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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the evaluation of the European Union's External Financing Instruments for the 2014 - 2020 and 2021 - 2027 Multiannual Financial Frameworks

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1. Background

This evaluation has the overall objective to assess whether the current External Financing Instruments (EFIs) are better fit for purpose and enable the EU to better engage in external cooperation than the previous ones. The specific objectives are to assess the performance of EFIs in terms of EU added value, effectiveness, efficiency, impact, flexibility and ability to react to changing political and policy priorities, scope for simplification, coherence, synergies and the continued relevance of the objectives of the EFIs. Furthermore, the use and the functioning of the External Action Guarantee (EAG), including its maximum amount, is also assessed in terms of its additionality and contribution to the overall objectives and results.

The following EFIs are subject to this evaluation:

MFF 2021-2027

- The Neighbourhood, Development, and International Cooperation Instrument (NDICI) – Global Europe including its European Fund for Sustainable Development+/External Action Guarantee (EFSD+/EAG) component, as well as the Commission Delegated Regulation supplementing NDICI-Global Europe Regulation[1],
- The Instrument for Pre-Accession Assistance[2] III (IPA III) as well as the Commission Delegated Regulation supplementing IPA III[3] Regulation and the Commission Implementing Regulation on the specific rules for implementing IPA III[4]
- The European Instrument for International Nuclear Safety Cooperation (INSC) [5],
- The Decision on the Overseas Association, including Greenland (DOAG)[6].

MFF 2014-2020

- The Development Cooperation Instrument (DCI)[7],
- The European Instrument for Democracy and human rights (EIDHR)[8],

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R1530
[2] IPA III: the Instrument for Pre-Accession Assistance (2021–2027) | EUR-Lex (europa.eu)
[3] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021R2128
[4] https://eur-lex.europa.eu/eli/reg_impl/2021/2236/oj
[5] Regulation - 2021/948 - EN - EUR-Lex (europa.eu)
[6] Decision - 2021/1764 - EN - EUR-Lex (europa.eu)
[7] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0233
[8] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R0235

- The European Neighbourhood Instrument (ENI)[9],
- The Instrument contributing to Stability and Peace (IcSP)[10],
- The Instrument for Pre-Accession Assistance (IPA)[11],
- The Partnership Instrument for Cooperation with third countries (PI)[12],
- The Overseas Association Decision (OAD)[13],
- The Greenland Decision (GD)[14],
- The European Fund for Sustainable Development (EDF)[15],
- The Common Implementing Regulation laying down common rules and procedures for the implementation of the Union's instruments for financing external action[16],
- The 11th European Development Fund (EDF) which, although not an EU budget instrument, is also covered by the evaluation[17].

This evaluation is undertaken in compliance with Article 42(2) of the NDICI – Global Europe Regulation, Article 13(6) of the IPA III Regulation, Article 81 of DOAG and Article 14(1) of INSC. It encompasses and builds upon the final evaluation of the EFIs under the 2014 – 2020 Multiannual Financial Framework (MFF).

The evaluation of the EFIs under the 2014-2020 MFF covers the period from 1 January 2014 until 31 December 2020. As for the EFIs under the 2021-2027 MFF, the evaluation covers the period from 1 January 2021 until 31 December 2022.

The geographic scope of the evaluation corresponds to that referred to in the legal acts subject to the evaluation.

This report presents conclusions drawn by the Commission following the evaluation presented in the accompanying Staff Working Document.

[9] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0232&from=EN
[10] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0230&from=EN
[11] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014R0231
[12] http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0234&from=EN
[13] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013D0755
[14] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2014.076.01.0001.01.ENG
[15] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.L_.2017.249.01.0001.01.ENG
[16] https://op.europa.eu/en/publication-detail/-/publication/43f92a44-af94-11e3-86f9-01aa75ed71a1/language-en
[17] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015R0322

2. Evaluation

- **Effectiveness and efficiency**

The current state of implementation of the EFIs indicates that they are on track to deliver against the objectives they were expected to fulfil at the time of their adoption and these objectives continue to be relevant.

NDICI-Global Europe addressed the fragmented nature of the previous architecture, merging several EFIs of the previous MFF. It also integrated the 11th EDF funded outside the EU budget that covered Sub-Saharan Africa, Caribbean and Pacific countries. NDICI-Global Europe also covers the Neighbourhood alongside other regions, while preserving its specificities.

IPA III represents a shift towards a more policy-driven and responsive approach compared to its predecessors. It has evolved from a sector-based instrument to a more holistic policy-first instrument. Furthermore, IPA III mirrors the EU priorities and policy developments in preparing beneficiaries for the future membership of the Union. IPA III has been effective in promoting socio-economic development and leveraging necessary investments under the Economic and Investment Plan while there is a need to further accelerate convergence with the EU.

In terms of efficiency of EU resources, the integration within NDICI-Global Europe and IPA III of the EFSD+ enables the increased use of limited EU public financial resources as a leverage for public and private investments.

Following the conclusions of the 2017 Mid-term Review (MTR), the current EFIs include flexibility features, which have proven their relevance in response to the COVID-19 and the Russian war of aggression against Ukraine.

In IPA III, the absence of pre-set country financial envelopes has allowed more flexibility to programme assistance according to urgent and evolving needs.

- **Coherence**

NDICI-Global Europe is underpinned by the geographisation principle, i. e. implementing the instrument primarily via geographic programmes, to be complemented by thematic programmes and rapid response actions. This has clarified the articulation between geographic, thematic and rapid response actions, thus increasing coherence and geopolitical influence, and addressing issues stemming from the overlaps between the large number of 2014-2020 EFIs.

Applying the geographisation logic has enhanced the EU's engagement with actors at both country and regional levels, leading to a more targeted approach. Integration of EFSD+ in NDICI-Global Europe increased the coherence of EU external action. Geographisation could further address the specific challenges faced by fragile and crisis-affected countries.

IPA III ensures complementarity between different programmes supported under the instrument.

There is also an in-built coherence between the current EFIs, as IPA III, DOAG and INSC refer to NDICI-Global Europe concerning their implementation.

Besides strengthening synergies with other EFIs not covered by this evaluation, the current EFIs have sought to enhance the coherence with EU internal policies.

- **EU added value**

EFIs allow the EU to better exert leverage as a development actor, a global player and a geopolitical actor. NDICI-Global Europe has brought significant added value by providing a more integrated, sizeable and coherent offer to the world compared to the previous MFF, improving partner countries' capacity to address joint priorities with the EU and tackle global challenges. The current EFIs have increased collective engagement of European actors in EU external cooperation in a Team Europe approach, building upon knowledge and expertise of EU Member States. The added value of IPA III stems from its distinct objective to prepare beneficiaries for future membership in the Union, grounded in European values.

Despite being in its early stages, EFSD+ has already demonstrated its catalytic effect in mobilising additional finance and expertise, thereby contributing to sustainable development and growth. This contribution aligns with the implementation of the Global Gateway initiative which is the EU's strategy to boost smart, clean and secure links in digital, energy and transport sectors and to strengthen health, education and research systems across the world, including through the Economic and Investment Plans in the Neighbourhood. They parallel the role played by the Western Balkans Investment Framework under IPA III.

3. Conclusions

The conclusions of the 2017 MTR report covering EFIs under the MFF 2014 2020 remained valid for the whole period of that past MFF and they have been largely factored in the design of the current set of instruments.

The NDICI-Global Europe, IPA III, DOAG and INSC Regulations, as well as the related delegated Regulations do not require legislative amendment at mid-term.

NDICI-Global Europe

- NDICI-Global Europe has overall shown to be fit for purpose. Its current state of implementation indicates that it is on track to deliver against the objectives it was expected to fulfil at the time of its adoption and these objectives continue to be relevant.
- In the evolving geopolitical context, NDICI-Global Europe also effectively serves as a key tool to roll out the Global Gateway strategy, including the Economic and Investment Plans for the Eastern Partnership and Southern Neighbourhood.
- NDICI-Global Europe has also enabled the EU to promote its internal policies and priorities in a more coherent manner towards the external world. To enhance the coherence between internal and external action objectives, it needs to better contribute to an integrated approach balancing EU interests, partnerships and values.
- In terms of simplification gains, NDICI-Global Europe provides a unified legal basis for a large share of the EU's external interventions and their implementing modalities.
- By superseding a large number of the EFIs of the past MFF, NDICI-Global Europe has brought about a major increase in coherence and complementarity as regards the geographic, thematic and rapid response actions and other EFIs.
- Even though the implementation of the EFSD+ is at an early stage, it has already demonstrated its catalytic effect to leverage additional finance and expertise contributing to sustainable development and growth and implementation of the Global Gateway, including through the Economic and Investment Plans in the Neighbourhood.
- The contribution of private sector via EFSD+ is key for an efficient use of EU budget to support sustainable growth in partner countries. Placing EFSD+ in the NDICI-Global Europe has contributed to the streamlining of all implementing modalities.

- Various flexibility features in the NDICI-Global Europe have proved their relevance to pursue EU priorities as well as to provide support to partner countries notably in the context of the COVID-19 pandemic, the Russian war of aggression against Ukraine and the migratory pressures, notably in the Neighbourhood. However, three years into implementation the NDICI-Global Europe cushion has almost been depleted showing a mismatch between available funds and actual needs. Moreover, NDICI-Global Europe was not designed to support countries at war at the scale needed by Ukraine. Therefore, a new financing instrument, the Ukraine Facility was adopted for period 2024-27, to support Ukraine both in the face of Russia's ongoing war of aggression and on Ukraine's path towards EU membership.
- On the one hand, NDICI-Global Europe is generally on track to meet the spending targets, even though further efforts will be required in the next years for some of them, such as climate. On the other hand, their high number has also constrained the flexibility of the instrument.
- The programming exercise has successfully allowed to identify shared priorities with partner countries. As programming documents cover a broad range of objectives, further prioritisation is needed downstream. Programming remains a heavy process, which in turn contributes to delays at the start of the implementation phase.
- The inclusion of a non-programmable Rapid Response Pillar, axed around three components, of which two are new (Resilience and Foreign Policy Needs), has endowed the EU with a wider toolbox to quickly address urgent unforeseen and emerging political priorities that cannot be tackled through the programming exercise, as well as to implement the humanitarian-peace-development nexus. Greater efforts are required to make the overall approach more effective and to improve coordination between relevant funding instruments, particularly in engaging with conflict-affected countries and other fragile contexts.
- NDICI-Global Europe brings significant added value to partner countries in providing a more sizeable and coherent offer. More efforts are required when it comes to bridging short-term rapid response actions with long-term actions.
- To facilitate learning, improvements to monitoring and evaluation need to focus on maximising the use of qualitative analysis of results.
- To realise greater EU added value and a 'whole of the EU approach', more time and collaboration across services and with Member States will be required. To better exploit

windows of opportunity and maximise scope for EU leverage, differentiated response strategies may be required.

IPA III

- IPA III has demonstrated its general effectiveness as a pre-accession instrument and is on track to deliver its main objectives. The instrument is aligned with the new enlargement methodology with the fundamentals of the EU accession process at the forefront. It also mirrors the EU policy priorities and developments, such as the focus on green, digital and economic priorities, as demonstrated by the emphasis on implementation the Economic and Investment Plans in the Western Balkans.
- IPA III has been effective in promoting socio-economic development and leveraging necessary investments under the Economic and Investment Plan, while there is a need to further accelerate convergence with the EU.
- IPA III is a more challenging instrument for the beneficiaries than its predecessors as it requires strong ownership and strategic planning capacity by them on bilateral programming. More efforts will be needed in the second part of the MFF to transform beneficiaries' strategic responses into multi-annual strategic planning documents with prioritised and sequenced reforms and actions.
- While IPA III is designed as a performance-based instrument both in terms of scope and intensity of assistance, balancing the performance assessment with the fair share principle has limited the financial reward to well-performing beneficiaries.
- IPA III has been particularly efficient in deploying a mix of modalities and tools, including budget support, grants and investments. Efficiency gains have also been achieved with fewer and larger actions, but there is further room to streamline and consider multi-annual programming for bilateral programming.
- The new unified monitoring and reporting system, the IPA III results framework, presents a considerable improvement compared to the results framework used under IPA II. It is expected to improve programming, monitoring, reporting and evaluation of IPA III.
- IPA III has been flexible in responding to exceptional external events despite the lack of a similar cushion as in the NDICI-Global Europe instrument. The absence of pre-set

country financial envelopes has provided the required flexibility to programme assistance according to urgent and evolving needs.

- IPA III ensures consistency with its predecessor instruments and complementarity between different types of programmes it supports. It is also coherent with other areas of external action and EU internal policies. Given that Ukraine, Moldova and Georgia have now become enlargement countries, but remain funded outside of IPA III, coherence between IPA III and the instruments from which they receive EU assistance will need to be consistently ensured.
- With IPA III, the EU is the largest donor in the enlargement region. The EU's added value is multiplied by long-standing partnerships especially with international organisations, international financial institutions and Member States.
- The overall objectives of IPA III to prepare beneficiaries for future membership of the Union by increasing alignment of national legislation and public administration to the EU acquis and EU standards remain relevant. IPA III will be complemented by a new financing instrument, the Reform and Growth Facility for the Western Balkans, which aims to further accelerate fundamental socio-economic reforms with new type of funding and ex-ante payment conditionalities.

DOAG

- The DOAG has proved its worth. By merging the Greenland Decision and the former OAD, this association instrument has provided a single legal basis for all 13 Overseas Countries and Territories (OCTs), including Greenland, with a dedicated budget chapter, as was requested by the European Parliament.
- By including a referral clause to the NDICI-Global Europe for the implementation of cooperation (cf. Article 81 DOAG), it has significantly increased coherence with other EFIs. However, the thresholds applicable to comitology contained in NDICI-Global Europe and referred to in DOAG could be adapted to the latter's needs.
- The OCTs no longer benefit from a dedicated envelope under the European Investment Bank Investment OCTs facility funded under 11th EDF. They have now access to InvestEU programme on a competitive basis, however it is too early to assess its impact on the private sector in the OCTs.

INSC

- INSC is a unique instrument which complements NDICI -Global Europe in the area of nuclear cooperation, under the Euratom legal base. It is well suited to address challenges in the areas of nuclear safety, radioactive waste management and nuclear safeguards.
- INSC planning was sufficiently flexible to respond to the challenges created by the Russian war of aggression against Ukraine.