



EU BUDGET FOR THE FUTURE

#EUBudget #FutureofEurope



June 2020

THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT

The European Union, with its Member States, is the world's biggest donor of development assistance and among the first global trading partners and foreign investors. As a Union promoting peace, stability and a rules-based global order, it is faced with many challenges as well as opportunities in an increasingly complex and inter-connected world. Prosperity and peace in the EU's neighbourhood and beyond are crucial for the EU's own stability and security. This is why the European Union is proposing an increase in its current budget for the next Multiannual Financial Framework. A true geopolitical actor also needs an ambitious budget to deliver.

A strong EU budget provides the Union with the necessary tools to implement its priorities globally, to rise to the challenges and opportunities and to promote its interests in the world, including through multilateral solutions. The proposed new long-term budget will bring a significant modernisation of the external dimension of the EU budget. It will increase the effectiveness and visibility of the EU's external policies, strengthen their coordination with internal policies and give the EU the necessary flexibility to provide a faster response to new crises and challenges.

The Commission's budget proposal of May 2020 earmarks **€86 billion*** (in 2018 prices) for the Neighbourhood, Development and International Cooperation Instrument (NDICI) including a top-up of €10.5 billion for the External Action Guarantee financed under the new EU Recovery Instrument, **more than an 8% increase** to the 2018 proposal.

The NDICI will be the EU's main financial tool to contribute to eradicating poverty and promoting sustainable development, prosperity, peace and stability.



More funding for EU external action



Simplified: fewer instruments, and the European Development Fund inside the budget



Flexibility on a multi-annual basis, to respond to changing circumstances

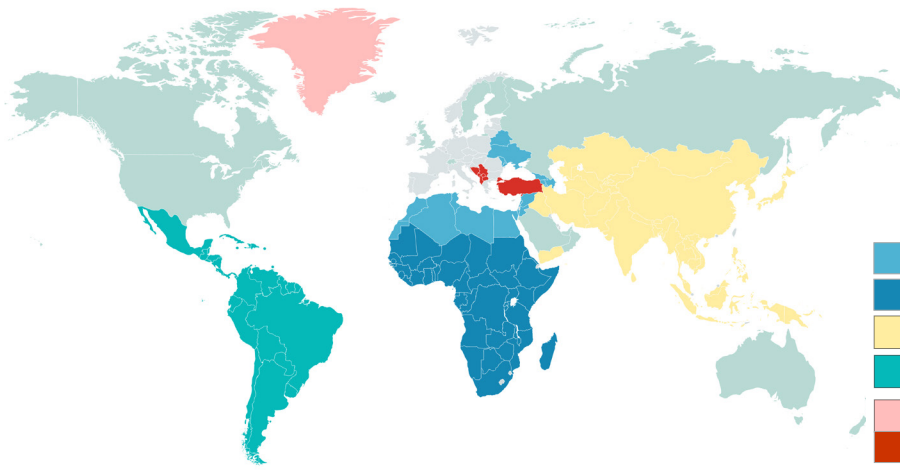


Increased **transparency** and democratic scrutiny



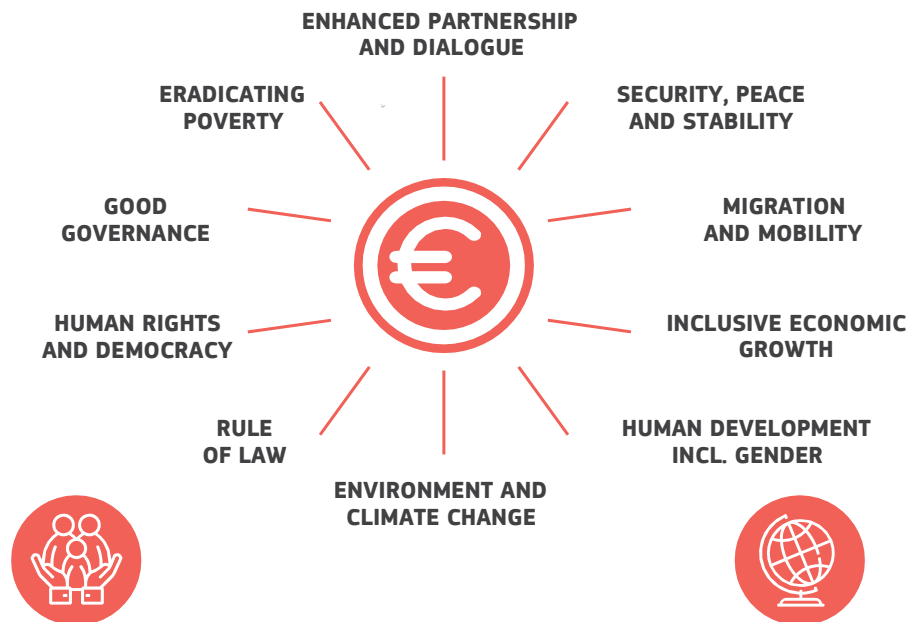
THE PROPOSED INSTRUMENT AT A GLANCE:

- 1. THE GEOGRAPHIC PILLAR** will foster **dialogue and cooperation** with third countries. Each regional envelope will be adapted to the needs and priorities of the respective countries and region, which will reflect the EU's strategic priorities. It will also help our partners to cope with the medium-term socio-economic impact of COVID-19.







- NDICI: Neighbourhood:
- NDICI: Sub-Saharan Africa
- NDICI: Asia and the Pacific
- NDICI: Americas and the Caribbean
- Cooperation with Overseas Countries and Territories,
- Instrument for Pre-Accession Assistance




The broad instrument will remove artificial barriers between previous instruments, reduce administrative burdens and streamline management structure. In line with the close interlinkages between the 17 Sustainable Development Goals, the ambition of the new integrated architecture is that individual actions are not just addressing one separate issue, but respond to **several goals** at the same time.



2. THE THEMATIC PILLAR will fund support to human rights and democracy, civil society, stability and peace. It will complement activities in the geographic pillar, inasmuch as they have to be addressed at global level.

-  Human Rights and Democracy;
-  Civil Society Organisations;
-  Stability and Peace;
-  Global Challenges, for issues like: health, education, empowering women and children, migration and forced displacement, inclusive growth, decent work, social protection and food security.

3. THE RAPID-RESPONSE PILLAR will allow the EU to rapidly and effectively intervene for conflict prevention and to respond to situations of crisis or instability. It will help increase partner countries' resilience, as well as take early action to address the EU's foreign policy needs and priorities. It will:

-  Provide stability and conflict prevention in situations of crisis;
-  Strengthen resilience and better link humanitarian and development action;
-  Address the EU's foreign policy needs and priorities.



AN ADDITIONAL FLEXIBILITY CUSHION of unallocated funds will allow the EU to account for emerging challenges and priorities.



INVESTMENT FRAMEWORK

The new instrument will furthermore contain an **investment framework** for external action to raise additional financial resources for sustainable development from the private sector. It will consist of the **European Fund for Sustainable Development (EFSD+)** and the **External Action Guarantee**, with fire-power increased by the new MFF proposal of May 2020 from **€60 billion** to a ceiling of **€130 billion**, thanks to a **€10.5 billion** top-up from the EU Recovery Instrument. While all the initial proposal's other aims, priorities, principles, areas of cooperation, etc. remain unchanged, this targeted increase will help boost the post-COVID-19 recovery process in countries covered by NDICI and IPA III.

Thanks to an additional €1 billion for provisioning, the current EFSD guarantee will increase from €1.5 billion to €3.6 billion. Its scope will be extended to the Western Balkans, in addition to the Neighbourhood and sub-Saharan Africa.

Overall, the guarantee will serve to:

- Support micro enterprises and SMEs;
- Promote decent job creation;
- Strengthen public and private infrastructure;
- Foster renewable energy and sustainable agriculture;
- Support the digital economy;
- Address the health and socio-economic consequences of the COVID-19 crisis.



Together with the private sector and thanks to the leverage effect, this may mobilise **more than half a trillion euro in investments** for the period 2021-2027. To ensure that the EU supports those countries that need it most, particular attention will be put on addressing investment needs in the EU Neighbourhood, Africa, Western Balkans, countries experiencing fragility or conflict, least developed countries, highly indebted countries, and regions with critical infrastructure and connectivity needs.



CROSS-CUTTING PRIORITIES

In the Neighbourhood, Development and International Cooperation Instrument, cross-cutting priorities will be strengthened through **horizontal spending targets**. This will ensure a coordinated, holistic and structured approach on priorities:

- A horizontal spending target of 20% for human development;
- A spending target of 25% to step up efforts on climate change;
- A horizontal spending target of 10% to tackle the root causes of irregular migration, while creating conditions for legal migration and well-managed mobility;
- Of the funding in the new instrument, at least 92% should be reportable as official development assistance;
- The EU will continue to aim at meeting its target to commit 0.7% of its collective GDP in official development assistance, and 0.2% to least developed countries.



THE EU NEIGHBOURHOOD

Through its European Neighbourhood Policy, the European Union will continue working with its partners to foster **stabilisation, security** and **prosperity**. An increased ring-fenced budget will strengthen the core Neighbourhood specificities:

EUROPEAN NEIGHBOURHOOD POLICY

European Neighbourhood Policy Partners – South
European Neighbourhood Policy Partners - East

(*) Maps are for illustrative purposes only.



PRINCIPLES



Policy-driven: based on the key policy objectives put forward in the Revised Neighbourhood Policy and agreed with the partners



Mutual accountability: rule of law and fundamentals values



More-for-more: 10% of the funds to reward progress in democracy, human rights, cooperation on migration, economic governance and reforms

PRIORITIES

- PROMOTING ENHANCED POLITICAL COOPERATION
- SUPPORTING THE IMPLEMENTATION OF CURRENT AGREEMENTS
- ENHANCED PARTNERSHIP TOWARDS SOCIAL AND ECONOMIC PROSPERITY

- PEOPLE-TO-PEOPLE CONTACTS
- ENHANCING REGIONAL COOPERATION
- MOBILITY AND MIGRATION MANAGEMENT
- SECURITY AND STABILITY



INTERNATIONAL PARTNERSHIPS

The EU will use the funding under the instrument to build international partnerships for sustainable development.

At least 92% of funding will meet the requirements of the OECD Development Assistance Committee and hence count as Official Development Assistance.

One fifth of funding will address social inclusion, inequalities and human development, including gender equality, education and women's empowerment.

In addition, the instrument will specifically address good governance, democracy and human rights, climate change, and migration and mobility.

The countries most in need, particularly least developed countries, low-income countries, fragile or crisis-struck countries will be given particular priority. The EU will continue to work towards achieving the target of investing 0.7% of its collective GNI in official development assistance, and 0.2% to least developed countries.

By integrating the European Development Fund into the EU's budget, the European Parliament will have an increased say and oversight in the EU's sustainable development action.

© European Union, 2020. Reuse of this document is allowed, provided appropriate credit is given and any changes are indicated (Creative Commons Attribution 4.0 International license). For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

All images © European Union, unless otherwise stated.

Print ISBN 978-92-76-19061-5 doi:10.2761/739555 KV-02-20-381-EN-C

PDF ISBN 978-92-76-19025-7 doi:10.2761/5991 KV-02-20-381-EN-N