexts, international organisations (mainly of the UN family) and regional organisations contribute to the EU's programming on human rights and rule of law via technical assistance support, contribution agreements, or granting schemes to CSOs and, sometimes, Local Authorities. Overall, CSOs are playing a pivotal role when reaching out to the local levels and catalysing an involvement of civil society in development efforts. But, according to the EU consultation with members of the Policy Forum for Development, Local Authorities feel having become deprioritised as a partner in

⁽⁹⁹⁾ 'Even though direct references to SDGs are rare in recent ENI programming, there appears to be on-going progress in their integration'. Source: EC, *External Evaluation of the European Neighbourhood Instrument (2014-2017)*, 2017.

⁽¹⁰⁰⁾ Based on the Financial Regulation applicable to the general budget of the Union the NDICI-GE Regulation sets out the eligibility rules for counterparts of the EFSD+. It allows the participation of non-European institutions.

⁽¹⁰¹⁾ The Asia-Pacific Regional MIP 2021-2027 (like the previous RIPs) has a prominent focus on the EU's cooperation with ASEAN.

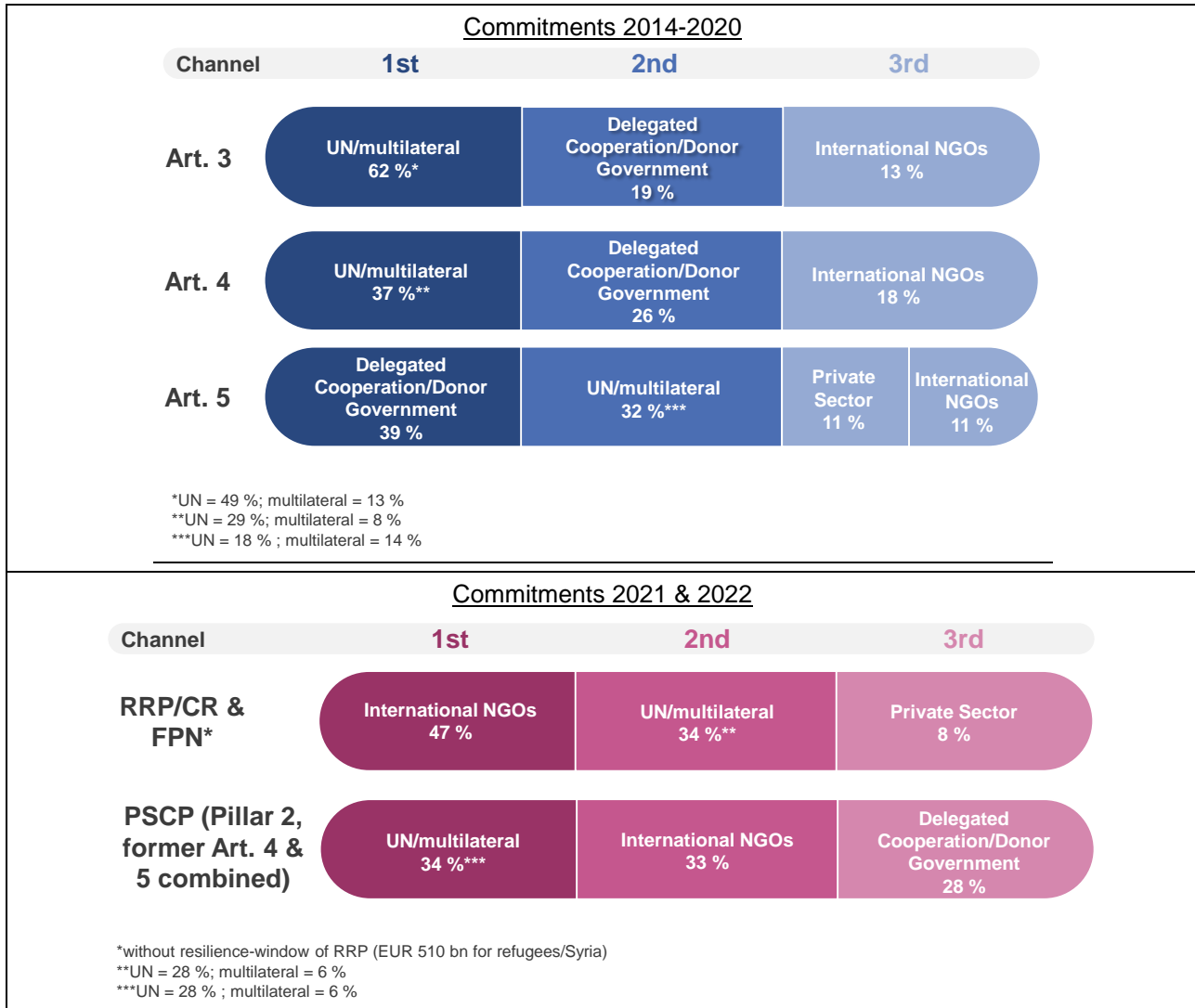
⁽¹⁰²⁾ For instance, while bilateral support to Tajikistan is firmly embedded in the EU's regional cooperation with Central Asia, no regional organisation has emerged yet that could play the role as an EU counterpart.

⁽¹⁰³⁾ ECDPM, *Catching up with Global Europe: 15 questions on the EU's new financial instrument answered*, 2021.

⁽¹⁰⁴⁾ It was mentioned that in the case of one African sub-regional organisation, 80 % of staff was financed via EU programmes.

promoting EU coherence on topical issues like rule of law, local development, investments, social services, or the promotion of democratic values due to the abandoning of the previous MFF's Local Authorities budget line (see also section 3.1.4).

Figure 8 Comparison of FPI figures – previous and present MFF: channels



Finding 26 Some improvements were made in shaping more coherence and synergies with non-EU actors, but intensity of coherence is overall similar to the previous MFF.

A strong focus on cooperation and achieving synergies, but with differences according to the partner the EU works with.

The new EFIs help to foster greater coherence between different players, comprising international and regional organisations, international CSOs or bilateral institutions. Due to its financial weight, the EU plays a key role in shaping coherence and synergies and exercises a leadership role in coalitions of like-minded actors, as further highlighted under Section 3.3. Synergies are generated with DFIs / IFIs, EU Member States, international organisations in **sub-Saharan Africa**, the **Enlargement** context, the **Neighbourhood** region and when engaging jointly at the global level.

Thematically, the new instruments have confirmed the mutual reliance between the EU and regional / international organisations to support **human rights, democracy or CSOs**. The same applies to the EU's support to **peace, stability and conflict prevention**, for which UN organisations, international NGOs and the private sector are important channels for implementation.¹⁰⁵ But, as highlighted in Box 8, shaping coherence might differ according to the partner the EU works with and the targeted level of engagement.

⁽¹⁰⁵⁾ More importantly, these organisations are also the source and the monitors of all legally binding standards which the EU uses as a basis for its programming, and for many conditionalities.

Box 8 Findings from a recent strategic evaluation on EU-UN partnership ⁽¹⁰⁶⁾

At the global level, the EU and the UN increasingly strengthened the strategic nature of their partnership. At the country / regional level, however, cooperation between the EU and the UN often remained rather grounded in a pragmatic approach instead of following a systematic effort to build a longer-term EU-UN partnership in the country / region. The EU generally selected UN entities as implementing partners on a project-by-project basis, given their context-specific added value or the lack of viable alternatives. Overall, there was a lack of direct strategic dialogue and limited information exchange at the country level between the two institutions.

There have been improvements through a better use of SDGs and enhanced dialogue to promote more alignment with non-EU external actors, but more coherence under current EFIs compared to previous MFF is still to be shown.

Efforts are made under the new EFIs to shape more coherence and synergies with the priorities of non-EU actors. **NDICI-GE**, similar to **IPA III**, **INSC** and **DOAG**, incorporates the 2030 Agenda for Sustainable Development into its objectives and MIPs need to explain the choice of priorities in relation to SDGs and report on programme contributions using SDG indicators. This was not required previously as the SDGs were only adopted in 2015, but gradually incorporated during the previous MFF ⁽¹⁰⁷⁾. This new requirement will improve programme alignment and coherence with multilateral frameworks used by most donors and international organisations, in particular with UN agencies, with which the EU cooperates closely. Moreover, past evaluations on the pre-accession assistance ⁽¹⁰⁸⁾ and targeted consultations with UN agencies show that some of the limitations experienced during the previous MFF have been addressed, with stronger dialogue and earlier consultation of regional, international organisations and IFIs (e.g., CoE, OSCE, OECD, UN, World Bank, EBRD, EIB) during programming.

Findings concerning EU support to peace and security overall show a similar coherence of EU support to peace and security as during the previous MFF. The FPI Annual Report for 2021 ⁽¹⁰⁹⁾, for instance, states that after years of earlier collaboration, EU support via non-EU partners in support of **conflict prevention, peace building and post-conflict settings** continued in a similar way under the current MFF. This support, as in the past, was provided via the UN and other international organisations as well as international, national and local civil society actors. This also applied to actions on global and transregional threats to security and peace. Similar findings are reported from the Global Challenges programme and the support provided to sub-Saharan Africa and the Neighbourhood.

Finding 27 The new EFIs open doors for a more thorough policy dialogue, public diplomacy, strategic outreach and EU visibility, though not all opportunities have been fully used so far.

NDICI-GE, and to a certain extent IPA III, put more stress than during the previous MFF on combining funded actions with non-spending activities.

Strengthening policy dialogue and communication is a key objective of the Regulation, while the programming guidelines emphasise the crucial role of multi-stakeholder policy dialogue in fostering strong partnerships as a prerequisite for successful cooperation ⁽¹¹⁰⁾. The **NDICI-GE** programming guidelines define public diplomacy ⁽¹¹¹⁾ and highlight the need for the EU to integrate public diplomacy into its cooperation with partner countries, in particular to build trust and ensure their understanding of EU priorities ⁽¹¹²⁾. For the **Neighbourhood**, for example, this is an important addition in contrast to the previous ENI Regulation ⁽¹¹³⁾.

This enhanced attention to EU outreach and visibility is reflected in MIPs across regions and thematic areas. It was also included in Action Documents across regions and thematic areas in the form of a section dedicated to strategic communication and public

⁽¹⁰⁶⁾ EC, *Evaluation of the EU cooperation with the United Nations in external action*, 2023.

⁽¹⁰⁷⁾ It was not required in the case of ENI. Direct references to SDGs were rare in ENI programming, though their integration appeared to be an on-going progress. Source: EC, *External Evaluation of the European Neighbourhood Instrument (2014-2017)*, 2017.

⁽¹⁰⁸⁾ Source: EC, *Evaluation of Sector Approach under IPA II*, 2018; EC, *External Evaluation of the Instrument for Pre-accession Assistance (IPA II) (2014 – mid 2017)*, 2017.

⁽¹⁰⁹⁾ Service for Foreign Policy Instruments, *Annual Activity Report 2021*, 2022.

⁽¹¹⁰⁾ 'Programming should be anchored in strong partnerships established through a multi-stakeholder dialogue and reflecting shared interests and priorities.' EC, *Guidelines for the programming of the NDICI (2021-2027)*, 2020. Page 7.

⁽¹¹¹⁾ 'Public diplomacy means engaging over the long term with selected target audiences and partners to build trust, enhance their understanding and support for EU policies and principles by developing networks and new alliances and ultimately facilitate future cooperation.' EC, *Guidelines for the programming of the NDICI (2021-2027)*, 2020. Page 17.

⁽¹¹²⁾ 'The EU should take the lead in the global response against disinformation campaigns and include a public diplomacy component to its policies and cooperation / partnerships in order to engage with its partners and target audiences, build trust and improve their understanding of EU priorities.' EC, *Guidelines for the programming of the NDICI (2021-2027)*, 2020. Page 2.

⁽¹¹³⁾ EU, *Regulation (EU) 2021 / 947 establishing the NDICI-GE*, 2021. Art. 46.3.

diplomacy. Important tools to shape public diplomacy and public outreach, as identified in the MIPs and Action Documents from Egypt, Jordan and Moldova (2022) are Cooperation Facilities, which are set up to promote a 'whole-of-Delegation' approach to strategic communication and public diplomacy, organise events, studies, exchange platforms and to facilitate coordination in a Team Europe approach at country level.

While these findings mark a positive change compared to the past, the section on strategic communication in Action Documents from the **Neighbourhood** region do not contain more than a description of communication and visibility activities relating to programmes. They do not provide details about how to embed these activities into wider efforts to promote the EU and its policies in the partner country.

Visibility when working with EU Member States and non-EU actors displays a mixed picture, though some improvement is noted.

Findings from all geographic regions underline that TEIs have strengthened EU visibility and communication, showing that the EU can speak with one voice and – to some extent – increase leverage, as reported from the **Asia** and **Pacific** regions. Examples are the Green TEI in partnership with ASEAN / Southeast Asia ⁽¹¹⁴⁾ and, in Central Asia, the TEIs on Water, Energy and Climate and Digital Connectivity. In the **Neighbourhood** region, EU Member States welcomed the Team Europe approach to achieve synergies, greater development impact and visibility. In the **Enlargement** region, where no TEIs are implemented at sector level, the EU's strategic communication and public diplomacy was found to be present in most actions, integrated in spending as well as non-spending activities.

However, TEIs in **Asia**, **Pacific** and **Latin America** were perceived by some as a re-packaging of existing initiatives and in the consultations with stakeholders in the **Neighbourhood** the need for improving coordination and communication around TEIs was highlighted.

In **sub-Saharan Africa**, in particular, the dismantling of NAOs without proper communication to partner government authorities about the implications of this change, resulted in open discontent from the ACP's member states and Regional Economic Communities (RECs) according to EUD written contributions and interviews with EUDs (see also 3.1.4). The EU's visibility around COVID-19 displays positive outcomes but also challenges for the EU's overall image globally (see section 3.4.3).

The EU continues to cooperate extensively and successfully with other international organisations to implement its programmes, but old problems of limited visibility given to the EU as a result of this cooperation – also re-confirmed in several strategic country evaluations ⁽¹¹⁵⁾ – have not disappeared. EFSD and **EFSD+** has been accompanied by a loss of visibility due to the number of intermediaries involved, such as commercial banks, and the nature of the operations, notably concerning guarantees.

The enhanced focus on strategic outreach is noted but opportunities are not fully exploited.

Feedback on the EU's visibility in relation to promoting human rights in **sub-Saharan Africa** is positive. But formulating common positions between the EU and EU Member States, and among EU Member States is sometimes hard to achieve. Findings on supporting human rights, democracy and CSOs show that some EU Member States tend to pull out of joint programming or coordinated political dialogue and public diplomacy on human rights and democracy when faced with particularly sensitive human rights issues, as noted from targeted consultations, interviews with international CSOs and EU headquarter thematic units.

Findings from the EU's cooperation with the UN equally show that opportunities for creating synergies and thereby acting more strategically on global challenges are not optimally used. The recent external evaluation on the EU's cooperation with the UN ⁽¹¹⁶⁾ highlights that global challenges are addressed at different levels, but with little evidence of synergies across levels, a clear division of labour and coordination and communication issues which reduces the EU's leverage and global voice.

The PI Instrument, overall seen a success story of the previous MFF, was appreciated for its performance, inter alia, on public diplomacy and strategic communication with third countries. The extent to which the integration of the PI under NDICI-GE has allowed the EU to shape added value via public diplomacy and communication is not

⁽¹¹⁴⁾ This TEI comprises five of the 10 ASEAN member states, i.e. Cambodia, Indonesia, Lao PDR, Philippines and Vietnam.

⁽¹¹⁵⁾ Source: EC, *Evaluation of the EU's cooperation with Georgia, 2022*; EC, *Evaluation of EU Cooperation in Azerbaijan, 2018*; EC, *Evaluation of the EU cooperation with the Federal Republic of Somalia (2014-2021), 2023*; EC, *Mid-term Evaluation of the implementation of the EU Gender Action Plan III (2021-2025), 2023*.

⁽¹¹⁶⁾ EC, *Evaluation of the EU coordination with the United Nations in external action, 2023*.

yet clear (see also section 3.4). Some EUDs noted during interviews that NDICI-GE was able to react in general similarly fast and flexibly as the PI in the past. But others stressed a loss of timeliness and responsiveness, during EUD consultations and interviews, due to actions perceived as important by EUDs (also those beyond the domain of public diplomacy) being deprioritised or blocked at HQ level, namely under RR-FPN.

The view of **INSC** as a political and strategic instrument is shared by some of the EU staff consulted during this evaluation; others, however, consider that INSC is primarily a technical instrument. Strong alignment with EU foreign political and policy objectives could affect the quality and credibility of the Instrument's work, for instance in the cooperation on nuclear safety with nuclear bodies.

3.3.4 EFIs' contributions to an EU added value

Finding 28 The new EFIs have laid the foundations for the EU to strengthen the EU's added value on external action, yet their potential to do so depends on multiple factors and varies between instruments.

The new EFIs can build on a positive track-record of EU added value shaped during the previous MFF ...

A combination of EU-specific factors, such as its geographical spread or the scope of its instruments and available budget, which distinguished the EU's external action in the past are still valid today, even though some fundamental changes have been made such as the budgetisation of EDF, the integration of IcSP, PI and EIDHR into NDICI-GE, or the introduction of the Policy first approach and the Geographisation principle. In **sub-Saharan Africa**, the EU is still perceived as a stakeholder not bound to a specific national set of priorities and therefore able to engage through its instruments more neutrally and credibly compared to what some EU Member States could do. The Instruments were constructed in support of the promotion of EU values, democracy and rules-based international order. Against this background, they were able to exercise weight (based on the EU's financial capabilities), leverage policy dialogue and create complementarity with other partners, which the current EFIs strongly build on. Similar messages can be extracted from interviews and consultations with EU and non-EU stakeholders in other regions, notably the **Neighbourhood** region, **Asia**, **Pacific** and **Latin America**. **INSC**, despite its limited budget, also contributed to the EU's added value on external action by promoting nuclear safety under the current MFF in continuation of the Instrument's positive performance of the previous MFF.

... and important pre-conditions were created to further enhance this added value ...

NDICI-GE pays particular attention to upholding and promoting the Union's values, principles and fundamental interests worldwide and it broadens the tools available to the EU to conduct its external action ⁽¹¹⁷⁾, with the possibility to intervene with mutually reinforcing modalities i.e., grants, budget support, blending and budgetary guarantees, providing not only advice and expertise, but also substantial investment in support of partner countries' reforms. Moreover, EFSD and **EFSD+** have allowed the EU to make important contributions to the European Financial Architecture for Development, fostering a more inclusive approach.

This is translated in the **NDICI-GE** programming principles by, among others, stressing the importance of rule of law and fundamental freedoms. The EU's institutional and financial strength also allows the EU to continue playing a leading role in promoting and supporting difficult and sensitive issues such as democracy and human rights, which is particularly vital in the current unfavourable political climate in many countries. The Regulation recognises this by empowering the EU to increase its support for civil society and human rights promotion in cases of severe or persistent deterioration of democracy, human rights, or the rule of law ⁽¹¹⁸⁾.

In targeted consultations, in the validation survey addressed to EU officials in EUDs and HQ and in EUD written contributions for this evaluation, a majority of respondents conveyed a sense of assurance that NDICI-GE had enhanced its standing on its values and own interests which was considered an important value added for the EU's relationship with partner countries and regions. Box 9 lists some findings to illustrate the EU's standing on human rights and democracy.

⁽¹¹⁷⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art. 7: Forms of funding.

⁽¹¹⁸⁾ EU, Regulation (EU) 2021 / 947 establishing the NDICI-GE, 2021. Art.20.

Box 9

EU added value on human rights and democracy

The EU is often the only donor which, in a given country, engages on human rights and democracy at global, regional, national, and local levels (e.g., Honduras, where the EU takes the lead on advocacy regarding threats to human rights and democracy, issuing statements co-signed by EU Member States). Genuine efforts were found also to reach out beyond the capital all the way down to community level on these issues and in interaction with CSOs (e.g., Colombia through implementation of the peace deal, Ukraine through resilience support, Georgia with EU-supported Local Action Groups).

... but expectations about the scale and scope this can be further boosted need to be looked at realistically.

In the **Enlargement** region supported by IPA III, the EU has a distinct added value in terms of volume of funding, geographic coverage and thematic coverage as demonstrated by the IPA III Programming Framework and indicative allocations⁽¹¹⁹⁾. Moreover, CBC and good neighbourly relations were included as part of the IPA fundamentals under IPA III. The ability to create EU added value is reinforced with the alignment with the *acquis* – a keystone for the accession process. Despite these assets, the beneficiaries' commitment to EU values should not be taken for granted. The Commission Annual Enlargement reports, European Court of Auditors' report⁽¹²⁰⁾, and other internal documents as well as independent publications by CSOs or academia⁽¹²¹⁾, have observed the blockade of certain fundamental reforms, such as constitutional reforms in Bosnia and Herzegovina and justice reforms of various beneficiaries. The performance-based approach and the possibility for the Commission to modulate IPA III assistance, which envisages 'more for more' but also 'less for less' could make the EU less attractive than other potential donors, which do not apply such conditionalities.

The creation of the **RR-FPN**, finally, can lead to EU added value in terms of promoting a more geopolitical and EU-interest driven external action according to interviewees from different EU services at HQ, but only if the intentions and practice of the former PI – i.e., being more than a pure development cooperation instrument and being deployed in a nimble and flexible manner – can be fully mainstreamed across geographic and thematic desks. While the termination of the PI, combined with its mainstreaming across NDICI-GE and the creation of the FPN can be qualified as a step to shape more added value of the EU's external action, the evidence of this happening is currently too limited.

The Coherence Report on the 2017 MTE of EFIs confirmed the relevance and added value of the GPGC in supporting the role of the EU as a global actor⁽¹²²⁾, which was confirmed by the European Parliament⁽¹²³⁾. Building on the GPGC, the new **Global Challenges** thematic programme contributed to EU added value through its financial clout, its scope, expertise provided and European policy approaches. But it is questionable whether it has contributed more than GPGC, or at least has limited the damage from an increasingly fragmented and geopolitically contested global development support landscape.

As for EU support to **human rights, democracy and civil society**, several EU interviewees and participants to targeted consultations (with CSOs and Local Authorities, the UN and EU Member States) expressed concern that these topics could decline in the EU's agenda, being overshadowed by new emerging needs and priorities (e.g., migration, COVID-19 resilience, Russia's war of aggression against Ukraine).

The Evaluation Team has found no substantial evidence that EFSD and **EFSD+** have directly contributed to enhancing the DFI / IFI's approach and role in relation to implementing environmental and social safeguard policies. In some instances,

⁽¹¹⁹⁾ E.g., for sampled beneficiaries: EEAS Website, *EUD Serbia – The European Union and Serbia*, 2021. https://www.eeas.europa.eu/serbia/european-union-and-serbia_en?s=227; WeBalkans.eu Website, *North Macedonia*, accessed in November 2023, <https://webalkans.eu/en/country/north-macedonia/>; EEAS Website, *EU Office / EU Special Representative in Kosovo* – The European Union and Kosovo**, 2021. https://www.eeas.europa.eu/kosovo/eu-and-kosovo_en?s=321.

⁽¹²⁰⁾ European Court of Auditors, *Special report EU support for the rule of law in the Western Balkans: despite efforts, fundamental problems persist*, 2022.

⁽¹²¹⁾ See, among many, Gentiana G., *Where do Western Balkan countries really stand on democratic performance?*, IDEA, 2022; and Böttger, K., and Maugeais, D., *Countering the Rule of Law Backsliding in the Western Balkans*, Österreichische Gesellschaft für Europapolitik, 2021.

⁽¹²²⁾ EU, *Coherence Report – Insights from the External Evaluation of the External Financing Instruments*, 2017. Page 11.

⁽¹²³⁾ The main sources of EU value added were '[...] its political and economic clout, the wide geographic range of its cooperation (with EU delegations present across the globe), and its participation in multilateral fora and processes that allow it to address global challenges and inspire global-level action to tackle them. All this puts the EU in a position to offer expertise, economies of scale and predictable and long-term financing for the duration of its MFFs.' Source: EPRS, *Understanding EU external financing*, 2021, Page 1.

however, EU blending support provided through EFSD has fostered the efforts of partner countries' public and private actors to adhere to EU standards in specific policy areas (e.g., on energy efficiency). This was particularly visible in the context of the Green Deal and in countries that have an association agreement with the EU ⁽¹²⁴⁾. But the extent to which this has created EU added value is difficult to assess.

Finding 29 The relevance of generating added value via dealing with situations of conflict and protracted crises might have been underestimated.

The increasing focus on stabilisation might come at the expense of the EU's value agenda ...

In the light of increasingly visible global securitisation trends, the Mid-term Review Report of the previous EFIs (2017) ⁽¹²⁵⁾ already noted that EU interventions in securitised contexts and sectors involve major risks of impacting negatively on the EU's value agenda. It was mentioned that the IcSP, like other EFIs, should represent a balance between narrow short-term EU interests and longer-term values-led actions. In view of an increasing focus on stabilisation support during the last years, including the cooperation with military actors and new instruments created such as the EPF and the CBDS modalities, messages collected from stakeholders dealing with fragility and conflict within EU services as well as non-EU stakeholders interviewed communicated the very same message today. The evaluation of the CBSD initiative (2020) equally communicated that a careful balance needs to be found in terms of promoting EU values and interests versus the activities of military actors on the ground. Support needs to be used to strengthen the respect for human rights and the rule of law while making sure that that EU support does not unwittingly contribute to abuses ⁽¹²⁶⁾.

... and the needs for crises response might have been underestimated.

The NDICI-GE's budget for **Peace, Stability and Conflict Prevention** (PSCP / Pillar 2) and the **Crisis Response** (Pillar 3) slightly decreased compared to the previous MFF (minus 1,2 %) whereby funding for PSCP increased by 24 % and funding for Crisis Response decreased by 7,5 % ⁽¹²⁷⁾. This decision was taken in line with EU policy priorities and commitments to invest more in prevention as well as global and transregional security threats. It appears that this decision was overtaken by a rapidly changing security context, according to interviews with EU officials at HQ and with non-EU stakeholders. The need to uphold sufficient funding for crisis response was underlined during these interviews in view of the growing number of crises and conflicts in the EU's Neighbourhood and Enlargement regions, as well as its extended neighbourhood such as the Sahel. Currently, demands for support on crisis response considerably surpass available budget.

The termination of tools used to engage in fragile contexts raises concerns about the EU's ability to boost the EU's added value in such situations.

In terms of covering resilience and actions at the interface between humanitarian, peace and development, findings on the extent to which the EU is able to create an added value in **situations of conflict and protracted crises** under the new EFIs are mixed. So far (2021 to 2023), resilience funding (Pillar 3) was entirely used for Syrian refugees and host communities in Türkiye, though an additional amount of EUR 150 million for 2024 under the resilience envelope was made available in 2023. The decentralised and country-related B-envelope for ACP countries was terminated as part of the budgetisation of EDF without any replacement of similar flexible funding at the decentralised level. EUTFs, terminated because of their perceived non-transparent governance and accountability, are clearly missed according to the EUD written contributions, targeted consultations with implementing organisations and interviews with stakeholders supporting engagements in conflict and protracted crisis settings (across EU services as well as non-EU stakeholders). Their flexibility and positive track-record of linking humanitarian and development interventions, at times combined with peacebuilding support were particularly appreciated (see also section 3.2). At present, some activities are still funded from the previous MFF. While new funding has been made available for countries which benefitted from EUTF funding in the past, interviewees expressed concerns that such flexible funding (as referred above) cannot be mobilised in the future any longer.

⁽¹²⁴⁾ Source: Interviews with EUDs and partners.

⁽¹²⁵⁾ EC, *Mid-term Review Report of the previous EFIs (2017), 2017 – Report from the Commission to the European Parliament and the Council COM (2017) 720 final*, 2017.

⁽¹²⁶⁾ EC, *Evaluation of the 'Capacity Building in support of Security and Development' (CBSD) Initiative*, 2020.

⁽¹²⁷⁾ The different percentages are explained by the different amounts allocated to PSCP and Crisis Response, respectively. EUR 908 million are allocated to the thematic PSCP programme and EUR 3,183 million to the Rapid Response. Source: EPRS, *Implementation of the Global Europe Instrument: First steps The European Parliament's scrutiny role*, In-depth-analysis, EPRS, 2022.

3.4 Evaluation Question 4 – EU’s leverage as a development partner, global player and geopolitical actor

3.4.1 Introduction

This section assesses to what extent the new set of EFIs has helped the EU to exert greater leverage in its **triple role** (development partner, global player, geopolitical actor). New principles were defined to underpin the use of EFIs and several innovations were introduced to contribute to greater leverage. This section first analyses the EU’s development leverage in promoting national reforms in partner countries, supporting regional and CBC and mobilising additional funding. Subsequently, the focus is on the degree of leverage attained in terms of addressing global challenges and pursuing a more interest-driven approach / values agenda as a geopolitical actor. These three core EU roles ideally reinforce each other, yet they can also prove to be incompatible. The focus of the analysis lies on both instrument-specific issues and the ‘agency’ of the EU (i.e. the way in which the EU acts and uses the EFIs as an institution).

3.4.2 EU’s role as major development actor

Finding 30 The new EFIs and principles underpinning their deployment have better equipped the EU to exert leverage as a development partner. However, even more than in the past, whether the EFIs achieve intended objectives by enhancing levels of EU influence, depends on global dynamics and contextual realities in partner countries and regions.

Contextual factors and convergence of agendas have largely determined actual EU leverage.

Evidence provided in previous sections, including on the integration of lessons learnt from the previous MFF, shows that the new set of instruments have the potential to enable the EU to be more responsive, coherent and flexible. This should, in turn, enhance its added value (see section 3.3.4) and leverage. However, as was the case in the previous MFF, the overall international environment, characterised by competing global players and governance models, the decreasing importance of ODA, and the political economy conditions in partner countries / regions, impose structural limitations to the EU’s power to translate the EFIs into broad leverage. As a result, the EU’s influence on policy reforms and transformational change continues to vary widely across countries, themes, and instruments.

A consistent finding **across partner countries and regions** is that effective development leverage is achieved when there is a considerable convergence of agendas, interests and values between the EU and the partner country. In such cases, the EU has been in a position to strategically use / combine its instruments, modalities and tools (e.g., budget support, de-risking of investment projects, policy and political dialogue, public diplomacy) ⁽¹²⁸⁾ as well as mobilise line DGs with positive effects of intended outcomes. The quality of the partnership often facilitates a gradual deepening of cooperation in a wider set of policy domains and in global fora (e.g., Ivory Coast, Kenya, Morocco, Senegal).

In less conducive environments (e.g., fragile / conflict states, authoritarian regimes) or in regions in which the EU’s overall voice and geopolitical influence is not strong, the EU funded valuable development interventions through the EFIs (past and present), yet generally with limited transformational impact (see Box 10 below).

Box 10 Structural limitations to using the new EFIs linked to context

- The many crises in the **Neighbourhood** regions (both MFFs) have proven a challenge to the EU vision of creating a surrounding area of stability, security and prosperity. In the South, a less and less favourable political context (characterised by instability, conflict, return of authoritarian rule) has undermined the EU’s ability to accompany reforms and promote its values and interests. In the Eastern Partnership, agreements with some countries (Ukraine, Moldova, Georgia) were deepened, yet the political / economic turmoil as well as prevailing governance weaknesses (e.g., corruption) hampered structural reforms. The military invasion of Ukraine by Russia is profoundly affecting EU relations with all countries in the region in multiple ways – development challenges (displaced people, reconstruction of Ukraine), sanctions (Belarus) and EU membership processes (Moldova and Ukraine).
- **IPA III** assumes the existence of common objectives and values, while guaranteeing that all IPA III beneficiaries are sufficiently covered by the instrument (fair share). It moves from a sector- to a Policy first approach and, placing reliance on governments’ capacity for programming / managing assistance and investments, provides

⁽¹²⁸⁾ This equally applies to a niche instrument such as ISNC, with evidence showing that the ISNC has consistently delivered outputs contributing to cross-cutting issues, particularly related to a better environment and sector governance. In OCTs under DOAG, the issue of leverage is different, as generally the EU occupies the centre stage with the associated EU Member States.

more conditional, performance-based support while ensuring the fair share principle. Yet like in the previous MFF, evidence suggests that the leverage of financial support and associated dialogue is not sufficient to create reform dynamics; it can only act as an accelerator (in countries with positive reform dynamics exist) or as an alleviator (in countries where genuine alignment of objectives is limited).

- In **Latin America, Asia and the Pacific** the impact of NDICI-GE on the EU's leverage for policy reforms and transformative change depends on: i) the broader political and economic context of the partner country, with specific constraints in countries such as Nicaragua and Venezuela, and ii) the EU's ability to adapt and respond effectively to each unique situation, including by identifying adequate sectors and niches for its action ; and iii) the size of the budget (as evidenced by the positive experience in Colombia). Overall, there is a mixed track record – reflecting limited ownership and / or weak public administration capacity – in using budget support to push for reforms

Promoting the values agenda is increasingly difficult.

As discussed under section 3.1, a core purpose of EU external action is to promote EU values, which reflect universal values, although interpretations can differ. Contextual elements also largely determine whether the EU can exert leverage on the values agenda. There is evidence that the EU does achieve some leverage through the impact of its programmes, both thematic and geographic ⁽¹²⁹⁾. The meta-evaluation of human rights and democracy thematic projects (2023) commends EU support to defending and advancing human rights and democracy or advocating on issues that other donors are uncomfortable engaging on where it can maintain its reputation of relative 'neutrality' ⁽¹³⁰⁾. However, many factors increasingly threaten **human rights and democracy**: disinformation, competing regional or global powers and governance models within and outside the EU (not only authoritarianism but also 'illiberal democracy,' attacks against human rights defenders and CSOs, repeated and severe violations of human rights, etc). In many places, the EU lacks the power, coherent support of EU Member States and financial leverage to push forward this agenda in a credible and effective manner.

Mismatch between EU ambitions and available funding.

As in the previous MFF, key stakeholders consulted in this evaluation point to a mismatch between EU ambitions (as a development actor) and the overall budgets available to meet the challenges or respond to the multiplicity of crises, particularly in the **Neighbourhood and Enlargement** regions, as well as COVID-19. While the overall leverage of the EU has been strengthened by the substantially increased volume of support in response to the Russian war of aggression, it also led to a rapid depletion of flexible sources of funding from the new EFI architecture (see section 3.2.4).

Finding 31 EU agency in deploying the new EFIs can enhance or reduce leverage.

Positive and detriments effects of EU agency (i.e. the ways in which the EU acts and uses EFIs).

Leverage has been positively influenced when the EU shows strategic 'agency' by pro-actively using its instruments to pursue a clear set of goals and desired outcomes. Evidence presented in previous sections demonstrates the ability of the EU to make effective use of the new instruments in line with the key shifts introduced in the MFF (Policy first, Geographisation, Partnerships, Financialisation, joint European initiatives). However, there is equally evidence of factors linked to EU agency that contribute to diluting or jeopardising development leverage. Examples ⁽¹³¹⁾ include: i) the adoption of over-ambitious engagement strategies (not aligned to prevailing political economy conditions); ii) the limited coherence between political and cooperation objectives; iii) the underutilisation of specific tools (e.g., in terms of policy / political dialogue) or sources of leverage beyond the EFIs (e.g., in the field of security); iv) the collision between EU values and interests compounded by the failure to speak with one voice with EU Member States on values (see section 3.4.4 on the example of migration in the Neighbourhood South region); and v) weak learning and monitoring and evaluation systems – which do not empower the EU to effectively assess what type of leverage it is achieving, why things have worked out or not and what could be done about it ⁽¹³²⁾.

⁽¹²⁹⁾ In particular, this is highlighted in various EU thematic and country strategy evaluations.

⁽¹³⁰⁾ Though the evaluation notes that project durations are often too short to bring about systemic change and too often operate on a transactional rather than transformational basis.

⁽¹³¹⁾ Source: Evidence comes mainly from EU country level strategic evaluations (e.g., Morocco, Tajikistan), EU thematic worldwide or regional evaluations (e.g., on Gender equality and women's empowerment, Rule of Law, Blending), EUD survey (e.g., various EUDs in Latin America) and interviews (incl. with EU staff at HQ and EUD level).

⁽¹³²⁾ The new regulations have elevated the bar on the scope and quality monitoring and evaluation systems, particularly on generating solid evidence and qualitative analysis on outcomes achieved by EU interventions. The evaluation shows that efforts are deployed to progress along these lines, yet effective change is slow to materialise, reflecting the systemic challenges involved.

Another factor that dilutes leverage is the ineffective use of incentive schemes. The set of conditionalities and incentives in the EU's 'toolbox' to push compliant policies has increased with **NDICI-GE** and **IPA III**, compared with their predecessors. Their use is increasingly dependent on EUDs and a strategic deployment of non-spending activities (political and policy dialogue, public diplomacy, strategic communication). Evidence collected illustrates an important gap between stated ambitions regarding incentives and practices on the ground (see Box 11 below). This, again, reflects limits imposed by political economy conditions in partner countries / regions and related EU power in terms of exercising real leverage.

Box 11 *Incentive schemes in practice: the case of the Neighbourhood region*

The incentive approach – based on the principle of 'more for more' was first introduced with the ENI. Yet, implementation has proven challenging:

- Both the ENI evaluation and the 2017 MTE noted that the mechanism was useful in rewarding and supporting progress in reforms, but that it was not able to overcome the lack of political commitment to reforms or sharing values.
- The complexity of assessing the progress of reforms, the narrow financial focus of the incentive and the fact that the additional resources involved are modest for the middle-income countries in the Neighbourhood region remain the weak points of the approach.
- The set of criteria to be assessed has widened (now including economic reform and migration) which may lead to difficult political choices as progress in the economy can coincide with a regression in democratic freedoms.
- In any case, the mechanism has not been applied as intended so far. Under ENI, apart from a few exceptions, such as Jordan, which received additional funding in recognition of its legislative progress, the distribution of the reserve was not made against clear criteria and was used to encourage rather than reward reforms ⁽¹³³⁾. Under NDICI-GE, the allocated 10 % incentive-based reserve were diverted in the Neighbourhood South to address the food crisis (2022) and the migration priority (2023). This was partly linked to the fact that there was no progress in most of the concerned partner countries, so resources could be allocated to other purposes.
- In some cases, the effectiveness of the mechanism is also suffering from a lack of transparency and communication towards partner countries
- The EU is reluctant to use the leverage of its programmes to put pressure on partner countries ⁽¹³⁴⁾.

Finding 32 While NDICI-GE and IPA III has allowed more flexibility in the overall approach to regional programming and implementation, it is still uncertain whether the new approach will yield more development leverage.

NDICI-GE provides opportunities for greater regional cooperation.

The new EFIs introduced important changes to regional programming under the MFF, including a more flexible approach to choosing partners (beyond the RECs), a shift to multi-country approaches and additional funding. The overall purpose is to align more closely to genuine regional dynamics. In practice, these changes lead to a situation where the EU is more in the driving seat in determining priorities and the allocation of funding. The innovations hold potential for a reinvigorated regional action even where regional dynamics remain relatively weak.

In terms of programming, under **IPA III**, the EU has launched new regional and CBC interventions to respond to these trends, and it has in parallel increased its strategic communication and public diplomacy efforts. These actions and activities often focus on people-to-people contacts ⁽¹³⁵⁾.

In the new period, the EU is making extensive use of regional programmes to address common challenges in the **Neighbourhood** region (see Box 12 ⁽¹³⁶⁾). However, serious issues of articulation and coordination with programmes implemented at country level remain.

⁽¹³³⁾ The shortcomings of the mechanism were clearly identified in EU, *Joint Communication on Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all*, JOIN(2020) 7 final, 2020. 'The incentive-based approach needs clearer guidance on specific reform priorities, with objective, precise, detailed and verifiable benchmarks.'

⁽¹³⁴⁾ Cooperation has continued with Tunisia and Morocco, although neither country has yet agreed on renewed partnership priorities or signed the MIP due to political tensions between these countries and the EU and / or EU Member States on several sensitive issues. Only in exceptional cases has the EU used the threat of a reduction in the volume of its assistance to encourage political change, with some success in the case of Moldova under the ENI. With NDICI-GE, the EU can invoke the regulation's suspension clause to interrupt assistance in the event of a deterioration in democracy, human rights or the rule of law. It has never been used until now.

⁽¹³⁵⁾ CSOs are involved regionally through the Civil Society facility (IPA II) and Civil Society Facility and Media Programme (IPA III).

⁽¹³⁶⁾ Source: Neighbourhood East and South regional MIPs and action documents.

In the **Neighbourhood East** region, a total of 28 actions have been adopted under the regional MIP for the Eastern Neighbourhood 2021-2027. In line with the priorities identified in the regional MIP, the actions cover a wide range of topics, including i) environmental and climate resilience, ii) civil society, democratic participation and gender equality, iii) private sector development and trade, iv) accountable institutions and rule of law, v) digital transformation, vi) transport and connectivity, vii) energy security, and viii) health and education.

In the **Neighbourhood South** region, 10 actions have been adopted under the regional Multiannual indicative programme 2021-2027. As in the Eastern partnership, the actions cover wide range of topics in line with the priorities identified in the regional MIP, including i) green transition, ii) civil society and democratic participation, iii) economic recovery, iv) accountable institutions and security, v) maritime safety, and vi) migration and mobility. In addition, a Neighbourhood South Multi-Country Migration Programme has been adopted with a budget of EUR 573 million for the period 2021-2027.

Uncertain effects in terms of development leverage.

Whether the new approach to regional cooperation will yield positive effects and result in enhanced leverage is difficult to assess at this stage. In **sub-Saharan Africa**, fears have been expressed that ownership levels will decrease as the EU occupies more prominently the centre stage in determining priorities. The partnership with some of the RECs was at times difficult and contributed to delays. Yet, under NDICI-GE, without more involvement of RECs (e.g., as a convening power) and their Member States, there is a risk that lack of ownership could undermine the EU's future contribution to development results at regional level, not just with regional bodies but also participating countries.

IPA III multi-country (regional) and CBC programmes play an important role in fostering cooperation, information sharing and networking among the Western Balkan beneficiaries. However, the leverage of the EU on regional cohesion remains constrained, and the ability of the EFIs to increase it is limited in view of the contradictory influences and geopolitical trends which the region is undergoing. The list is long: failure to solve border crises; the migration crisis; the influence of illiberal political forces, growing polarisation, the drift towards Russia and China, etc.

Under the previous MFF, both the geographic lines and the thematic programme on human rights and democracy made large investments in the capacity of continental and regional organisations to uphold the applicable standards, particularly in **Africa**. However, these organisations' limited absorption capacity led to reduction of funding – though under the current MFF, regional programmes continue to support these organisations on human rights, democracy, and elections observation missions. In the **Western Balkans** and **Neighbourhood** regions, the EU is funding large regional facilities with the Council of Europe ⁽¹³⁷⁾. Aside from support to regional organisations, most of the relevant work above the bilateral level consists in CBC with CSOs and Local Authorities, with fairly modest budgets.

Having a single instrument makes it easier to implement regional programmes involving different geographic zones. There is an interest in programmes involving, for example, the **Neighbourhood South** region with **sub-Saharan Africa** or the Gulf States, but so far, there is no example of such collaboration. According to interviews, this may be due to the lack of suitable implementation mechanisms to turn this potential into action, as well as the difficulty of overcoming established separate working practices in DG INTPA and DG NEAR.

Finding 33 By fostering the use of blending and guarantees in EU external action, the EFSD and the EFSD+ have expanded the range of tools available to the EU and its partners to address key development challenges. The EU's move from grant maker to financial catalyst has the potential to enhance development leverage, yet many implementation challenges may interfere.

Increased focus on guarantees and blending under current MFF creates opportunities ...

The EU blending support under the **EFSD+** is showing continuity with EFSD in terms of overall sector focus and the main DFIs / IFIs leading on the investment projects ⁽¹³⁸⁾. By further emphasising the role of blending, and especially budgetary guarantees under the current MFF, the EU has responded in a substantive way to the need to engage in new forms of financing for sustainable development as highlighted in the 2015 Addis Agenda. The increased use of guarantees and blending under the current MFF create

⁽¹³⁷⁾ For instance, the Partnership for Good Governance in the Neighbourhood East region, a specific IPA Facility in the Western Balkans and Türkiye, the CoE-managed South Programme in North Africa.

⁽¹³⁸⁾ Under the EFSD (i.e., during the period 2017-2020), EU approved EUR 3.8 billion of blending support, EUR 2.1 billion covering sub-Saharan Africa and EUR 1.7 billion the Neighbourhood region.

opportunities for the EU to develop stronger partnerships with all development finance actors, including private sector actors. As illustrated by the high number of TEIs relying on EU blending operations and guarantees, the EFSD+ is a particularly well-suited framework to promote collaborative work between European actors, with ripple effects on the position of the EU to play a stronger role as a major development cooperation partner. Consultations carried out in the context of this evaluation highlight that several EUDs, especially in Middle-Income Countries (MICs), welcome the expanded use of these modalities in EU cooperation with partner countries. Moreover, the EFSD and the EFSD+ have enhanced the EU's capacity to provide responses to development challenges at cross-border / regional level.

... but the leverage attained will depend on the coherence of objectives, means and approaches.

Whether the hoped-for leverage will materialise, depends on the implementation strategies followed. Six core challenges emerge from all sources consulted:

- The overall slow pace of implementation of the EFSD and EFSD+ support, largely due to the long time required to design, contract and implement investment projects as well as challenging partner country contexts.
- The limited risk appetite of DFIs / IFIs involved and lack of means to increase it under the EFSD / EFSD+, hampering the ability of Financialisation (i.e., the increased use of blending and guarantees in EU external action) to fully address inclusive development objectives.
- The lack of clarity in EFSD+ strategic orientations regarding the balance to be achieved between: i) supporting large investment projects that are attractive ('bankable') and addressing the important funding and infrastructure gaps experienced by partner countries; ii) implementing potentially costly solutions to serve the most in need; and iii) ensuring coherence with the values agenda ⁽¹³⁹⁾.
- The lack of linkages and synergies between EFSD / EFSD+ interventions and the support provided by the EU or other international partners to partner countries' sector reforms (e.g., budget support), which limits the opportunities to achieve broader and more policy progress.
- Insufficient attention to managing partner countries' expectations. Designing financial instruments that are aligned with EU priorities in cooperation with DFIs / IFIs is a complex and time-consuming process involving many stakeholders. Once agreed, implementation is spread over several (and sometimes more than several) years. The slow start of flagship investments is already causing concern in partner countries, whose expectations were raised by the substantial amounts announced at the launch of the EIPs in 2021.
- The scaling up in the use of guarantees in EU external action and legacy effects related to loans contracted under the previous MFF have strained the available funds in NDICI-GE geographic budget lines and the Cushion. The situation has been further compounded by the repeated crises experienced in some regions and specific phenomena.

The EU is far from the only source of capital, much of it unconditional and purely transactional.

Another structural limitation to development leverage through Financialisation is linked to geopolitical and economic realities. In the **Enlargement** region, the EU is well-positioned to exert leverage as dominant donor and trade partner. As an investor on the other hand, the EU faces multiple challenges. The EU is a large investor in public goods in the region, and it leverages resources from other donors, in particular through the Western Balkans Investment Framework (WBIF). But beyond this, and this is valid for all regions, the EU competes with other, non-European investors which finalise investment contracts much faster than the EU does ⁽¹⁴⁰⁾, and who do not apply conditionalities on the fundamentals. According to interviews, local banks acting as intermediaries are not always interested in the investment projects supported through the EFSD+. Moreover, investments are implemented under the leadership of the DFIs / IFIs, with limited involvement from the EU. As bankers, DFI / IFI project managers feel less concerned by political / policy issues and the fundamentals, which they consider to be outside their remit or on which they do not have sufficient influence. It is in light of

⁽¹³⁹⁾ EFSD+ requirements related to human rights and democracy further suggest plausible future contribution, but it is too early to assess how they will be monitored and applied. The review of MIPs shows that the sections dedicated to investments are sometimes silent on these issues, e.g., for Egypt and Jordan. Besides, a lot of the investment's contributions to human rights and democracy depend highly on how the central governments will use them – which is beyond the EU's control.

⁽¹⁴⁰⁾ According to interviewees, the WBIF has been particularly slow.

this reality that the Policy first approach is enshrined in the EFSD+ as for the whole NDICI-GE. The EU is pursuing the objective of steering the work of DFIs / IFIs in line with its policy objectives.

3.4.3 EU's position to effectively address global challenges, including through multilateral frameworks

Finding 34 The new EFI architecture enables the EU to step up its leadership and make better use of its ability to act as a convenor, honest broker and bridge-builder to address global challenges; however, the EU faces persistent limitations to achieve leverage at global level.

The Global Challenges programme creates opportunities for greater EU global leverage...

Building on positive experiences with the GPGC under the previous MFF (see 2017 MTE report), the **Global Challenges** programme is meant to strengthen the EU's position and role in addressing global challenges, supporting the pursuit of global goals (in particular the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change), protecting global public goods as well as strengthening multilateralism and a rule-based order. Integrating lessons of the past, important changes to the EFI architecture were introduced to better address global challenges. In line with the Geographisation principle, thematic programmes such as the Global Challenges programme concentrate support at *global* level – leaving it to geographic programmes to address global challenges at country and regional level (subsidiarity principle). This logic meant a reduction of overall funding for the Global Challenges programme ⁽¹⁴¹⁾. The Policy first approach reflects the view that greater weight should be put on the EU policies, priorities and interests. This implies a greater EU ability to ensuring consistency between external action and internal policies ⁽¹⁴²⁾.

.... but whether they are realised is hard to determine...

It is too early to assess the scope and impact of the above transition in EU approaches to addressing global challenges. Yet, different trends, practices and emerging lessons of experience were observed. The MIP for Global Challenges highlights the value of the Team Europe approach to strengthen the EU's collective weight, credibility and impact. The analysis carried out in several regions (e.g., Neighbourhood, Enlargement) refer to the power of a unified and comprehensive response provided by the EU and its EU Member States regarding COVID-19 and related shocks (e.g., food and energy crises), mobilising the full range of its instruments and resources to meet needs on a large scale and increasing the collective impact of its partners. However, the EU's visibility around COVID-19 also brought along challenges for its image globally. This was linked to the widely reported EU refusal to waiver intellectual property rights for vaccines. Yet, region-by-region and country-by-country, it is difficult to ascertain, given monitoring difficulties and constraints, whether the intended Geographisation of the response to global challenges has proven effective so far. Whether Geographisation translates into increased leverage at the global level is even more difficult to assess.

While links between global, regional and country programmes are clear from the programming documents, there is a lack of cross-referencing, suggesting that a coordinated and comprehensive approach across levels of intervention is missing. Nor is it entirely certain that the targeting of Global Challenges at the global initiative level (the flip side of Geographisation) has really translated into leverage strictly defined (i.e., amplifying the influence and agenda-setting power of the EU) although it has certainly bought a place at the table and directly contributed to the effectiveness of the global initiatives. For example, the Global Fund and GAVI make significant contributions to supporting national operational activities, but this does not imply that they leverage additional resources. As to broader leverage, a recent evaluation ⁽¹⁴³⁾ assessing the EU's financial and political leverage in the context of multilateral debates and negotiations within the UN concluded that the EU was unable to fully leverage the influence potential of its funding. Furthermore, effective leverage depends on alliances being forged with a wide range of actors –not only governments at various levels. Evidence collected suggests that the EU encounters challenges in deepening strategic partnerships with civil society and Local Authorities through geographic instruments (for

⁽¹⁴¹⁾ The Global Challenges programme has been allocated EUR 3.3 billion for the 7-year period. In the previous programming round, the allocation to GPGC was EUR 5 billion and intra-ACP EDF was allocated EUR 3.5 billion.

⁽¹⁴²⁾ Half of respondents to the EUD survey were of the view that the new EFIs had resulted in increased involvement of line DGs in geographical programming, with about 40 % disagreeing and 10 % expressing no view.

⁽¹⁴³⁾ EC, *Evaluation of the EU coordination with the United Nations in external action*, 2023.

a variety of reasons). This is likely to also impact on coalition-building and collective action in global fora.

Another factor to consider is that the ability of global governance actors to address fundamental global governance and public goods problems remains far from strong enough to achieve long-term solutions as exemplified by the failure to make substantial progress against climate change. This uncertainty regarding leverage is compounded by the increasingly volatile and polarised international order, reflected in a weakened multilateral, rule-based system. Different sources (including from EUDs operating in different contexts) point to the thin enthusiasm of many partner countries for the policy and legislative reforms promoted by global initiatives, the diminishing importance of ODA, the competition from other global players and the decreasing acceptance of the Western liberal democratic model of development. All of these factors put structural limitations to EU leverage.

... and global challenges go beyond the remit of the Global Challenges programme.

Global challenges encompass a wider agenda than the strict remit of the new thematic programme under NDICI-GE. Regarding the promotion of **human rights and democracy**, the EU has allies globally and in partner countries / regions which may help promoting the values agenda. While the EU supports several strategic alliances of CSOs, Local Authorities and other actors, exerting effective influence requires agency from the side of the EU to protect civic space, alleviate the challenges of allies under threat, ensuring the inclusion of a broad range of human rights and democracy issues in the MIPs as well as better exploiting synergies between global interventions and geographic programming.

The EU is in a good position to address **conflict and crisis** as well as global challenges, mainly due to its longstanding engagement on a range of peace and security issues. When seen in combination with other EU mechanisms and instruments, most notably the previous EUTFs and CBSD, the EPF, CFSP missions, but also budget support and diplomatic engagement, this comprehensive engagement has enabled the EU to grow its leverage. However, the EU risks losing leverage if it does not maintain its strong engagement for crisis response and peacebuilding, particularly in fragile countries and protracted crises. There are indications that EU funding is increasingly supporting: i) flagship initiatives like the ones related to the Global Gateway, or ii) a shift toward 'securitisation', i.e. paying considerably more attention to security challenges.

Regarding EFSD and **EFSD+**, evidence collected recognises the potential of development finance to address global challenges on a large scale while enhancing the EU's global voice and influence. Yet, as investment operations supported either under EFSD or EFSD+ are only gradually coming on steam, it has not been possible to assess whether those tools will yield convincing and visible results with respect to global challenges. Indeed flagship programmes identified under Global Gateway, which will largely be funded via EFSD+, are presently at an initial stage of preparation. Stakeholders consulted raised the expectations that the application of an innovative tool like EFSD+ would trigger collective learning processes at EU level on how best to address global challenges and strengthen the overall development finance architecture for greater leverage. This potential has not yet been tapped.

PI actions have successfully supported the EU's bilateral, regional and intra-regional agenda by developing collective approaches to challenges of global concern. The addition of a specific geographic envelope for HICs in NDICI-GE was seen by EUDs as a recognition of the importance and leverage of cooperation with like-minded partners and economic leaders. However, there is evidence that the ability to build alliances globally (across countries with different income levels) has partly been undermined by the new geographic division of labour between DG INTPA, DG NEAR and FPI.

As a worldwide instrument with a global reach, **INSC** positions the EU as a leading actor in nuclear safety and safeguards cooperation, both through bilateral partnerships (particularly in the Neighbourhood) and as part of the international architecture. INSC was instrumental in enabling the international response to Ukraine's nuclear safety crisis in the wake of Russia's war of aggression thanks to its long-standing engagement in the country and its trust-based relations with the Ukrainian authorities. INSC continues to play a key role in pursuing EU objectives with respect to Iran, while contributing to better alignment of the country's approach to nuclear safety and waste management to international standards. The EU plays a key role in following up challenges identified in the G7 Nuclear Safety and Security Group.

3.4.4 EU's role as geopolitical actor

Finding 35 Building on the PI's logic and approach followed under the previous MFF, NDICI-GE ensures some continuity in the pursuit of interest-driven cooperation and EU leverage as geopolitical actor.

From PI to NDICI-GE: similar mandate yet important institutional changes.

As other EFIs under the MFF 2014-2020, the PI was integrated into NDICI-GE (see section 3.2.3). The PI's objective to 'advance and promote Union and mutual interests' with third countries (Art. 1) is reflected in the NDICI-GE's general objective to 'uphold and promote the Union's values, principles and fundamental interests worldwide' (Art 1.a) and 'respond rapidly to Union foreign policy needs and priorities' (Art 2.d.III.).

There were also important changes in the overall EFI architecture in terms of promoting and defending EU interests. Under NDICI-GE, a new division of labour was established: the programmable geographic pillar of NDICI-GE is the first entry point for cooperation. Geographic programmes are complemented by thematic programmes and Rapid Response actions in the spirit of subsidiarity. Under the Rapid Response actions pillar, the Foreign Policy Needs component (RR-FPN) retains a global dimension, but its remit of intervention is limited by some criteria ⁽¹⁴⁴⁾. RR-FPN actions can pursue innovative (pioneering) initiatives to respond to short-to-medium term needs, opportunities and priorities, including to bridge potential future actions under geographic or thematic programmes (bridging). In the new task division, FPI leads on HICs and the RR-FPN, DG NEAR on specific actions in the Neighbourhood East and South regions, DG INTPA on actions in the rest of the world ⁽¹⁴⁵⁾.

The new EFI architecture allows for some continuity yet limited funding may reduce EU leverage.

The RR-FPN pursues the role of PI in terms of focussing on coalition-building and the EU's soft power by engaging with key target groups in HICs and other strategic partners ⁽¹⁴⁶⁾. According to FPI Annual Activity Reports, strategic policy dialogues with partner countries extend 'the reach and depth of EU foreign policy' (see also Box 13). While acknowledging the enhanced focus in NDICI-GE on HICs, EUDs concerned made the point that the limited funding available for this cooperation, is hampering the potential leverage of the EFIs. In this context, it is important to stress that funding for public diplomacy comes mainly from the geographic envelopes, reflecting the longer-term nature of this endeavour. These support facilities are appreciated (see the box below).

Box 13 *The value of policy dialogue and public diplomacy support facilities -particularly in HICs*

EUD consultations indicate that the policy dialogue and public diplomacy support facilities worked particularly well for alignment and cooperation with third countries in areas of EU strategic interests. NDICI-GE overall brings notable value and positive impact to public diplomacy activities and that the transition was smooth in that regard. According to EUDs, the funding for HICs recognises the importance and leverage of cooperation with like-minded partners and economic leaders, especially in areas where the EU seeks to assert its influence and leadership. EUDs consulted through the validation survey in Australia, Canada, New Zealand and United States reported positively on the support facilities, highlighting their usefulness for explaining EU policies and transforming them in cooperation opportunities.

Finding 36 The enabling environment for the realisation of the RR-FPN's added value is not always available; this situation is an unexpected result of the Geographisation principle but is also partly due to the siloed approaches under the new NDICI-GE division of labour (see also section 3.2.2).

There is a significant risk of decreased institutional coherence.

The PI set some standards in terms of how to work within the EU and with partners and foster a more realistic and interest-driven approach to EU external action. NDICI-GE envisioned complementarity and coordination between the NDICI-GE geographic and thematic pillars and the RR-FPN envelopes. This evaluation finds that there is indeed much complementarity and potential for coordinated action under these different NDICI-GE components, both at the level of the NDICI-GE Regulation and in the way EU staff understands the added value of RR-FPN. NDICI-GE allows to connect more explicitly the EU internal priorities with its external dimension, potentially more coherently than separate instruments did in the past. Positive examples include the recent attention

⁽¹⁴⁴⁾ These are spelled out in Annex 4 of the NDICI-GE Regulation, specifying that 'urgent or imperative foreign policy interest, or a window of opportunity to achieve its objectives, requiring a rapid reaction and which are difficult to address by other means.'

⁽¹⁴⁵⁾ A flagging procedure is in place when proposed RR-FPN actions regard MICs, including of a multi-country nature: FPI formalises an action proposal to geo-desks, who screens them to assess whether they can progress and through which funding envelope.

⁽¹⁴⁶⁾ EC, *Management Plan 2022 Service for Foreign Policy Instrument*, 2022.

given to EU priorities related to the European Green Deal or Critical Raw Materials in NDICI-GE funded interventions.

However, in the transition to NDICI-GE, the distinctiveness of the PI as the principal instrument devoted to EU and mutual interests has been lost and this remit has been diluted across the new instrument. While interest-driven cooperation is now permeating the whole instrument (including whole-of EU and whole-of-EUD approaches) and thus all institutions implementing it, ways of working remain different across the EU actors involved (see Box 14 below).

Box 14 *The cost related to the new division of labour and Geographisation*

Effective implementation of the new division of labour is affected by diverging cultures and ways of working between the different players involved, including:

- A longstanding culture of working in silos.
- The partnership approach as it existed in FPI has been eroded, as INTPA puts more focus on accommodating requests from partner countries, with EU objectives reportedly more on the side-lines.
- Differences in time perspective – with INTPA / DG NEAR focusing more on the long-term responses.
- In the case of the EU departments, moreover, there has not been a parallel adaptation of staff's expertise and policy direction is not always coherent. In addition, there is patchy awareness of the lessons learnt from the PI beyond the FPI and some reticence to understand its logic as a non-development instrument.

Geographisation has left gaps in coverage which entail a cost in terms of geopolitical leverage.

Furthermore, evidence suggests that the Geographisation principle had unintended consequences. Part of the logic and approach that turned the PI into a strategic and effective foreign policy tool has been diluted under NDICI-GE as a confederated instrument. The logic and approach have been difficult to pursue in certain contexts, with a cost (at least in the short-term) in terms of EU geopolitical leverage. Compared to the PI, the RR-FPN has less autonomy and therefore has lost some force. Examples of this evolution are presented in the box below.

Box 15 *Challenges related to applying PI's logic and approach under the current MFF*

- There has been a reduced space for strategic interventions in several MICs ⁽¹⁴⁷⁾, and at the regional and trans-regional level. While engagement continues, at least at the regional and bilateral level as part of the geographic envelopes, the rapid response, more political and interest-driven work, seems to be suffering. Given its role as a subsidiary envelope to geographic funding, RR-FPN interventions ⁽¹⁴⁸⁾ have been slowed down or not put in place as complications arose during the approval process by geo-desks (using the flagging procedure) ⁽¹⁴⁹⁾.
- RR-FPN is a particularly useful tool to lower political irritants and build constructive dialogues in relation to new EU policies such as the ones outlined in the deforestation Regulation, the Carbon Border Adjustment Mechanism, the due diligence Regulation or on palm oil. However, the overwhelming evidence from interviews carried out in this evaluation shows that this component has not been used strategically enough and to the full extent of its potential so far.
- In some prominent cases where EU foreign policy priorities and needs were at stake, the existing division of labour has led to gaps, as highlighted by some PI projects coming to an end without new interventions taking over. Views about the need to continue with the interventions, however, differed between EU officials at HQ.
- In the countries where the mandate of the RR-FPN is clear, the issue has been more the need for a hard prioritisation of initiatives as the funds are limited. This may lead to privilege EU's own interests, sometimes at the expense of the EU's role as a global player brokering deals.

Finding 37 **The EU increasingly seeks to achieve geopolitical leverage through the geographic and thematic instruments, yet contextual realities in terms of reconciling the EU's triple role (as development partner, global player and geopolitical actor) largely determine whether leverage can eventually be achieved.**

Realism is required in terms of geopolitical leverage.

The evaluation shows that NDICI-GE and IPA III have opened space and induced the EU to pursue geopolitical priorities across countries and regions. However, as with the other EU roles in external action, the leverage that can be exerted as a geopolitical

⁽¹⁴⁷⁾ As one EU official put it: 'The PI was the first instrument talking about EU interests openly and breaking a taboo, this element is now somehow diluted because Geographisation prevails – in effect, we have gone a step back. Nobody now is entitled to these former PI-kind of actions with MICs – it is either Geographisation or Policy first. Values do not necessarily translate into priorities and interests do not always correspond to policies.'

⁽¹⁴⁸⁾ Interventions that were supposed to be funded through the RR-FPN envelope.

⁽¹⁴⁹⁾ Some of the cases observed were delayed because or only accepted after INTPA high-level engagement helped to clarify the strategic value and give the green light for implementation by RR-FPN.

actor is heavily influenced by political economy realities at international, regional and partner country level.

In the **Neighbourhood South** region, the issue of migration, where EU interests and values often collide and the failure to speak with one voice with EU Member States is prominent. EU pressures and progress on leveraging bolder migration responses by partner countries has coincided with a regression in democracy, the rule of law and fundamental rights -as this has been most clear in the case of Tunisia. The EU's focus on migration has been undermining its ability to shape policy in other areas, as partner countries perceive that commitment and resources for other priorities are made conditional. The Regulation's indicative target that 10 % of NDICI-GE's financial allocation should be allocated to migration efforts diminishes the funds available for influencing reforms in other areas.

In the **Neighbourhood East** region, the conflict in Ukraine has upended the Neighbourhood Policy and the Eastern Partnership, resulting in Ukraine and Moldova achieving candidate country status and significantly enhancing Georgia's membership prospects. The momentum of Enlargement, extended to these countries, gives now the EU the kind of leverage only possible in prospective Member States.

A regional example of the contextual constraints under which the EU operates in striving for geopolitical influence is **Central Asia**. While, for example, the EU has undeniably made significant contributions in areas such as promoting regional cooperation, enhancing water management, and championing human and civil rights in largely authoritarian settings, the EU's geopolitical sway in the region is limited. The larger context for this is the dominant roles of Russia and China, with the United States also exerting significant influence.

Another cautionary example of the quest for geopolitical prominence comes from the **Asia and Pacific** regions. Despite nearly five decades of extensive political dialogue and being ASEAN's primary financial backer, the EU has not fully achieved its desired policy influence. In 2020, the EU was designated a 'strategic partner' of ASEAN, marking a commitment to regular leader-level summits. This was ASEAN's top partnership category at the time. Yet, within two years, China, Australia, and the United States advanced to a new 'comprehensive strategic partners tier', effectively relegating the EU to a secondary international partner status.

In the **Enlargement** region supported by IPA III, leverage rests on three main pillars: i) accession negotiations; ii) investment channelled through the Western Balkans Investment Framework (WBIF) which engages the countries in economic convergence and integration with the EU; iii) other forms of assistance provided under IPA III. These three pillars reinforce one another, and achieve optimal leverage, only if there is congruence in their rhythm / intensity, decision-making cycles, and conditionalities. IPA III has not yet succeeded in bringing these three pillars closer together to achieve strong leverage on fundamental reforms or regional integration / good neighbouring relations, nor has it been predictable in the use of the performance-based approach. Furthermore, the EU is facing fierce competition from Russia (on the security and information front), and China and the Gulf states (on investments).

In **sub-Saharan Africa**, the EU has maintained a good reputation amongst partners (in particular civil society) for being a human rights advocate. The new thematic programmes on Human Rights, Democracy and Civil Society have also been used to promote values (notably LGBTQ+) that remain highly sensitive across the continent. EU's expertise and long-history of engagement in selected sectors (including democracy and governance) also remain an important asset. Yet, overall, there is mixed evidence to date that NDICI-GE is enabling a stronger EU role as a geopolitical actor in the region. As well as facing discontent from the main counterparts under the post-Cotonou agreement, there has been significant delays in launching key TEI initiatives, including in Middle-income Countries such as Kenya, where the EU ambitions to move towards a more strategic partnership. As already experienced under the 11th EDF, there has been limited progress in pushing for more politically sensitive priorities, notably on migration.

In relation to **DOAG**, Greenland is an obvious case where geopolitical interests are at stake – in a context of competition by other global players – to access the resources of the Arctic. Compared to the previous MFF, EU interests (including on fisheries) and quest for geopolitical influence have remained largely unchanged.

INSC allows the EU to engage in policy-level dialogue with partner countries, particularly in the Neighbourhood region, where nuclear safety issues have considerable implications for EU Member States and the security of European citizens. Stakeholders consulted expressed the view that further leveraging this role to support the EU's voice as a geopolitical actor would require a higher political profile. This implies finding a better balance between the political orientation of the instrument and the technical / normative aspects of its work.

Regarding the hoped-for geopolitical leverage from **EFSD+**, several obstacles will need to be overcome to unleash this potential, including: i) the actual visibility achieved through the supported investment projects; ii) the coherence of the messages sent on the ultimate rationale and expected results; and iii) a stronger articulation between short-term and long-term strategies.

4 Overall assessment and key lessons learned

The negotiation of the MFF – including its instruments – is, by its nature, a highly political process, influenced by contextual factors, involving different institutional actors and other stakeholders with diverging interests and priorities. Parties need to agree on a suitable set of instruments, respective budget allocations and the conditions for spending the financial resources. The negotiation of the current MFF was not business as usual. While a major overhaul had been needed for some time (e.g., in terms of simplification and streamlining, alignment to new geopolitical realities), conditions were not suitable to go ahead. This time the EU was able to seize the opportunity, overcome resistances and introduce a set of innovations that make the EFIs better fit for expanded mandates. Push factors included an increasingly volatile, polarised and competitive environment, stronger EU geopolitical ambitions, the growing attention to security challenges as well as evidence collected through several evaluations on the limits of the current EU toolbox and ways of working. The new EFIs, representing in many aspects a paradigm shift, are being rolled out and are changing the way in which the EU thinks, plans and works in external action. A wide range of actors consulted (particularly at EU level) are positive about the modernisation of the EFI architecture and its potential for achieving intended outcomes and effective leverage, particularly in partner countries with converging agendas and interests.

The evaluation findings show innovative practices and positive effects of the new EFI architecture in terms of better positioning the EU and achieving outcomes in relation to objectives spelled out in the instruments' regulations. These include: i) responsiveness to EU and partner country policy priorities; ii) efficiency and flexibility in programming and delivery; iii) EU internal and external linkages; iv) EU added value (e.g., through the Team Europe approach); and v) increased leverage in EU's triple role – i.e., as development actor, global player and geopolitical actor.

However, the evaluation also reveals factors and possible tensions between different external action objectives (e.g., policy priorities, partnership and ownership, EU values and interests) that weaken the position and ability of the EU to effectively use the EFIs for their intended purpose. Examples include: i) complex trilemmas for the EU in terms of reconciling partnership priorities, values and interests; ii) gaps in coverage and unintended consequences resulting from the application of core principles such as Geographisation (e.g., the challenges for geographic instruments to coherently contribute to global challenges and foreign policy needs; the reduced scope to engage strategically with Local Authorities; the difficulties to work on global challenges with countries having different income levels); iii) areas of limited progress (e.g., the predictable and effective use of incentives, conditionalities and performance-based schemes); and iv) a wide range of institutional challenges resulting from the transition (e.g., division of labour, working better together, new forms of expertise required, resistance to change). In many areas, it is too soon to draw conclusions on the effects of some aspects of the new EFI architecture (e.g., the shift towards Financialisation promoted through EFSD+).

In the context of this evolving transition process, the following lessons have been learned:

Lesson 1 Managing the transition implied by the new EFIs requires more time, energy and creativity than expected.

The EU was not fully aware of the challenges involved in the transition to effectively use the new EFIs. Changes implied not only a major evolution in mandate, roles, processes and practices, but also in mindsets. Important efforts were dedicated by the EU for change management purposes, but not enough. After 2-3 years of implementation, the lesson can be drawn that the scope and depth of the transformation process as well as the inertia of old ways of working, were underestimated. Much more time than expected will be required to move towards a different operating culture (e.g., to think and act geopolitically), acquire the right mix of expertise among staff (e.g., between project administrators and policy shapers in EUDs) or build bridges between different communities of actors, now obliged to work together (e.g., in the framework of the Team Europe approaches, the EFSD+, and a whole-of-Commission / Delegation approach). The reform was built on many exchanges, but was in essence a top-down exercise, which is unavoidable for such a change. Now the time has come to populate this learning across the institutions via more attention to bottom-up learning. There

is a need to create space for this process of innovation to take place. At the same time, strong political leadership and steering is needed in the further roll out of the EFIs, particularly in fostering coherent decision-making, overcoming silo approaches, pushing for effective joint action or mobilising new forms of expertise.

Lesson 2 When frameworks and EFIs meet difficult contexts, ambitions must be realistic.

This lesson had already emerged during the MTE of the 2014-2017 MFF. The new set of EFIs better equips the EU to play its three core roles (i.e., as development actor, global player and geopolitical actor) in external action. However, realities globally and in many countries / regions have become even more challenging, reducing the scope for effective EU leverage at all levels (national, regional, global). The current MFF is experiencing this and EU actors seek to adapt to the shrinking space for supporting policy reforms, brokering global deals or exerting geopolitical influence. The overall lesson learned is the need for more realistic ambitions, differentiated response strategies (underpinned by solid political economy analysis and greater levels of flexibility) as well as enhanced capacities to exploit windows of opportunities as they arise.

Lesson 3 Sound new principles underpin the EFIs, yet they need to be carefully applied and managed.

Principles such as Geographisation and Financialisation hold potential for more relevant and effective EU engagement. However, emerging lessons show the importance of understanding the conditions for success as well as the limitations and unintended consequences that arise when applying such principles. This implies recognising that Geographisation can only happen to some extent and that this should be reflected in coherent programming (particularly at country level). This is not an easy thing to achieve as EU external action often amounts to squaring the circle: managing an EFI structure with multiple budget lines (geographic and thematic), multiple layers (EFSD+ financed by the geographic pillar), involving a wide range of actors, etc. All this to respond to very different needs (short- vs. long-term needs in partner country, local challenges vs global challenges) and demands (accountability).

Lesson 4 The expanding external action mandate of the EU in increasingly challenging environments requires more sophisticated levels of knowledge and analysis.

The evaluation reveals important information, knowledge and learning gaps on key dimensions of external action (e.g., scope for effective reforms in partner countries; adequate response strategies in authoritarian / illiberal countries; conditions for exercising more geopolitical leverage). Gaps in knowledge have affected decision-making, hampered partnerships and reduced overall EU leverage. This challenge has been insufficiently acknowledged so far. In particular, to be an effective advocate at country level and in regional and global fora, the EU needs consolidated data and analysis on what it is doing (and, to some extent, what EU Member States are doing) on a given issue and what has worked well so far. Only on the basis of a good understanding of the EU portfolio can bridges be built between different components for coherent programming and delivery, the attainment of stated objectives be monitored and leverage be enhanced.

Lesson 5 Reviewing the way to look at results and foster effective uptake of insights gained.

A key objective of the new EFI architecture is to have greater relevance, impact and influence (in the EU's triple role). The EFIs are expected to contribute to this and for this purpose the bar has been elevated in terms of the quality of M&E systems in the current MFF. Emerging lessons learned show that there is still a long way to go for the EU in terms of collecting and processing / analysing solid evidence on 'what worked, what did not work and why'. This is not because of a lack of data collection and reporting. A quite comprehensive results framework has been put in place and EU staff spend substantial time in delivering on all the reporting and accountability requirements (often at the expense of their content and policy dialogue work). Yet, this M&E system struggles to provide qualitative analyses on development outcomes achieved that may feed a learning curve. The challenge is even more acute when it comes to assessing EU leverage as a global player and a geopolitical actor. M&E systems adequate to fill these needs have yet to be developed and put in place. An additional challenge will be to foster an effective uptake of the insights they generate.

Lesson 6 Preparing the future: further adaptations are required to keep the EFIs fit for purpose.

As was the case in the past, the current MFF and related EFIs, once put in place, were affected by major changes in the international environment (particularly Russia's war of aggression against Ukraine) and at the EU level (including greater divides between EU Member States and less cohesion in decision-making). This turbulence is shaking up the carefully designed EFI architecture, revealing gaps in response capacity (in terms of EU political weight, actual levels of influence and available funding) as well as incompatibilities between the various roles played by the EU – with own EU interests increasingly taking centre stage. The resulting message is that the EU may need again to show its ability to further adapt the EFI architecture in the short-term (within the current MFF) and in the context of the current MFF for 2027.

5 Conclusions and potential ways forward

5.1 Conclusion 1: Balancing EU's triple role

A better global vision, sound new principles and relevant changes better equipped the EU to pursue its three core mandates using the EFIs and increase its geopolitical traction. However, the increased assertiveness of EU external policy regarding interests and values comes at some risk of reducing the EU's traditional role and influence as a trusted development partner. In addition, while Geographisation has enhanced coherence as described under Finding 1, the overall power of international and development cooperation to achieve political and geopolitical influence has diminished, as discussed above.

This conclusion is based on Findings 1, 3, 9, 30, 33, 34, 37. It applies to all instruments.

NDICI-GE makes a commitment to implement a global vision of sustainable development; the need for which is a core assumption underlying the transition to the new EFIs. **IPA III**, while its core mandate is supporting potential future EU Member States to meet their commitments and align with EU policies and *acquis*, also pursues a global vision of sustainable development broadly speaking. Similarly to NDICI-GE and IPA III, **DOAG** aligns with the global EU agenda.

While there is much continuity with the previous MFF, the new EFI architecture not only achieves streamlining, but is also based on sound and novel principles. These principles notably include Policy first, Geographisation, Financialisation, Partnership, and the reward of performance (IPA III, NDICI-GE in the Neighbourhood). The shifts enable the EU better to play its role as a force for development and cooperation, a partner responding to global challenges, and a geopolitical actor promoting its own values and interests. Geographisation, at the core of the shift from the old to new EFIs, in the broader context of Policy first and with a premium placed on country- and regional level programming, promises to result in greater coherence, with the potential for political weight, consistent with the goal of a more 'geopolitical Commission'. At the same time, as discussed above in section 1.2, the overall global context has weakened the potential of external action in all its dimensions to achieve geopolitical influence.

However, the increased assertiveness of the EU in programming external cooperation (Policy first) comes at the risk of diluting the EU's traditional value added in the form of its reputation as a trusted partner supporting partner country's / region's development priorities. The increased emphasis on the EU as a geopolitical player defending its own values and interests – a matter of the application of the instruments more than of the EFIs themselves – risks loss of trust / credibility among partners and contends with effective promotion of the EU values agenda. This is particularly sensitive in aid-dependent countries (Least Development Contexts, lower Middle-Income Countries, fragile and conflict-affected states). Moreover, the trend, noted in the 2017 mid-term review of the 2014-2020 EFIs, towards the weakening of external action as a tool for achieving political and geopolitical influence, while promoting EU interests and values, has accelerated in an increasingly polarised and confrontational world.

Potential ways forward include:

- Under the new EFIs, the EU is seen as more assertive in promoting its own policy priorities. However, there is a need to clarify the concepts underlying the EFI architecture, starting with that of the Policy first approach, often wrongly associated by different stakeholders with 'EU policies and interests'. It is important that Policy first also more explicitly encompasses efforts aimed at ensuring better alignment with partner countries' needs and priorities.
- While the EFI architecture has allowed better articulation and linkages with other dimensions of EU external action as well as with the external projection of EU internal policies, the overall policy framework does little to facilitate the prioritisation of EU external action (*if everything is a priority, nothing is*). The sheer number of targets, policy areas and policy documents for the staff and partners to digest, poses difficulties for programming. The elaboration and revision of MIPs, and the reporting should be aligned with a limited number of up-to-date policy documents. There is a need to 'clean up' the repository of policies, including by updating and streamlining policy documents.
- More is needed on coherence and synergies between development and accession objectives, broader foreign policy objectives, and advancement of EU interests (including projection of EU domestic priorities such as security and prosperity) and values. Seeking enhanced synergies between the various objectives is key, both at the policy level (how policies link and reinforce each other) and at the instrument level (more coordination and synergies between processes, actors and institutions). Coordination comes with transaction costs, yet steps can be taken to reduce these.
- The priorities of the Geopolitical Commission and the Global Gateway have increasingly become the main compass for EU's external engagement. This has contributed to further advancing the EU's positioning and leverage globally and is well reflected in the MIPs. Yet, other actions aligned with MIP priorities, notably in more traditional areas of cooperation, have sometimes been side-lined in favour

of Global Gateway initiatives and this has in turn led to a perceived loss of programming effort. In particular, there is a risk that the attention given to poverty reduction and broader advancement of SDGs is reduced. In line with the objectives presented in the EFI regulations, there is a need to avoid de-prioritising this dimension of EU external action, for which the EU has a good reputation and has received wide international recognition.

- Targets (e.g., on gender equality, migration, climate, biodiversity) have proven useful to frame the implementation of the EFIs and, if applied more rigorously, markers can be a useful tool to track funding and progress of objectives. Yet the targets-markers system has been, at best, a least-bad approach, as confirmed by a range of evidence. Perhaps the strongest indication is that the lack of thematic expertise at EUD level and limited ability of the teams managing thematic instruments to monitor developments at country level makes it hard to meaningfully track funding and link back the increased number of targets to the advancement of global thematic policy objectives. There is a need to invest in expertise and capacity-building at EUD and HQ level to apply markers and monitor targets more rigorously.

5.2 Conclusion 2: Partnerships

Experience with partnerships under the new EFIs has been mixed – some have strengthened and some have weakened. Country-level consultations have generally been greater under the current MFF than the previous one, and there is stronger partnership with EU Member States under the Team Europe approach, with European Development Finance Institutions under Financialisation, and with assorted global initiatives under the globally focused Global Challenges thematic programme. One important change has been for Local Authorities, who lost their dedicated thematic programme under NDICI-GE and struggle to find their place under the geographic instruments. It is unclear that the new EFIs have strengthened two fundamental preconditions for partnership – shared vision and shared responsibilities.

This conclusion is based on Findings 5, 9, 10, 11, 15, 17, 25, 26, 30-32, 34. It applies to all instruments.

Partnerships, particularly at country level, but also with international actors and alliances, are necessary for the EU to project its interests and policies as stated above. The 2021-2027 **NDICI-GE** and **IPA III** programming process saw broader stakeholder consultations in all partner countries compared to previous programme formulations. A jarring note, not directly a result of the new EFIs but associated with them, was the decision to dismantle the role of the NAO in ACP countries; most importantly in sub-Saharan Africa. While this has strengthened links with line ministries and has arguably resulted in efficiency gains (NAOs having sometimes been a bottleneck), the implementation of the change was clumsily handled. Other partnership areas that have been intentionally weakened due to capacity-related efficiency concerns are partnerships with regional organisations (e.g., AU, Regional Economic Commissions in Africa) and with Local Authorities, the latter having lost their dedicated funding envelope under Geographisation. The Global Challenges thematic programme strengthened partnerships with global initiatives and actors but the reduction in thematic budget between the former GPGC and the current Global Challenges programme in the context of Geographisation is a concern to line DGs. Partnership with national CSOs has continued but does not easily translate into access to funding due to ‘shrinking civic space’ and capacity constraints, compounded by the EU’s recourse to larger envelopes than before: large grants come with more stringent conditions and higher costs for the applicants. While there are practical difficulties, opportunities for partnership with HICs have generally improved under NDICI-GE. **INSC** has retained its exclusive focus on governmental institutions. Partnership within **DOAG** remains strong thanks to the long and deep political and cultural relationship between the OCTs, Greenland, and Europe.

Intense partnership with UN agencies as implementing partners and setter of standards (many of them promoted by the EU itself) has continued, with advantages (expertise, field presence, relative (geo)political neutrality, legitimacy on these standards) and disadvantages (high cost, reduced EU visibility and voice in decision making) that have long been discussed and which the EFI transition has done nothing to change. A significant change is the closer cooperation with EU Member States’ development agencies in the context of the Team Europe approach and partnership with EU Member States’ Development Finance Institutions in the context of EFSD+. While still far from ideal in application, the NDICI-GE Regulation has opened the doors for more fluid cooperation with UMICs and HICs.

A fundamental partnership issue is one difficult to measure. Partnerships require shared vision, and, as tools to guide programming and implementation, EFIs cannot be expected in and of themselves to strengthen shared vision. Furthermore, while partnership promotes capacity building, the fact remains that many EU partners beneath the global level suffer from persistent weaknesses, exacerbated in the case of civil society by the accelerating phenomenon of ‘shrinking space’.

Potential ways forward include:

- The EU's interventions have not always received enough buy-in from the local stakeholders. Despite the consultations organised for the programming of the EFIs, the principle of country ownership is not always applied consistently. This could in turn undermine the achievement of lasting results. There is a need to dedicate more time and resources for meaningful consultations, as well as strategic communication on the benefits for partner countries' citizens (and globally) of EU support thanks to the EFIs (going beyond simple visibility and branding, more pedagogy and listening are needed) in order to build shared vision with partners.
- There is a need to build and directly support stronger coalitions of allies at country and global level, including CSOs. Building on its network of EUDs, the EU should define a clearer vision on reacting to backslides in a timely manner, as well as identifying and seizing opportunities to better support partner countries when they embark on a path that is attuned with the EU values and interests. The performance-based approach of IPA could serve as a model, provided it is clearly defined and applied properly (which it has not been so far). This would require much stronger monitoring of MIPs' and partners' performance, but also of the partner countries' policies and practices, which could be done as part of the MTR process.
- Some partnership areas have suffered with the transition to the new EFIs: i) partnerships with regional organisations (in sub-Saharan Africa, regional programmes are not directly linked to regional organisations anymore), and ii) partnerships with Local Authorities, which is now meant to be supported via geographic programmes rather than via a dedicated thematic programme. Furthermore, access to funding for CSOs has been more difficult due to shrinking civic space and capacity constraints, compounded by the EU's recourse to larger envelopes than before. In former ACP countries / regions, the dismantling of the NAO / RAO system (as a consequence of the budgetisation of EDF) has also fundamentally changed the nature of the EU's relationship with national and regional authorities. There is a need to ensure that suitable alternative mechanisms are put in place to address the negative effects of these changes on partnerships to ensure buy-in and ownership. In particular, there is a need to re-engage strategically with Local Authorities and CSOs, recognising: i) the importance of Local Authorities as actors of development and dedicate resources for their involvement; and ii) the importance of CSOs as implementers of EU development programmes and lower thresholds to ease access to EU funding.
- In IPA countries, the EU should apply the performance-based approach as per the spirit of the Regulation: based on performance of reforms directly linked to the negotiation chapters and especially the reform results on fundamentals. In assistance, prioritise civil service reform within public administration reforms, including human resource management in public administration (capacity, retention): without this, the entire IPA programming architecture (IPA III Programming framework, Strategic Responses, annual bilateral programming) cannot function. The EU should also boost strategic planning capacity and capacity to move from sector-based to whole-of-government reform models.
- Regarding HICs and UMICs, there is a need to align cooperation and partnerships with them to (expanded) EU geopolitical ambitions. In particular, this implies removing artificial geographic divides hampering the pursuit of global / geopolitical leverage (e.g., HIC-UMICs in Asia, ACP countries and OCT in Pacific) and increasing financial allocations, including for public diplomacy / outreach with UMICs and HICs.

5.3 Conclusion 3: Geographisation of global challenges

Under Geographisation, global thematic challenges are to be mainstreamed into country – and regional level programming while the NDICI-GE Global Challenges thematic programme is to be targeted (with reduced budget) at global initiatives. For a broad range of reasons detailed below, it is unlikely that the new EFIs, specifically the Global Challenges thematic programme under NDICI-GE, are more effective than the previous EFIs.

This conclusion is based on Findings 4, 8, 14, 34. It applies to all instruments.

Geographisation intended that country programming should better integrate global thematic challenges into MIPs (NDICI-GE, DOAG) while the Global Challenges thematic programme itself (with sharply reduced budget) should concentrate on global initiatives. Likewise, the IPA III Programming Framework and Strategic Responses address key global challenges as an integral part of IPA III policy objectives. In part because of the recent change, in part because of monitoring issues, it is difficult to aggregate country- and regional level actions to global level in order to track EU support to addressing global thematic challenges. The targets-markers system, while perhaps the least-bad monitoring strategy, is widely criticised for reasons ranging from moral hazard (on the part of the markers) to lack of EUD thematic expertise to overstretched thematic expertise at HQ level. Geographisation on its own can do little to address situations where country (growth) and EU

(global sustainability) priorities differ, a structural free-rider situation which has not improved since the 2017 mid-term evaluation of the EFIs and is difficult to address at instrument level. With crises accumulating, prioritisation is difficult. While the Global Challenges programme is explicitly aimed at global public goods and priority items from health, education, climate change to migration to biodiversity are set forth, there is little analytical detail to how they have been selected for strategic priority. All thematic concerns from the previous Global Public Goods and Challenges have been taken over, and a few new ones added.

The EU's leverage through Global Challenges is conditional on how much financial support it is contributing and whether there are opposing views around the table to lever against. The EU's contribution can, however, materially add to the delivery of results. This effect is magnified when the initiative is small and the EU's contribution is consequential. A good example is the response to COVID-19, where the COVAX facility financed through Global Challenges made a significant contribution. However, the larger leverage issue is the extent to which the EU's contributions result in greater intellectual and policy impact. Here, policy leverage is limited because, for obvious reasons, the EU supports initiatives and partners with which it agrees in the first place.

Potential ways forward include:

- Global challenges must be addressed at all levels. There is thus a need to strengthen synergies between global, regional and bilateral responses to global challenges. This could be done by strengthening EU expertise and understanding of the continuum between local, national, multi-country, regional and global levels in order to ensure more continuity and subsidiarity between actions at various levels. The EU should invest much more in internal capacity for programming, monitoring, and partnership management, including on cross-cutting thematic areas and global challenges, especially at EUD level. There are needs for increased specialised expertise both at EUD and HQ (incl. line DG levels). The imbalance lies in the fact that development programme management resides at EUD level while technical thematic expertise resides in Brussels – and both are stretched thin by the steadily growing EU mandate.
- Partner countries themselves should be incentivised to address (and finance) global challenges, with the support of the EU. The example of IPAIII operational programmes requiring co-financing could be a model, provided the partner government have sufficient visibility on the sectors to be funded by the EU throughout a given MFF (as is the case with the MIPs, but as of now not with the Strategic Responses).

5.4 Conclusion 4: Leverage

The context for increased EU leverage, whether at country, regional or global level, continues to be difficult. Positive dynamics in terms of EU leverage have been fostered when there is a large convergence of interests with partner countries. If there has been any change in the degree of leverage between the previous and current EFIs, it has been a weakening, for reasons that are not the fault of the new instruments, but of the deteriorated context and conflicts between the three EU ambitions discussed under Conclusion 1.

This conclusion is based on Findings 2, 6, 9, 10, 16, 25-29, 30-32, 34, 35-37. It applies to all instruments.

As was already the case in the previous MFF, the overall international environment, competing global players and the political economy conditions in partner countries impose limitations on the EU's ability to exert leverage. These include the appeal of authoritarian / illiberal models (not absent in the EU itself), the availability of alternative, value-free, purely transactional support, and dysfunctional / fragile states. Geopolitical and foreign policy considerations (e.g., migration) are increasingly shaping programming, which in cases reduces the ability of the EU to exert pressure for reforms and uphold the values agenda. There are positive examples of EU leverage – for instance the incentive of candidate country status in Ukraine and Moldova – but it is also possible to witness the failure of the 'carrot' approach in Serbia. **IPA III** incorporates performance-based aspects, but these have tended to focus more on administrative aspects than effective policy reform progress, an example of the ineffective, at times counter-productive (because it deepens the reform gap between countries), use of incentive schemes.

NDICI-GE places a stronger emphasis on policy reforms than did the former EFIs. NDICI-GE is, however, still a development instrument in a world where the influence that comes with cooperation is shrinking, as it was under the previous EFIs. In the Neighbourhood, there is no evidence that the incentive-based approach under NDICI-GE has been more effective in increasing EU policy leverage than under ENI. The NDICI-GE Regulation includes a suspension clause that allows the EU to interrupt assistance in the event of a deterioration in democracy, human rights or the rule of law, but it has not been triggered to date (in part due to faulty monitoring and reporting of such deteriorations). In the Neighbourhood South, the issue of migration, where EU interests and values often collide and the failure to speak with one unified EU voice is prominent, looms large. The EU's focus on its interests in the area of migration has been undermining its ability to shape policy in other areas, notably democracy and human rights. In Central Asia, the EU's geopolitical sway in the region is limited by the

dominant roles of Russia and China, with the United States also exerting significant influence. In the Asia-Pacific, despite nearly five decades of extensive political dialogue and being ASEAN's primary financial backer, the EU has not fully achieved its desired policy influence.

The EU is also sometimes ambivalent to exert leverage. Sometimes this is due to unwillingness to compromise partnerships, especially with partner governments. Other examples are more systemic; for example, **INSC** has the potential to be used strategically for leveraging partnerships and change (as the past example with Iran highlights) but there are other voices who want to see it primarily as a technical instrument.

Potential ways forward include:

- There are a number of (unproven) assumptions on the EU's ability to exert leverage (financially and politically) – e.g., through incentive-based mechanisms in IPA beneficiaries, more for more principle for Neighbourhood, conditionalities, multiplier effect of EFSD+ to attract private resources, etc. It is thus important to be more realistic about how effective the EU can be in exerting leverage. To this end, there is a need to make much better use and uptake of the wealth of experience, lessons learned and knowledge acquired of what works and what doesn't. It may also require more investments in 'political intelligence' of possible sources of EU leverage in a given context as well as developing M&E systems that capture the levels of influence obtained, particularly as global player and geopolitical actor.
- EU leverage also heavily depends on strong collective buy-in from and good collaboration with the EU Member States. Strengthen in that regard the collective voice and political weight that the Team Europe approach can play in partner countries and optimise the potential of TEIs to enhance global / geopolitical leverage. To this end, consistency in defending / promoting values is important (avoid accusations of applying double standards), and the EU and Member States should not shy away from addressing politically sensitive / divisive issues (e.g., gender, corruption) and avoid simply agreeing on the lowest common denominator.
- To push for its ambitions and interests, the EU needs to be a predictable partner. For this, MIPs must form the basis for strategic communications, and the EU must use applicable conditionalities strictly and predictably. There is a need for a more coherent application of incentive and performance-based schemes.
- EU leverage goes beyond a single instrument or policy area and builds on the entire EU foreign policy 'toolbox', including trade, diplomacy. To this end, the EU should make strategic use of all the instruments in the EU toolbox, beyond the EFIs and facilitate a closer engagement of line DGs in strategic partnership countries where an expanding external action agenda is being deployed (e.g. on standards to be applied in trade). Stronger links with core line DGs may help to mitigate the knowledge gaps in EUDs as well as facilitate more integrated and coherent EU engagement strategies.
- There is a need to strengthen the connections between development interventions / funding and the political agendas in a given country / region. While some action was taken notably in the context of the new deforestation regulation, the EU should ensure a more strategic use of RR-FPN in dealing with political irritants.

5.5 Conclusion 5: Financialisation

While Financialisation is justified by the massive needs for investment to achieve the SDGs, there are still practical issues of transition from grant-giving to investment facilitation that need to be addressed. Also underappreciated are its inherent limitations, especially in unfavourable (low-income, fragile, conflict or protracted crisis- affected) settings where capital is needed most. Due to the longer implementation process of financial instruments, 'crowding in' of private capital is yet to happen on a large scale.

This conclusion is based on Findings 7, 11, 14, 24, 33. It applies to NDIC-GE and IPA III.

While experience under the EFSD was still limited when the EFSD+ was set up, a number of technical issues persist, such as very long processing timelines, complicated governance, cumbersome processes at the EU level, and demands with which many EUDs (and partner governments) are not well equipped to deal. Development grant-givers must work hand in hand with development lenders (largely, to date, the European Development Finance Institutions). Capacity to deal with the new financing instruments has increased in EC HQ, but interviews indicate that capacity at EUD level has been slow to develop. A mind-set change on the part of beneficiary partners is also required – grantees also become borrowers. There are persistent concerns regarding the viability of loan-based approaches in settings that are financially under-developed ('non-bankable'), including LDCs, fragile, and conflict or crisis-affected states. However, another view is that the problem is not with the structure of the tool, but with the hyper-risk sensitivity of DFIs / IFIs.

Financialisation comes with a loss of control and visibility for the EU due to the number of intermediaries involved – it is often assumed that Financialisation simply involves European Development Finance Institutions' and private firms' lending / stake taking. In fact, in many cases, money is simply passed through

national banks under attractive terms that will allow them to lend on to national firms or public entities. However, the focus on Global Gateways and large Team Europe Initiatives – in the context of EFSD+ – has the potential to give back to the EU greater visibility. A drag on the entire approach is the mismatch between the MIP programming cycle and the long life cycle – from idea to financial design to signature to contracting to implementation – of complex investment projects. The number of stakeholders – the EU, the partner DFIs / IFIs, national partners (government incl. Local Authorities, financial intermediaries and implementers, CSOs), and beneficiaries – is high.

Monitoring of EFSD+ implementation, including of EFSD+'s role in contributing to NDICI-GE targets, remains problematic. It is not easy to precisely calculate the geographic and sectoral distribution of EFSD+ actions in this early stage of implementation. Bearing in mind that results are materialised in the long run, calculations indicate that sub-Saharan Africa has predominated. However, multiple interviews suggest that most actions financed are either: i) continuations of previous DFIs / IFI actions, ii) relate to familiar sectors such as infrastructure and MSME development, and iii) are attractive to IFIs only in relatively well-developed financial settings, making Financialisation inappropriate in precarious, conflict and prolonged crisis-affected settings where capital grants are most appropriate.

Potential ways forward include:

- The increasing and more systematic use and deployment of innovative financial mechanisms, including blending and guarantees, require significant upskilling and capacity-building for the EU, especially in EUDs.
- Programming and implementation of EFSD+, including monitoring, need to be better embedded in geographic programming in order to be a better integrated tool within the broader NDICI-GE framework.
- There is a need to ensure greater clarity and a better balance between interests of DFIs / IFIs, EU priorities and expected development benefits. While increased collaboration is taking place (notably with the EIB), the EU should further strengthen partnerships with DFIs / IFIs, including by overcoming remaining strategic and operational challenges, such as defining shared objectives, aligning ways of working and harmonising timelines and processes between EU (development) actors and IFIs.
- The EU should also move away from highly centralised, IFI-driven EFSD+ identification processes to multi-actor approaches at decentralised level (governments, private sector, Local Authorities, civil society, EUDs). At the same time, there is a need for more coordination at central level to enhance communication among key stakeholders and foster knowledge production at global level (see also *Conclusion 4*).
- A key challenge remains in the policy steering of investments and how to promote / encourage investments towards non-bankable areas. While efforts towards better coordination have been made at operational level between the EC, EIB, EUDs and DFIs / IFIs, there is a need to ensure better granular alignment between PIPs and the EU's own priorities and programming at bilateral / regional level.
- The EU should consider revamping and extending the use of blending – particularly in countries where the conditions are not suitable for EFSD+ guarantees. In that regard, the EU could draw lessons from existing attempts to promote financialisation in fragile, and mostly non-bankable environments.

5.6 Conclusion 6: Flexibility and responsiveness

Thanks to the Cushion and Rapid Response Pillar, as well as other sources of flexibility under NDICI-GE and IPA III, the new EFIs have responded well to the rigidity criticised in the 2017 mid-term review of the previous EFIs. Examples of responsiveness include the COVID-19 pandemic, Russia's war of aggression in Ukraine, and the Syrian refugee crisis in Türkiye and in the region. At the same time, the EFIs' regulatory frameworks have been stretched to the limit and, more important, financial resources have been depleted. Decisive action will be needed on the assumption that there will be no abatement of growing needs.

This conclusion is based on Findings 2, 3, 7, 16, 18-20, 30, 32. It applies to all instruments.

The EFIs try to strike a balance between two competing objectives: the need to respond to fluid situations, and the need for predictability / reliability in programming. The 2017 mid-term review of the EFIs strongly found that external action was too often dictated by the instruments available under the regulatory structure, not by unanticipated needs. When new crises and needs emerge and when the EU interests, values, and preservation of partnerships are at stake, the new EFI architecture better equips the EU with the tools it needs to respond quickly and meaningfully. Of particular importance for flexibility under **NDICI-GE** are the non-programmable Cushion and the Rapid Response Pillar (Resilience, Crisis Response, and FPN envelopes) – although both have different purposes.

The Cushion has mostly functioned according to its mandate, although some of the needs which it covered could have been anticipated (e.g., the COVID-19 pandemic was ongoing since early 2020 and the Türkiye-Syria refugee crisis was long ongoing). Some of the RRP's allocations and their distribution between its three envelopes depart from the spirit, if not the letter, of the Regulation. With the exclusive usage of the 2021-23 Resilience envelope to address the needs of Syrian refugees and host communities in Türkiye, some interventions contributing to resilience were funded by the Crisis envelope. Geographic allocation of the RRP (in particular the Resilience Envelope and parts of the Crises Response Envelope) and the Cushion were heavily skewed towards the Enlargement and Neighbourhood areas, demonstrating their sensitivity to political pressure.

Faced with the COVID-19 pandemic, the flexibilities of the geographic programming under NDICI-GE and IPA III features functioned well. The other major example of flexibility is the EU's quick and substantial response to the challenges posed by Russia's war of aggression in Ukraine, which has combined flexibilities of geographic programming with the Cushion and the RRP. The EU has drawn on many sources to complement the funding available under NDICI-GE, including for example in fragile contexts, where humanitarian needs can be addressed through EU humanitarian aid, alongside NDICI-GE funded interventions; economic stabilisation through MFA; security and military needs through the EPF and the CFSP; restoring nuclear safety both through local partnerships and by supporting and facilitating IAEA's work via **INSC**; and investment needs through EIB and EBRD loans. **IPA III**, with its thematic programming without pre-allocated financial envelopes, afforded the EU the flexibility needed to very quickly redirect programming and mobilise a large energy package to help the Western Balkans withstand the energy crises stemming from Russia's war of aggression against Ukraine.

For the responsiveness of the RRP and Cushion and flexibility to be financially sustainable, funding must be commensurate with the magnitude and frequency of the crises and emerging needs with which they are designed to deal. The Cushion envelope has been almost depleted so precipitously in the face of multiple crises that it no longer suffices. In view of evidently worsening frequency and scale of crises, including natural disasters, the extent to which the EU is able to react via a comprehensive humanitarian-development approach (including, in certain conflict cases, via a HDP nexus) face constraints. Only two responses are feasible to maintain sustainability in an increasingly unstable global environment. One is to impose stricter use of criteria to draw on this envelope, strengthening prioritisation and triage of needs. The other is to increase the cushion envelope, as proposed by the Commission in its proposal for a MFF revision. The development of the Ukraine Facility is also a response.

Potential ways forward include:

- NDICI-GE and budgetisation of EDF has meant that a number of features and flexibilities that were attached to the EDF (e.g., multiannuality, carry-overs, reserves) have been partially lost. This has been hard felt in some ACP countries, notably in fragile, crises-prone / disaster-like environments. Despite the Cushion (which is managed at central level) there is a need for more flexible funding at the decentralised / country level to allow for more rapid and targeted responses. The EU should consider establishing a flexibility mechanism (e.g., a resilience-related reserve) at country or regional level. In the future, the EU could also consider exploring possibilities to carry-over unused funds over a period longer than the one year currently allowed under Article 30 of the NDICI-GE Regulation.
- The programming of EU assistance is a useful process to identify shared priorities and set a strategic cooperation framework over a medium-term, thus giving some predictability to partner countries. Yet, the process can also impede flexibility. While some degree of flexibility exists linked to the Mid-Term Review process (including on choice of priority areas and financial allocations), there is a need to explore ways to further flexibilise programming and yearly financial allocations so as to respond more quickly and effectively to new development challenges and foreign policy priorities.
- While it has already proven its worth and strategic importance, the Cushion is almost fully depleted at half-point, and 80 % of its unallocated funds have already been earmarked until 2027. Beyond Article 17 on the Cushion, there are no clearly defined criteria to assess more precisely what are situations for which the Cushion can be used and the conditions upon which the cushion can be mobilised. Furthermore, the role and mandate of the various institutions in the mobilisation of the Cushion would also need to be better spelt out, for instance in the form of a guidance note.

5.7 Conclusion 7: Change management

While consolidation and streamlining have brought efficiencies, they have also brought the need for broader and deeper consultations, both internal and external, and new ways of working, processes and practices have evolved to meet these challenges, but the EU's institutional structure has remained largely unchanged.

This conclusion is based on Findings 12, 13, 14, 20, 31. It applies to all instruments.

The consolidation and streamlining of EFIs has simplified the regulatory structure and the associated work streams for programming and financial allocation: in a given country, the EU has now almost unified these processes under respectively NDICI-GE, IPA III, INSC and DOAG. At strategic level, the transition has therefore led to efficiency gains.

At the operational level of programming and implementation, the transition has been a learning-by-doing process. In the first years of the MFF, both EU staff and their partners needed time to understand the new regulatory environment and programming processes. They had to adjust their consultative, decision-making, and implementation practices. To meet this need, the EU provided their staff and partners with guidance, training and advice. However, their timeliness, outreach and uptake were uneven and encountered human and financial resource constraints.

In the regions covered by **NDICI-GE**, the key regulatory changes were linked to Geographisation and to the budgetisation of EDF. Geographisation, Financialisation, and Partnership (including the Team Europe approach) all place increased responsibility on EUDs for inclusive and negotiated programming, as well as for thematic expertise to ensure that EU global thematic concerns are reflected in country programming. Yet, HQ continues to play a strong role despite the Geographisation principle which was supposed to bring more responsibility at the geographic / country level.

In the Enlargement region, **IPA III** abandoned multi-year country programming by sector, a profound change. Within broad priorities under the five Windows defined by the IPA III Programming Framework for the entire MFF, the programming initiative lies with the governments, who make a case for needs, priorities, and flagship actions in their Strategic Responses. With no pre-set country allocations, programming at country level now takes place continuously (through AAPs), in principle following a performance-based approach, although short of a clear way forward on assessing performance, this principle has so far been overshadowed by the fair share principle. In addition, annual bilateral programming so far has rewarded administrative capacity rather than reform progress as intended. Government capacity to produce high-quality Strategic Responses has been highly variable, widening the margin of appreciation for and placing a higher responsibility on the EUDs and the geo desks, who must select from a long list of partner wishes. In practice, the programming process foreseen by the IPA III Regulation has not yet fully materialised, as the first iteration of IPA III continuous programming was overtaken by ad hoc practices and compromises.

The new structure with EFIs, and their respective coverage, have evolved faster than the EU's institutional setup. Rather than institutional changes to reflect the new EFIs, the transition has resulted in adjustments of processes and practices and re-allocation of tasks and responsibilities to implement the regulations. Adding to programming and implementation challenges were the novel needs of Financialisation and the launching of Global Gateway – a strategy, not an instrument or a tool – after the launch of the EFIs and as programming was nearing completion.

Most importantly, the EU and its partners have had to absorb an incomparable succession of crises, including COVID-19, Russia's war of aggression in Ukraine and its indirect effects (grain and fertiliser supply crises, food and energy crisis in the Western Balkans), the series of coups across the Sahel and most recently, the aggravation of conflict in the Middle East. The EFIs have weathered these crises so far, but this has demanded long, costly internal negotiations and difficult compromises. They have stretched the instruments to their limits, and the deep challenge faced by the EFIs is their ability to accommodate the fluidity of the global environment.

Potential ways forward include:

- The transition to EFIs has through the Geographisation, Financialisation, and Partnership shifts, increased the workload on EUDs as well as HQ services. This increase concerns both needs for in-house coordination and consultation with external partners. While the EU responded with guidance, training, etc., these have been insufficient to fully meet the need for new ways of working and even new mindsets. In particular, there is a need to accelerate the transition in staff composition / expertise in EUDs with a view to have more human resources that are able to be policy shapers and engage in geopolitical work.
- The EU should also reinvest in institutional knowledge management, notably in training, and support from headquarters (expert advice). Especially important is developing and implementing M&E systems that better correspond with the EU's ambition to exercise leverage as a global player and geopolitical actor. This calls for a better balance between quantitative and qualitative monitoring, better alignment of indicators used at intervention level with corporate results frameworks, a reduction in the number of overall performance indicators, and increased harmonisation across EFIs and EU services. Accompanying this should be the putting in place of sufficient human capacity and IT solutions capable of supporting a more mature mission.
- In complement to an overall monitoring system geared towards the EU's result framework, internal reporting tools (incl. EAMRs) should focus more on outcomes and political economy trends, with an analysis of how the power and incentive structures evolve (incl. a realistic analysis of EU external action influence on these trends).

- The EU should also invest in better assessing partners' performance on agreed reforms, wherever a performance-based or more-for-more principle is applied. The Enlargement packages, with annual reporting on each IPA beneficiary, is a good starting point. It needs to be as candid and evidence-based as possible.

5.8 Conclusion 8: Working better together within the EU

The new EFIs have successfully promoted closer collaborations between the Commission services, EEAS, and the EU Member States. The latter have benefited from the Team Europe approach and Financialisation has brought the European Development Finance Institutions more firmly into the EU family. The increasing prominence of security challenges has also led to the mobilisation of multiple EU actors to respond to situations of insecurity in fragile and conflict-affected states, although there are still gaps in the responses to protracted crises.

This conclusion is based on Findings 3, 7, 21-24. It applies to all instruments.

With the creation of the new EFIs, in combination with complementary approaches and modalities, the EU has responded to the need for closer cooperation and collaboration, especially under **NDICI-GE**. Momentum has been created to intensify collaboration with EU Member States (*Conclusion 2* on Partnerships) and with European Development Finance Institutions and, eventually, the private sector (*Conclusion 5* on Financialisation). Geographisation helps to focus the attention of various EU services and to define a more strategic role for the EU in promoting targeted engagement in different country contexts, but it requires at the same time more coordination between HQ and EUDs as well as among EU-services at HQ level (*Conclusion 7* on change management). While these aspects of the EFI transition point in the direction of more effective external engagement, the record of the new EFIs on facilitating closer and a more flexible collaboration with line DGs, responsible for embedding EU internal policies in external action, is mixed. In the Enlargement region, many line DGs regretted their limited involvement in IPAll implementation (with some exceptions, such as DG AGRI with the large IPARD programme), in light of the relevance of EU internal thematic policies. However, according to the great majority of interviews, coordination between and among DGs has increased under **NDICI-GE** and **DOAG**, despite reduced funding to address global challenges via thematic programmes. In the case of the OCTs, discussions and close cooperation and coordination between DG INTPA and line DGs take place from the early stages until final decisions on programming, according to most interviews at HQ. Country coordination and quality review meetings ensure synergies and complementarity. However, EU officials in the EUDs were of the view that decisions were mainly taken in Brussels without inward sufficient involvement of the EUDs.

As discussed under *Conclusion 6* on flexibility and responsiveness, the EU's response to the COVID-19 pandemic demonstrated a genuine whole-of-EU approach, combining instruments and launching the Team Europe approach. In the Enlargement region, the Team Europe approach is applied in the framework of the Western Balkans Investment Framework. Outside of the Enlargement region, the whole-of-EU approach is shaped by the EU's integrated approach to conflict and crisis (promoted as of 2017 / 2018) and TEIs which incentivise closer collaboration between the EU and its Member States, albeit with consultation and coordination costs (*Conclusion 7* on change management). At the same time, many TEIs (e.g., in sub-Saharan Africa and the Neighbourhood) have barely started.

Security challenges have put a premium on better dealing with the close relationship between security and development. The EC and the High Representative have worked closely together to promote the nexus in countries like Chad, Madagascar and Somalia and collaborated intensely with DG ECHO on humanitarian support. The move to NDICI-GE has neither positively nor negatively affected this approach, the only difference being that the main sources of funding have changed. Military and civilian missions under the CFSP and the provision of EPF support are strategically oriented by the Council, in the case of CSDP missions coordinated by the EEAS / Military Staff and implemented with the support of FPI. Efforts are made to better link their deployment with the engagement of other EU services in the field of peace and security (with limited success because of the strong role of EU Member States in resourcing and orienting these missions). Missions of EU Special Representatives, also oriented and approved by the Council, are a valuable add-on to the EU's toolbox in support of policy dialogue, mediation and political engagement.

Building on the positive track records of the previous EFIs in supporting fragile and conflict-prone environments, the support provided via the former IcSP's Articles 3, 4 and 5 was integrated into NDICI-GE without major changes. An assumption was made that this set-up would suffice to tackle fragility and conflict situations, as well as protracted crises, during the current MFF. Unfortunately, the crises-map has considerably changed over the past three years and the demands for linking crises and emergency responses with humanitarian assistance, peacebuilding and development are increasing steadily (*Conclusion 6* on flexibility and responsiveness). The multi-dimensional crisis across the Sahel is crude evidence of this. EU officials from different services dealing with fragility and crisis situations wish, in particular, that the new EFIs had created more opportunities to link humanitarian action with resilience support in situations of protracted crises. In addition to humanitarian aid, efforts are made to facilitate and incentivise synergies with other external

instruments (EPF, missions under the CFSP, INSC) but there is no evidence that the new EFIs and modalities, including the CBDSD, have enhanced interactions with these instruments compared to the previous MFF.

Potential ways forward include:

- As developed in all the conclusions above, the new EFIs require (and were intended to promote) new ways of working within the EU and with partners. The breakthrough of the process by which the new EFIs were designed was to streamline and eliminate the rigidities that led external action under the previous MFF to often be more responsive to the supply side – what money was available, where, and under what conditions – than to actual needs in a dynamic environment. The new EFIs represent a crucial step forward; in some ways a paradigm change but will need further adjustment as experience accumulates and challenges continue to arise.
- Despite the increased need for coordination that it imposes (which can be addressed via further simplification of processes, better ways of working, and adequate human resources), the EU should further encourage Team Europe as the default approach of EU foreign and development policy. When delegating implementation of interventions to EU Member States' development agencies, the potential for increasing EU leverage should be factored in.
- As discussed under *Conclusion 5* there still exist gaps to be bridged between the approach, ways of working, and even incentive structures of the EU as a development grant-maker and the European DFIs / IFIs as development lenders. There has been progress on closing these, developing a shared mission, and progressing towards a meeting of the minds on how to pursue it. However, as evidenced by the slow development of EFSD+ on the ground, there is room for improvement. When all the guarantee agreements under the first Open Architecture call for proposals will be signed, the time may be right for a state-of-the-partnership analysis.
- While the new EFIs have improved the EU's ability to meet needs and somewhat obtain geopolitical leverage in an increasingly crisis-driven world, the institutional landscape is still complicated. In view of different instruments used across EU services to foster peace, stability, resilience and security, the EU should consider more strongly promoting the Integrated Approach to Conflict and Crises to strengthen complementarity within EU institutions, the Council and EU Member States. A particularly apparent gap concerns protracted crises, where the EU should strengthen efforts across EU institutions to better address protracted crises by incentivising more linkages between EFIs (including the modalities used) in support of HDP-related objectives.

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