

# Analysis of the European Commission's proposal for the EU's next Multiannual Financial Framework and the Global Europe Instrument

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CONCORD is the European Confederation of NGOs working on sustainable development and international cooperation. We are made up of 58 member organisations representing more than 2600 NGOs and are supported by millions of citizens across Europe.

We are the main interlocutor with the EU institutions on sustainable development policy and international cooperation. We are a member-led organisation which means that the members give the strategic direction of the Confederation.

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# INTRODUCTION

The **Multiannual Financial Framework (MFF)** sets the EU's long-term budget structure, spending priorities and ceilings for a seven-year period. The forthcoming cycle, covering 2028–2034, will define the EU's capacity to address global challenges, from poverty reduction and gender equality to climate resilience and peacebuilding.

At the heart of its external dimension lies the **Global Europe Fund**, the main instrument for implementing the EU's external action, including its development cooperation. Building on lessons from the current **NDICI-Global Europe**, the new proposal aims to streamline funding and increase flexibility.

While CONCORD welcomes the continued prioritisation of external action and recognises the value of greater flexibility to help the EU and partner countries respond swiftly to crises and evolving needs, this flexibility must be anchored in a framework that guarantees **accountability, predictability, transparency and policy coherence**. A strong EU budget must enable the EU to act as a principled and trusted global partner – rooted in the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Consensus on Development – ensuring that **poverty reduction, human rights, gender equality** and policy coherence are not aspirational but operational priorities.

The proposed external action regulations also offer opportunities for more strategic and inclusive engagement with partner countries. Prioritising **programmable actions**, while reserving non-programmable ones for crises and peacebuilding, provides a balanced approach to long-term development and emergency response. The recognition of civil society's role and the requirement for consultation create space for more participatory and accountable programming. Additionally, the focus on fragile and conflict-affected contexts, coupled with strengthened coordination, has the potential to support transitions from emergency response to sustainable development and address the root causes of instability and forced displacement – aligning EU funding with broader stability and resilience objectives.



# OVERALL AMOUNT: AMBITION MEETS UNCERTAINTY

The European Commission's (EC) proposal for the external action envelope – **€200.3 billion** for the Global Europe Instrument (GEI) – sets an ambitious and necessary baseline for a trustworthy and effective EU global role. We call on EU Member States to uphold this full amount throughout the negotiation process.

This budget remains the EU's most effective tool for advancing stability, prosperity, human rights and partnership driven international cooperation. Through the GEI, the EU can strengthen global health systems, promote peace and conflict-prevention efforts, address the climate and biodiversity crises, and support civil society – all of which are essential for partners' long-term resilience and for effective international cooperation.

At the same time, inflation and rising operational costs are eroding real value. What appears as a nominal increase, may in practice, only sustain existing levels of funding, threatening the EU's ability to meet global challenges and remain a reliable partner in global partnerships. Safeguarding the proposed €200.3 billion is therefore crucial to ensuring that the EU can deliver on its commitments and respond meaningfully to interconnected global challenges.

## Official Development Assistance (ODA) safeguard under threat

The only binding safeguard in the proposal is the ODA target – the share of funding that meets the conditions set by the OECD's Development Assistance Committee – which has seen a **reduction from 93%** in the current instrument **to 90%** in the proposal for negotiation. Furthermore, under Article 6(6), this **can be amended by** the EC in line with the **delegated act** procedure, which is much simpler than the legislative co-decision procedure. This provision allows future adjustments that redirect development funds toward non-ODA purposes, **undermining trust**

with partner countries and EU credibility as a sustainable development actor while taking Member States further away from achieving their **0.7% GNI commitment** for ODA.

### The European Parliament and EU Member States should call on the European Commission to:

- **Safeguard the proposed €200.3 billion** budget for the GEI to ensure that the EU can deliver on its commitments with partner countries and respond meaningfully to interconnected global challenges.
- **Remove Article 6(6)** to ensure that the budgetary authority (Council and European Parliament) retains co-decision and that ODA targets cannot be simply altered through delegated acts.
- **Include a clear and explicit reference to poverty reduction** in the GEI objectives (Article 4, in line with NDICI-GE Article 3), ensuring alignment with Article 208 TFEU, which sets poverty reduction as the primary objective of EU development cooperation and frames it within the broader aim of sustainable development, while also reflecting the EU's wider commitments to reducing inequalities under NDICI-GE and the Sustainable Development Goals (SDGs).

# FLEXIBILITY VS. PREDICTABILITY

The proposal **merges** the external action funding streams of **IPA III and NDICI-GE** into a single budget, and it also incorporates the humanitarian aid financial envelope, even though the Humanitarian Aid Regulation itself remains separate. While the Commission frames this consolidation as a way to improve simplification, flexibility and agility, it also raises concerns. Merging the main external action instruments risks **blurring the boundaries** between sustainable development, neighbourhood, and pre-accession mandates, while also creating greater competition for funding across these areas – including potentially for humanitarian aid.

## Flexibility mechanism and cushion

The experience with the NDICI “cushion” demonstrates how quickly flexibility reserves can be depleted, leaving little space for strategic adjustments. The proposed new design may repeat this pattern, prioritising short-term responsiveness over long-term objectives of partner countries.

Additionally, the treatment of decommitted funds creates a **structural risk** for the EU’s external action. Redirecting these funds to the general Flexibility Instrument, rather than retaining them within the Global Europe Instrument, effectively diverts ODA resources, risks forcing adjustments to multi-year programmes, undermining the EU’s predictability and **weakening trust** with partner countries.

### The European Parliament and EU Member States should call on the European Commission to:

→ **Reinstate** the derogation in Article 30(2) of the NDICI to ensure that GEI **de-committed funds** return to their original budget line, keeping unspent external action funds within the external action envelope and preventing their diversion to other EU priorities.

→ **Establish a clear decision-making process** for the use of flexibility mechanisms to prevent them from replacing predictable, programmed investments.

## Need for clear targets and safeguards

Clear spending targets are essential to ensure that EU external action remains focused on sustainable development objectives rather than on shifting political or short-term interests. The GEI’s **lack of a level of ambition** in expenditure for human development, gender equality, climate and biodiversity, and support to Least Developed Countries (LDCs) risks undermining the EU’s credibility and long-term commitments. Spending targets provide an accountability framework that helps the EU deliver on its own policies and commitments as well as international obligations under the OECD-DAC ODA principles, the Paris Agreement and other international agreements. They ensure that the GEI contributes effectively to reducing inequalities, including poverty, and addressing human rights, climate resilience, and gender equality so as to **“leave no one behind”** – the core pillars of the EU’s external policy and its commitments under the 2030 Agenda for Sustainable Development.

### The European Parliament and EU Member States should call on the European Commission to:

- **Reinstate minimum spending** targets for LDCs and fragile and conflict-affected states (FCAS), human development, gender equality, climate and biodiversity as well as CSOs:
- Directing ODA to countries where the needs are greatest to maximise impact: the EU must commit to increasing the share of its **ODA going to FCAS<sup>1</sup> to 50%**, and to meeting its longstanding target of **0.2% of GNI to ODA to LDCs** in the next MFF, ensuring that ODA is directed where the needs are greatest.

<sup>1</sup> FCAS according to the States of Fragility 2025 report from OECD.

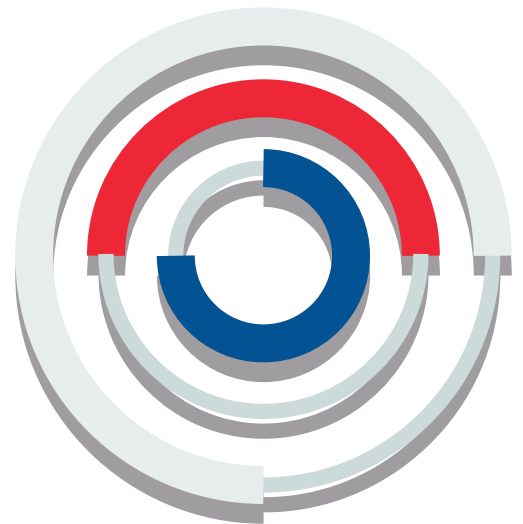


- Human development: the EU must commit to increasing the share allocated to human **development to at least 50%** of ODA in the next MFF, ensuring that human development remains at the heart of its external action.
- Gender equality: **85%** of all EU ODA should be dedicated to programmes that have **gender equality** as one of their **objectives** (OECD marker G1 or G2) **with 20%** of ODA dedicated to **gender-targeted projects** (OECD marker G2) and a dedicated target of at least **5%** of ODA to support **Women's Rights Organisations** (WROs).
- Climate and biodiversity: raise the proposed GEI **climate and environmental spending** target (Annex 3, Performance Regulation) to at least **50%**, with a minimum of **35% for climate action** and **15%** specifically **for biodiversity**, reflecting the interdependence between a stable climate, healthy ecosystems, and sustainable development and aligning with the EU's commitments under the Global Biodiversity Framework to track and scale up biodiversity-related finance.
- Ring-fence at least **15% of programmable funding** under the Global Europe Instrument for implementation **by CSOs**, ensuring predictable and dedicated resources and space in EU external action. This would recognise and enable CSOs as independent development actors with proven capacity to deliver impactful, inclusive, and sustainable results and to drive locally led development.

→ **Preserve geographic earmarking** across regions, including dedicated commitments to Sub-Saharan Africa and the Neighbourhood.

→ **Establish ring-fenced amounts** for programmable and non-programmable envelopes to balance predictability with flexibility, to enhance the EU's capacity to deliver on long-term partnerships in alignment with development effectiveness principles while allowing for a swift response to crises and building community resilience.

- We recommend that **70%** of the Global Europe Instrument's geographic and global pillars be allocated to **programmable funding**. This would ensure that the majority of resources support long-term, predictable, and partnership-based cooperation. The remaining **30%** would cover **resilience, crisis response, peacebuilding, and humanitarian aid**, and would be complemented by access to the cushion for unforeseen challenges. Striking this balance is essential to keeping sustainable development and poverty reduction at the core of the EU's external action in the next MFF.



# SAFEGUARDING SUPPORT FOR HUMAN RIGHTS AND CIVIL SOCIETY

We regret the discontinuation of dedicated programmes, notably the Civil Society Organisations (CSO) and the Human Rights and Democracy Thematic Programmes. These provided predictable, clear resource allocation and policy visibility for programming focusing on the realisation and defence of human rights, democratic governance, and the protection of civic space – including in closed or severely restricted contexts.

They also played a crucial role in supporting civil society organisations in all their diversity, recognising their independent role in contributing to sustainable development and democratic societies. By creating structured avenues for action, these programmes enabled national and local CSOs to engage meaningfully in EU international cooperation, and contribute to building resilient democracies at home and stronger partnerships abroad, empowering citizens to face global challenges together in times of crises. Their removal risks fragmenting support for civil society and **weakening long-standing partnerships**. Global Citizenship Education (GCE) enables people to think critically, act responsibly, and engage across borders. There is no clear proposal for a successor to one of the key GCE funding streams, DEAR (Development Education and Awareness Raising – one of the priorities of the current CSO programme) in the GEI, while DEAR is more important than ever given the rise of populism, xenophobia, and armed conflicts in Europe and worldwide.

While the proposed GEI reflects a stronger geo-economic focus and a growing emphasis on competitiveness and leveraging the private sector through the Global Gateway strategy, the EU should preserve its commitment to ODA principles, inclusive partnerships, and local ownership by including clear safeguards for promoting and supporting the role of civil society organisations in the GEI. CSOs are not merely dialogue partners but key actors in implementing EU external action, bringing unique local expertise,

agility, and legitimacy through their long-standing presence and connection with populations in partner countries. The EU should systematically recognise their operational and technical capacities and enable them to act as independent implementing partners, including through direct funding, leadership in project design, and space for policy innovation.

**The European Parliament and EU Member States should call on the European Commission to:**

- **Secure predictable CSO funding across global and geographic pillars** through minimum allocations and transparent reporting. CSO funding should also strengthen Global Citizenship Education to support democratic resilience within the Union and prepare people to navigate and shape an increasingly interconnected world.
- **Ensure direct access for local CSOs** through proportionate eligibility criteria, simplified procedures, and sub-granting mechanisms that empower local actors.
- **Make CSO participation mandatory** in the programming and implementation of Indirect Management, grants to pillar-assessed entities, and Team Europe Initiatives, supported by structured consultation processes and clearly defined engagement components.
- **The EU should guarantee grants-based financing** for CSOs, to prevent their potential exclusion and where public goods cannot rely on commercial financing.
- **Introduce performance indicators** to monitor the share of EU funds reaching CSOs and to track results related to civic-space support.
- **Expand the use of multi-year partnership agreements** to provide stable, flexible funding, particularly for CSOs working in fragile or restrictive contexts.



# THE MAINSTREAMING OF NEW FINANCING MODALITIES

## Balancing innovation and risk

The GEI proposal mainstreams budgetary guarantees and **blended finance** in the EU implementation toolbox. Financial tools such as blending, **guarantees**, and loans use public EU money to leverage or mobilise additional private resources, particularly for infrastructure and investment in “strategic” sectors. Yet the growing emphasis on these tools and modalities must not replace grant-based financing, which might be more effective for particular contexts, such as conflict and fragile and rights-sensitive settings, as well as for critical development sectors that do not easily attract private investment, or in cases where private investments are not the right way forward, such as social or human development projects. The integration of the EU’s Inequality Marker (I-Marker) into the European Fund for Sustainable Development Plus (EFSD+) could be a promising step in terms of ensuring operations show the extent to which they target the bottom poorest 40% of the population in communities targeted. Yet, the actual impact of this evolution will ultimately depend on accountability along the chain of implementation: the multiplicity of players involved risks undermining the reporting and quality implementation of marker requirements.

Expanding the use of blended finance and guarantees – despite the weak results, development impact and transparency observed in the implementation of the EFSD+ – is a **risky move** that can divert scarce development resources to support geopolitical and commercial objectives. Further, evaluation of EFSD+ has found that guarantees rarely lead to new operations, often repeating existing Development Finance Institution (DFI) projects, with most investments occurring in mature markets, with no clear evidence of “crowding in” private finance, as mandated under Article 2(10) of the NDICI Regulation.

Cooperation with the European private sector should primarily take place through blending and guarantee instruments - such as those available under the Global Gateway Investment Hub - which already provide substantial support and leverage private-sector engagement. There should be no provision for awarding direct grant contracts to EU-based private companies, particularly when the primary objective is to advance EU strategic interests. In any case, according to DAC rules, any direct grant provided to EU private-sector actors cannot be counted as ODA and should therefore be financed from the 10% non-ODA portion of the budget.

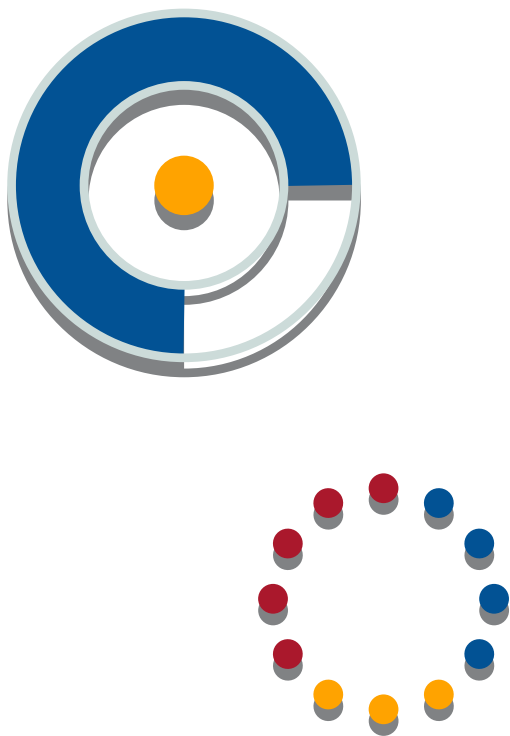
## Risks of financialisation and aid conditionality

Increased reliance on loans can exacerbate debt burdens in already strained partner countries, for example financialization and expanded use of debt-based instruments can **widen inequalities** within a country and increase social vulnerability, precarious employment and drive cuts to welfare expenditures.

A fundamental shift in the EU external financing architecture is the possibility for **Export Credit Agencies (ECAs)** to access EU guarantees in GEI. Export credit agencies do not have a development mandate and their introduction in GEI signals a more commercial approach to development finance and a push towards “following the market”. Their inclusion in GEI is problematic for development additionality, environmental and human rights due diligence. They should not have access to Global Europe funds as they are agencies for the promotion of trade and have little to do with climate change and development, and they do not fund much investment in Low Income Countries. For example, “low-income countries (LICs) only received 2 % of total financing” of ECAs in the 2015 – 2024 period. While ECAs should align with the EU development

objectives and the principle of policy coherence for development, they should not be entitled, as export promotion entities, to EU development funds.

Similarly, linking aid to political conditionalities risks undermining country ownership and the EU's credibility as a reliable cooperation partner. In particular, the Global Europe proposal includes the possibility to suspend payments or the implementation of a programme to countries that do not cooperate on returns and readmissions. This form of **negative conditionality** is neither aligned with the primary purpose of ODA – the promotion of economic development and welfare of countries in the Global South – nor the principles of development effectiveness and local ownership. In addition, it risks undermining the EU's long-term relations and reputation with partner countries by contradicting the EU's stated intention of building partnerships that reflect mutual interests.



### The European Parliament and EU Member States should call on the European Commission to:

- **Keep public funding and grants** central to the EU's external action, particularly in low-income and fragile contexts.
- **Cap the overall reliance** on financial instruments and reinstate EFSD+ objectives, criteria, safeguards and principles for projects and actors' eligibility.
- **Export Credit Agencies must not access** Global Europe funds, as export credits are not eligible as ODA under OECD DAC rules and their use would divert development resources toward commercial support rather than poverty reduction and sustainable development.
- **Ensure that cooperation with EU private sector** actors occurs exclusively through blending and guarantee instruments, and avoid the use of direct grant contracts for EU-based companies.
- **Reject conditionalities** on development spending stemming from EU's unilateral political objectives, such as migration management, which are not embedded in international human rights law nor reflect the primary purpose of development cooperation.
- **Migration-related activities** should be guided by development, humanitarian, and human rights principles, aligning with partner countries' priorities and development strategies. Such activities must uphold the rights and dignity of migrants and forcibly displaced persons, and prioritise a focus on strengthening protection, expansion of safe and legal migration pathways including labour mobility, and addressing the needs of forcibly displaced populations and their host communities.
- **Ensure aid remains aligned** with partner countries' development priorities and human rights obligations.

# ACCOUNTABILITY AND DEMOCRATIC OVERSIGHT

## Reduced scrutiny

The proposal eliminates the formal mid-term review (MTR) mechanism that previously allowed structured assessment and adjustment of programming. In its place, an implementation report is foreseen but without clear provisions for European Parliament and Council engagement or follow-up.

Moreover, several key decisions – such as the use of the flexibility cushion – require only notification to the European Parliament and Council, not their approval or veto. This risks **diminishing democratic oversight** over significant financial decisions.

In addition, the proposed merged structure of the external action funding streams may reduce the transparency and visibility of where funds are allocated, and weaken democratic scrutiny and accountability by making it harder to trace resources across thematic and geographic priorities.

## The need for robust governance

**Flexibility must be matched with accountability.** Without adequate checks and balances, decision-making risks becoming overly centralised within the Commission, with limited transparency or participation.

**The European Parliament and EU Member States should call on the European Commission to:**

- **Link the implementation report** to a formal review mechanism allowing Parliament and Council to request adjustments.
- **Strengthen parliamentary scrutiny** over all reallocations and use of flexibility mechanisms.

→ **Standardise guidance** for inclusive civil society engagement across all programming, ensuring positive impacts and preventing harm.

→ **Ensure systematic and transparent assessment** of blended finance and guarantees, allowing democratic scrutiny, oversight and public information.

## Reaffirming the European Consensus on Development

The MFF and Global Europe Fund must be explicitly anchored in the European Consensus on Development, ensuring that poverty reduction, tackling inequalities, human rights, gender equality, and policy coherence remain operational principles – not aspirational goals.

## Do No Significant Harm (DNSH)

Strengthen the DNSH principle by making it a binding safeguard across all GEI programmes and financing modalities, explicitly prohibiting financial support for harmful activities—including new fossil fuel infrastructure, unsustainable mining, or large-scale projects that cause irreversible damage to ecosystems or communities. The principle should apply to all forms of financing, including grants, loans, guarantees, blending, and Global Gateway investments.

## Policy Coherence for Sustainable Development (PCSD)

The proposed new structure lacks a dedicated PCSD commitment, while policy coherence for development is a Treaty principle and therefore a legal obligation. Without systematic monitoring, contradictions between EU internal and external policies – on agriculture, trade, migration, taxation, or climate – remain unresolved.

**The European Parliament and EU Member States should call on the European Commission to:**

- **Clearly refer to** the European Consensus on Development and SDGs as guiding frameworks of the Global Europe Fund.
- **Make the DNSH principle** a binding safeguard across all GEI financing, prohibiting support for environmentally or socially harmful activities.
- **Ensure that local stakeholders** from partner countries are meaningfully engaged through EU delegations prior to and throughout the implementation of the next MFF and Global Europe Fund, including Multiannual Indicative Plans and Annual Action Plans, Team Europe

Initiatives and Global Gateway Projects in order to identify and address potential negative impacts on partner countries and affected populations and make sure external action contributes to sustainable development.

- **Allocate sufficient capacity to PCSD** in the EU's external action (in each Directorate General involved as well as the European External Action Service) to monitor the EU's performance on PCSD in the execution of the next MFF and Global Europe Regulation.
- **Require the Commission to publish** an annual PCSD implementation report to enhance accountability, in line with repeated calls from the Parliament and the Council.





## CONCLUSIONS

The European Commission's proposal for the next MFF is a crucial opportunity to reaffirm the EU's role as a principled and effective global partner. However, growing geopolitical pressures, expanded flexibility, and increased reliance on financial instruments risk weakening sustainable development objectives, democratic oversight, and the EU's commitments to poverty reduction, addressing inequalities and human rights.

CONCORD welcomes the proposal's ambition and continued commitment to global engagement. However, we caution that geopolitical priorities, flexibility mechanisms, and financial instruments – if left unchecked – could erode the EU's core international cooperation and treaty obligations.

**To ensure a credible, coherent and transformative EU external action, the next MFF must:**

- **Protect** the integrity of ODA and uphold its primary objective of poverty reduction and sustainable development goals.
- **Balance** flexibility with robust governance, transparency, and democratic oversight to ensure accountability for all spending decisions.

- **Guarantee** predictable, participatory, and multiannual funding for partner countries and civil society organisations, recognising them as equal partners.
- **Reinstate** spending targets for human development, gender equality, climate and biodiversity, CSOs and ensure support reaches the most vulnerable countries.
- **Keep** grants central, apply strong safeguards to financial instruments, and prevent the diversion of development funds toward trade or geopolitical agendas.
- **Reject** harmful political conditionality, particularly in migration cooperation, and uphold human rights and development effectiveness principles.
- **Reinforce** alignment with the 2030 Agenda, the Paris Agreement, and the European Consensus on Development, ensuring Policy Coherence for Sustainable Development and a genuine Do No Significant Harm approach across all financing modalities.

By embedding these commitments, the EU can ensure its financial framework strengthens global partnerships, supports sustainable development, and maintains the trust of partner countries, citizens, and civil society.

# OUR MEMBERS