



The integration of the European Development Funds into the MFF 2021-2027

KEY FINDINGS

The current Multiannual Financial Framework (MFF) 2021-2027 marks a turning point, in that it brings together all the EU's different funds for development cooperation in a single instrument, in order to ensure consistency between different fields of external action.

Until the end of 2020, EU spending on development cooperation was spread over several funds:

- the European Development Fund (EDF),
- the European Fund for Sustainable Development (EFSD),
- the Team Europe initiative,
- the Emergency Trust Fund for Africa, and
- the Bêkou EU Trust Fund.

For historical reasons, these various funds existed outside the EU budget and therefore did not necessarily come under European Parliament scrutiny. In addition, to the funds outside the EU budget, the Development Cooperation Instrument (DCI) was the main development programme funded from the EU budget and therefore integrated in the MFF.

With the new funding mechanism for development cooperation, the **Neighbourhood, Development and International Cooperation Instrument (NDICI)**, all the earlier funding options are consolidated in one instrument and part of the annual budget and the MFF period 2021-2027. Development spending will therefore also be fully covered by the democratic scrutiny of the European Parliament.

The NDICI has a budget of EUR 79.5 billion for the MFF period of 2021-2027. This budget, still to be agreed and then applied retroactively from 1 January 2021, will cover geographic and thematic programmes and rapid response actions. The NDICI also has a flexibility mechanism covered in the emergency cushion. This shows that the NDICI has taken over best practices of other funding mechanisms such as the EDF.



Introduction

The European Union (EU) is the biggest development aid donor to third countries worldwide.¹ Together with its Member States it is often the main financial contributor to most countries on the African continent.² Besides providing development aid, the EU is also the biggest trade partner and investor in Africa as a whole.³

Development cooperation is a shared competence between the Member States and the EU. Article 208 of the Treaty of the Functioning of the European Union (TFEU) states that “The Union’s development cooperation policy and that of the Member States complement and reinforce each other.”⁴ The EU and Member States can undertake joint actions and should inform each other on actions being undertaken in the field of development cooperation.⁵ One of the main priorities set by Article 208 of the TFEU is the reduction and the prospective elimination of poverty in the world.⁶ The EU is obliged by the Treaty on European Union (TEU) to ensure consistency between different fields of external action.⁷ This principle has triggered the revision of the development cooperation budget and funds.

This briefing will first describe the different funding instruments for development cooperation in the period before the current Multiannual Financial Framework (MFF) 2021-2027. During those decades, the EU development aid was scattered across different development funds. The main budget line for development cooperation was under Heading 4 Global Europe. This heading covered the Development Cooperation Instrument (DCI) which was the main development cooperation programme covered by the EU budget and therefore included in the previous MFF. The DCI covered several other funding instruments like the Instrument contributing to Stability and Peace (IcSP), the European Instrument for Democracy and Human Rights (EIDHR) and the European Neighbourhood Instrument (ENI) which contributed to thematic funding. The thematic part of the DCI also addressed the civil society organisations (CSOs) and global challenges. The ENI funded the cooperation with North Africa. The European Development Fund for the African, Caribbean and Pacific (ACP) countries had been established outside the EU budget and therefore continued to exist besides the DCI.⁸ In 2017, another development fund was established, namely the European Fund for Sustainable Development (EFSD). The EFSD was financed through different financial sources like the EDF, blending facilities, the EU budget, Member States and was allowing for extra financing through risk-sharing with private investors, international financial institutions and development banks.⁹ In addition to these three instruments, there were also two funds specific for Africa: The Emergency Trust Fund for Africa which was created in November 2015 and the Bêkou Trust Fund for the Central African Republic which was created in July 2014.¹⁰ Finally, with the outbreak of Covid-19 a new initiative called “Team Europe” was created in cooperation with the Member States to tackle the challenges of the pandemic.

The second part of the briefing will cover the new funding mechanism for development cooperation, the Neighbourhood, Development and International Cooperation Instrument (NDICI), established under the current MFF 2021-2027. In this instrument all development funds have been included. This is the first time the EDF has been integrated into the budget of the EU and therefore is part of the full scrutiny exercise of

¹ European Commission, International Development Aid, [International development aid | European Commission \(europa.eu\)](https://ec.europa.eu/europeaid/)

² Alexei Jones and Chloe Teevan, ‘Team Europe: up to the challenge?’ January 2021, [Team Europe: up to the challenge? – ECDPM](https://ecdp.eu/team-europe-up-to-the-challenge/)

³ Alexei Jones and Chloe Teevan, ‘Team Europe: up to the challenge?’ January 2021, [Team Europe: up to the challenge? – ECDPM](https://ecdp.eu/team-europe-up-to-the-challenge/)

⁴ Treaty on the Functioning of the European Union, Article 208, [EUR-Lex - 12016E208 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/tfe/2016/208/o1)

⁵ Treaty on the Functioning of the European Union, Article 210, [EUR-Lex - 12016E210 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/tfe/2016/210/o1)

⁶ Treaty on the Functioning of the European Union, Article 208, [EUR-Lex - 12016E208 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/tfe/2016/208/o1)

⁷ Treaty on European Union, Article 21/3, [Consolidated version of the Treaty on European Union \(europa.eu\)](https://eur-lex.europa.eu/eli/teu/2016/21/3/o1)

⁸ Matthew Parry and Edoardo Segantini, Development Cooperation Instrument, October 2017, [How the EU budget is spent: Development Cooperation Instrument \(europa.eu\)](https://ec.europa.eu/europeaid/how-the-eu-budget-is-spent-development-cooperation-instrument/)

⁹ Legislative Train Schedule, European Fund for Sustainable Development (EFSD) and Establishing the EFSD Guarantee and the EFSD Guarantee Fund, 2016, [European Fund for Sustainable Development \(EFSD\) | Legislative train schedule | European Parliament \(europa.eu\)](https://eur-lex.europa.eu/eli/legif/2016/12/16/o1)

¹⁰ EU Emergency Trust Fund for Africa, [Trust Fund Financials | EU Emergency Trust Fund for Africa \(europa.eu\)](https://ec.europa.eu/europeaid/trust-fund-financials/) and Bêkou Trust Fund, [Bêkou Trust Fund | International Partnerships \(europa.eu\)](https://ec.europa.eu/europeaid/bekou-trust-fund/)

the European Parliament. There have been EDF discharges taken place over the years but this was a separate procedure besides the annual discharge of the EU budget as a whole. The NDICI also included the EFSD+ fund. The two trust funds for Africa have been extended for disbursing the existing funds (no new contributions) until the end of 2021. The integration of the development cooperation instruments in one main funding instrument should result in making the external action budget simpler and more flexible. It should also contribute to make the interaction between the EU and its partners more strategic.¹¹

European Development Fund

The European Development Fund (EDF) was established in 1958 in relation to the Treaty of Rome signed in 1957 establishing the European Economic Community (EEC). In this Treaty the Member States decided to take action in the field of development cooperation targeting overseas collectives and territories that were still under European colonial rule.¹² After the first EDF, ten more agreements would follow. Table 1 shows the different EDF agreements since 1959. The EDF targeted those countries with special historical relationships with certain Member States. The main part of the funding went to African, Caribbean and Pacific group of States (ACP). Other recipients of the EDF funding were the overseas countries and territories (OCTs).¹³ The EDF has been funded outside the EU budget. The reason for this is that the Member States had different types of relationships with the recipient countries. At a first instance, the common expenditures were financed through national contributions and therefore the depth of the relationships of the Member States and the beneficiaries became of importance.¹⁴ Therefore, it was decided that a cost-sharing agreement or the so called contribution key was used to determine the contribution per Member State.¹⁵ The contribution keys are negotiated on the basis of a proposal of the European Commission.¹⁶ The percentages contributed by the Member States to the EDF are different than for the EU budget.¹⁷

Table 1 - EDF agreements

	Years	Legal basis
1st EDF	1959-64	Convention on OCTs annexed to the Treaty of Rome
2nd EDF	1964-70	1st Yaoundé Convention
3rd EDF	1970-75	2nd Yaoundé Convention
4th EDF	1975-80	1st Lomé Convention
5th EDF	1980-85	2nd Lomé Convention
6th EDF	1985-90	3rd Lomé Convention
7th EDF	1990-95	4th Lomé Convention
8th EDF	1995-2000	4th (revised) Lomé Convention
9th EDF	2000-07	Cotonou Agreement
10th EDF	2008-13	Revised Cotonou Agreement
11th EDF	2014-20	Revised Cotonou Agreement

¹¹ Velina Lilyanova (2021), 'Neighbourhood and the world. Heading 6 of the 2021-2027 MFF', [Neighbourhood and the world: Heading 6 of the 2021-2027 MFF \(europa.eu\)](#)

¹² Alessandro D'Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#)

¹³ Alessandro D'Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#)

¹⁴ Alessandro D'Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#)

¹⁵ Alessandro D'Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#)

¹⁶ Council Regulation (EU) 2018/1877 of 26 November 2018 on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation (EU) 2015/323, Article 19, [COUNCIL REGULATION \(EU\) 2018/ 1877 - of 26 November 2018 - on the financial regulation applicable to the 11th European Development Fund, and repealing Regulation \(EU\) 2015/ 323 \(europa.eu\)](#)

¹⁷ Alessandro D'Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#)

The EDF was founded as an intergovernmental fund managed by the European Commission.¹⁸ Therefore, the EDF is, from a budget point of view, an interesting case as it was financed outside the EU budget and the MFF. While this suggests that the rules concerning financing, spending and monitoring do not have to be equivalent to the rules regarding the EU budget, efforts have been made to align the rules to the largest extent possible.¹⁹ Article 6 of the regulation on the financial rules applicable to the general budget of the Union states that “The budget shall be established and implemented in accordance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in this Regulation.”²⁰ The EDF is an exemption to the principle of unity of the EU budget.²¹ As the EDF remained outside the EU budget the European Parliament had a limited role in the operation of the fund. The EDF was also not part of the annual democratic scrutiny of the European Parliament. Nevertheless, the European Parliament conducted special discharge procedures besides the annual discharge of the EU budget. This procedure was not foreseen by the regulation on the EDF but has been a practice integrated over the years. The EDF is not subject to the annuality principle which is the case for the EU budget. This means that EDF expenditure can cover more than one year. This complicates its management, as implementation and expenditure could deal with multiple calendar years.²² On the other hand, the EDF has more space to act on unforeseen events as not all the funding is allocated at once.

The 11th EDF operated from 2014 to 2020 and is the last one that has not been included in the EU budget. With the integration of the EDF into the EU budget a longstanding demand of the Parliament has come true and the budgetary principles, in particular those of the unity and annuality of the budget, have been reinforced and better realised. With the new MFF 2021- 2027, the EDF was integrated in the Neighbourhood, Development and International Cooperation Instrument (NDICI).²³

Other funding programmes for development cooperation

Besides the EDF, several other programmes were introduced to provide development aid. Some of these programmes were introduced with a special focus. For example the European Fund for Sustainable Development (EFSD) that focussed on sustainable growth and inclusion. Another target-specific fund is Team Europe which was established to provide support in the fight against Covid-19. Besides these thematically targeted funds there were also funds introduced with a special geographical focus on Africa. Namely, the EU Emergency Trust Fund for Africa and the Bêkou EU Trust Fund. All four development funds will be discussed in the sections below.

¹⁸ Velina Lilyanova, Neighbourhood and the World. Heading 6 of the 2021-2027 MFF, April 2021, [Neighbourhood and the world: Heading 6 of the 2021-2027 MFF \(europa.eu\)](#)

¹⁹ Alessandro D’Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#) and Velina Lilyanova, Neighbourhood and the World. Heading 6 of the 2021-2027 MFF, April 2021, [Neighbourhood and the world: Heading 6 of the 2021-2027 MFF \(europa.eu\)](#)

²⁰ Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, Article 6, [EUR-Lex - 32018R1046 - EN - EUR-Lex \(europa.eu\)](#)

²¹ European Parliament Fact sheet, ‘The Union’s expenditure’, [The Union’s expenditure | Fact Sheets on the European Union | European Parliament \(europa.eu\)](#)

²² Alessandro D’Alfonso, European Development Fund. Joint Development cooperation and the EU budget: out or in?, November 2014, [European Development Fund \(europa.eu\)](#)

²³ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, Subject: Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), [AG \(europa.eu\)](#)

European Fund for Sustainable Development

The European Fund for Sustainable Development (EFSD) was created on 26 September 2017. It was established by Regulation (EU) 2017/1601 of the European Parliament and the Council.²⁴ According to the Regulation, EFSD shall contribute to the achievement of the United Nations (UN) Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.²⁵ The fund shall focus on the eradication of poverty, "foster sustainable and inclusive economic and social development and promote socioeconomic resilience of partner countries."²⁶ The aim of EFSD is "to support investments primarily in Africa and the Union's Neighbourhood".²⁷

The EFSD includes different elements that contribute to the funding of the development cooperation:

- "Two regional blending platforms: Africa Investment Platform (AIP, formerly the Africa Investment Facility; AfIF) and the Neighbourhood Investment Platform (NIP, formerly the Neighbourhood Investment Facility; NIF).
- EFSD Guarantee: a new budgetary guarantee instrument designed to reduce risks for investments by providing first-loss irrevocable guarantees for financing and investment operations in Africa and the European Neighbourhood.
- EFSD Guarantee Fund: created to provide a liquidity cushion to pay eligible counterparts in the event of a call on the EFSD Guarantee."²⁸

Assurance can be given through the guarantees of the EU to private investors to invest in sustainable projects in developing countries. Part of this is done through the concept of blending. According to the European Commission's document on "Blending European aid to catalyse investments", the idea behind blending "is that the EU grant element can be used in a strategic way to attract additional financing for important investments in EU partner countries".²⁹ Blending is used to promote private investments to ensure sustainability. Through the concept of additionally it is ensured that the "EFSD guarantee operations do not replace the support of a Member State, private funding or another Union or international financial intervention, and avoid crowding out other public or private investments".³⁰ Additionality also implies that it only contributes to those actions which could not have been

The Principle of Blending



Source: European Commission (2014), Blending European Union aid to catalyse investments, p.2.

²⁴ REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund [EUR-Lex - 32017R1601 - EN - EUR-Lex \(europa.eu\)](#)

²⁵ REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, 2, [EUR-Lex - 32017R1601 - EN - EUR-Lex \(europa.eu\)](#)

²⁶ REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, Article 3(1), [EUR-Lex - 32017R1601 - EN - EUR-Lex \(europa.eu\)](#)

²⁷ REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, 2, [EUR-Lex - 32017R1601 - EN - EUR-Lex \(europa.eu\)](#)

²⁸ European Commission, IMPLEMENTATION REPORT OF THE EFSD FINAL REPORT AND THE EFSD GUARANTEE FUND PAGE 1 FWC Services for the implementation of external aid (SIEA) 2018 – Lot N° 6: Innovative Financing for Development EuropeAid/138778/DH/SER/MULTI Request 2019/407738/1 IMPLEMENTATION REPORT OF THE EFSD AND THE EFSD GUARANTEE FUND, p.5, [Microsoft Word - corrected2 EFSD draft final report 27-02-2020 \(europa.eu\)](#)

²⁹ European Commission (2014), Blending European Union aid to catalyse investments, p.2, [FINAL_blending2014.indd \(europa.eu\)](#)

³⁰ REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, Article 2(5), [EUR-Lex - 32017R1601 - EN - EUR-Lex \(europa.eu\)](#)

operated without the use of the EFSD Guarantee or which adds to “positive results above and beyond what could have been achieved without it.”³¹

The European Court of Auditors (ECA) has repeatedly criticised the use of blending and additionality, stating that it is not easy to determine how high are the additional funds made by public interest. Quite often the additional funds mobilised are overrated. For example in “Special Report No 16/2014, we [ECA] observed that ‘for 15 of the 30 [blending grants] projects examined by the Court, there was no convincing analysis to show that a grant was necessary in order for the loan to be contracted [...]. Depending on the case concerned, there were indications that the investments would also have been made without the grant’”.³² This shows that investments made by public or private investors are not always depending on the guarantee of the European Commission.

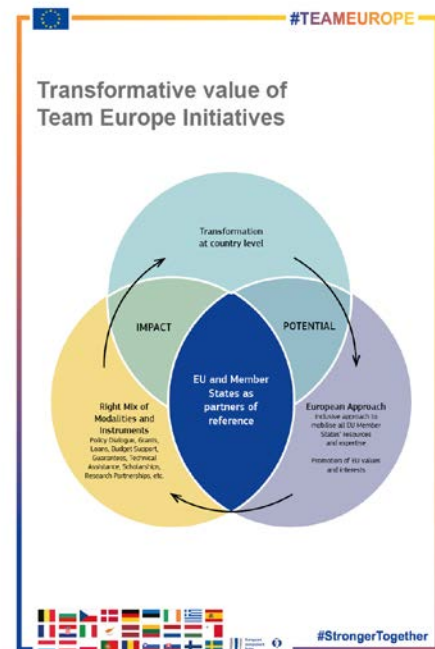
The two blending platforms, AIP and NIP, together managed EUR 2.6 billion. The EFSD Guarantee fund has a total amount of EUR 750 million of which EUR 350 million comes from the EU budget and EUR 400 million from the 11th EDF. The expectation was to collect another EUR 1.5 billion on other investments.³³

In the report of the European Commission “on the implementation of the European Fund for Sustainable Development” it was stated that the EFSD is very relevant in the “new Sustainable Development Goals (SDG)-led global development finance model”.³⁴ The EFSD has been integrated in the NDICI funding for the MFF 2021-2027. It is now called EFSD+.

Team Europe

Team Europe was created as a response to the Covid-19 crisis. The aim of Team Europe was to support EU partner countries in their fight against the pandemic. It also included long-term political developments and to address the visibility problem of the EU and its Member States in development cooperation.³⁵ The Team Europe initiative was created on 8 April 2020.³⁶ Team Europe mobilised more than EUR 38.5 billion to support partner countries in their fight against Covid.³⁷ It is a cooperation between the EU, its Member States

Team Europe initiatives



Source: European Commission, Capacity4dev, [WBT Team Europe | Capacity4dev \(europa.eu\)](https://www.capacity4dev.europa.eu/)

³¹ REGULATION (EU) 2017/1601 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund, Article 2(5), [EUR-Lex - 32017R1601 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2017/1601/oj)

³² European Court of Auditors, Opinion No 7/2020 (pursuant to Article 287(4), TFEU) accompanying the Commission’s report on the implementation of the European Fund for Sustainable Development [COM(2020) 224 final], p.12, [Opinion No 7/2020 \(pursuant to Article 287\(4\), TFEU\) accompanying the Commission’s report on the implementation of the European Fund for Sustainable Development \(COM\(2020\) 224 final\) \(europa.eu\)](https://ec.europa.eu/eua/~/media/eua/documents/2020/07/20200707_opinion_no_7_2020_pursuant_to_article_287_4_tfeu_accompanying_the_commission_s_report_on_the_implementation_of_the_european_fund_for_sustainable_development_com2020_224_final_en.pdf)

³³ Legislative Train Schedule, EUROPEAN FUND FOR SUSTAINABLE DEVELOPMENT (EFSD) AND ESTABLISHING THE EFSD GUARANTEE AND THE EFSD GUARANTEE FUND / 2016-06, [European Fund for Sustainable Development \(EFSD\) | Legislative train schedule | European Parliament \(europa.eu\)](https://www.europarl.europa.eu/media/default.do?app=press&lang=en)

³⁴ European Commission (2020), REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the implementation of the European Fund for Sustainable Development, p. 2, [EUR-Lex - 52020DC0224 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2020/224/oj)

³⁵ Alexei Jones and Chloe Teevan, (2021), ‘Team Europe: up to the challenges?’, [Team Europe: up to the challenge? – ECDPM](https://www.ecdpm.europa.eu/en/team-europe-up-to-the-challenges/)

³⁶ European Council, “Team Europe” global response to COVID-19: Council welcomes the mobilisation of almost €36 billion and approves conclusions, [“Team Europe” global response to COVID-19: Council welcomes the mobilisation of almost €36 billion and approves conclusions - Consilium \(europa.eu\)](https://www.consilium.europa.eu/en/press/press-releases/2020/04/08-team-europe-global-response-to-covid-19-council-welcomes-the-mobilisation-of-almost-36-billion-and-approves-conclusions/)

³⁷ Alexei Jones and Chloe Teevan, (2021), ‘Team Europe: up to the challenges?’, [Team Europe: up to the challenge? – ECDPM](https://www.ecdpm.europa.eu/en/team-europe-up-to-the-challenges/)

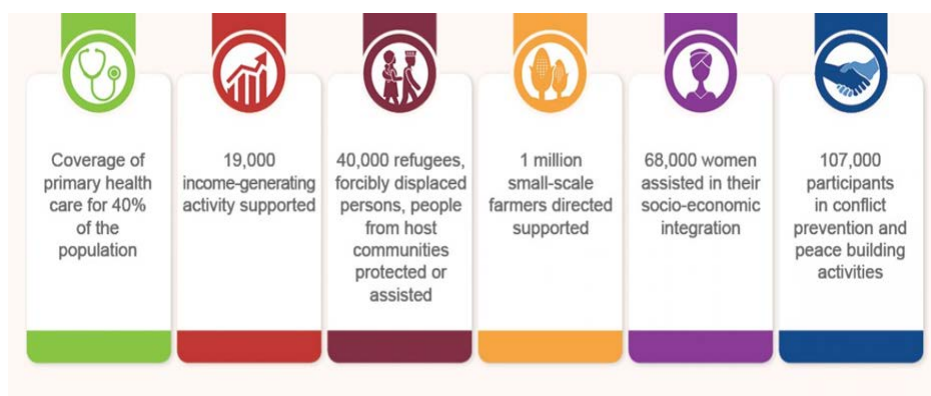
and financial institutions like the European Investment Bank and the European Bank for Reconstruction and Development.³⁸

The Team Europe initiatives are also taken up in the new NDICI programme for development cooperation in the MFF 2021-2027 as a way to create more visibility for EU development funding. Team Europe Initiatives are not a separate funding mechanism in the NDICI but a way to deliver the objectives.

The EU Emergency Trust Fund for Africa and Bêkou EU Trust Fund

Both the Emergency Trust Fund for Africa and the Bêkou EU Trust Fund were developed to help people in vulnerable situations. The Emergency Trust Fund for Africa was established in November 2015 to "fund projects addressing the root causes of instability, forced displacement and irregular migration."³⁹ The Trust Fund for Africa is targeting three regions on the African continent: the North Africa region, the Sahel and Lake Chad region, and the Horn of Africa region.⁴⁰ According to the European Commission webpage on the Emergency Trust Fund for Africa, EUR 5 billion have been pledged so far of which EUR 4.4 billion from the EDF and other EU financial instruments. The EU Member States and other donors like Switzerland and Norway have contributed EUR 620 million.⁴¹

Results of the Bêkou Trust Fund



Source: European Commission, Bêkou Trust Fund, [Bêkou Trust Fund | International Partnerships \(europa.eu\)](https://ec.europa.eu/international-partnerships/system/files/bekou-leaflet-oct-2019_fr.pdf)

The Bêkou EU Trust Fund was created in 2014 after the crisis in the Central African Republic in 2013. It was a cooperation between the EU, Germany, France, the Netherlands, Italy and Switzerland. The agreement was set for the period 2014-2020.⁴² The Fund was created to contribute to the reconstruction of the Central African

Republic. With a budget of EUR 293 million, it has helped more than 2.9 million people in central Africa before coming to a conclusion in 2020.⁴³ Some of the results are presented in the picture above.

³⁸ European Council, "Team Europe" global response to COVID-19: Council welcomes the mobilisation of almost €36 billion and approves conclusions, ["Team Europe" global response to COVID-19: Council welcomes the mobilisation of almost €36 billion and approves conclusions - Consilium \(europa.eu\)](https://ec.europa.eu/consilium/press/2020/04/20200421_team_europe_global_response_to_covid_19)

³⁹ European Commission, EU Emergency Trust Fund for Africa factsheet, [10 EU Migration trust Funds v2.indd \(europa.eu\)](https://ec.europa.eu/eutff/10_eu_migration_trust_funds_v2.indd)

⁴⁰ European Commission, 2020 Annual Report EU Emergency Trust Fund for Africa, [eutff-report_2020_eng_final.pdf \(europa.eu\)](https://ec.europa.eu/eutff/2020_annual_report_eutff_eng_final.pdf)

⁴¹ European Commission, EU Emergency Trust Fund for Africa, State of play and financial resources, [Trust Fund Financials | EU Emergency Trust Fund for Africa \(europa.eu\)](https://ec.europa.eu/eutff/trust_fund_financials_eutff_eutff_fund_for_africa)

⁴² Commission Commission, 'Bêkou Trust Fund, [Bêkou Trust Fund | International Partnerships \(europa.eu\)](https://ec.europa.eu/international-partnerships/system/files/bekou-leaflet-oct-2019_fr.pdf)

⁴³ Commission Européenne, De 'humanitaire à la résilience, https://ec.europa.eu/international-partnerships/system/files/bekou-leaflet-oct-2019_fr.pdf

The Neighbourhood, Development and International Cooperation Instrument - Global Europe

The Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI) is the main development cooperation programme for the MFF period 2021-2027. The NDICI incorporated previous development cooperation funds and for the first time includes the EDF. The proposal of the European Commission for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (NDICI) (COM(2018)460) was published on 14 June 2018.⁴⁴ The proposal has led to trilogues which resulted in a Provisional Agreement.⁴⁵ The agreement was endorsed in March 2021 by the Committee for Foreign Affairs and the Committee on Development, jointly responsible for the Instrument, and it is expected that Council's first reading will be adopted as Parliament's second reading position in June 2021.

NDICI should uphold the values of the EU and contribute to the "eradication of poverty, consolidating, supporting and promoting democracy, rule of law and respect for human rights, sustainable development and the fight against climate change and addressing irregular migration and forced displacement, including their root causes."⁴⁶ These were also the objectives of the previous development cooperation programmes like the EDF, EFSD and Team Europe. Therefore, their integration can target the priorities of the EU more specifically. The NDICI also includes "most of the stand-alone [external financing instruments] EFIs and programmes with a common basis and/or similar objectives".⁴⁷ Besides the integration of the EDF and EFIs, EFSD is succeeded within the NDICI programme by EFSD+. The Team Europe approach is added to NDICI as the Team Europe Initiatives.⁴⁸ The asset of combing all these programmes in one is the "increased democratic scrutiny by the Parliament, stronger public legitimacy and political visibility of EU external aid, and a possibility to integrate the EDF's features of flexibility into the budget."⁴⁹ The regulation also states that the development actions should contribute to the trade actions of the EU.⁵⁰

NDICI consists of three pillars and a flexibility cushion. The three pillars are implemented through geographic programmes, thematic programmes and rapid response actions. The geographic programmes will focus on country specific and multi-country cooperation. The geographical scope are the neighbourhood of the EU, Sub-Saharan Africa, Asian and Pacific, and the Americas and the Caribbean.⁵¹ The budget of the NDICI for the period 2021-2027 is set at EUR 79 billion in current prices. The division of the budget is stated in table 2.

Table 2 - NDICI budget division

⁴⁴ Legislative Train Schedule, 'PROPOSAL FOR A REGULATION OF THE EP AND THE COUNCIL ESTABLISHING THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT - COM (2018) 460 / 2021-01, [NDICI | Legislative train schedule | European Parliament \(europa.eu\)](#)

⁴⁵ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, 'Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), [AG \(europa.eu\)](#)

⁴⁶ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, 'Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), Article 3(1), [AG \(europa.eu\)](#)

⁴⁷ Velina Lilyanova (2021), 'Neighbourhood and the world. Heading 6 of the 2021-2027 MFF, p. 7, [Neighbourhood and the world: Heading 6 of the 2021-2027 MFF \(europa.eu\)](#)

⁴⁸ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, 'Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), [AG \(europa.eu\)](#)

⁴⁹ Velina Lilyanova (2021), 'Neighbourhood and the world. Heading 6 of the 2021-2027 MFF, p. 7, [Neighbourhood and the world: Heading 6 of the 2021-2027 MFF \(europa.eu\)](#)

⁵⁰ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, 'Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), [AG \(europa.eu\)](#)

⁵¹ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, 'Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), [AG \(europa.eu\)](#)

Geographic programmes	EUR 60 388 000 000
Neighbourhood	at least EUR 19 323 000 000
Sub-Saharan Africa	at least EUR 29 181 000 000
Asia and the Pacific	EUR 8 489 000 000
Americas and the Caribbean	EUR 3 395 000 000
Thematic programmes	EUR 6 358 000 000
Human rights and democracy	EUR 1 362 000 000
Civil society organisations	EUR 1 362 000 000
Peace, stability and conflict	EUR 908 000 000
Global challenges	EUR 2 726 000 000
Rapid response actions	EUR 3 182 000 000⁵²

The NDICI will enter into force as soon as possible and will apply retroactively from 1 January 2021. The budget will have a component of flexibility as this has been indicated as a positive point of other programmes like the EDF. Carry-overs and re-commitments of funds are two options that are allowed by the NDICI regulation.⁵³ The NDICI has an emergency cushion imbedded in the fund. The emerging challenges and priorities cushion creates space for additional resources. There is an additional EUR 200 million available for the thematic programmes under human right and democracy. Another EUR 200 million for civil society organisation and EUR 600 million for global challenges. The European Commission should inform the European Parliament before the mobilisation of these additional funds.⁵⁴

The EFSD+ is mentioned as a separate programme within the NDICI which should receive an integrated financial package. This package should consist of grants, budgetary guarantees and financial instruments worldwide. The regulations states that “[t]he EFSD+, complemented by technical assistance and efforts to improve the investment climate of partners, should become part of the External Action Guarantee, including those covering sovereign risks associated with lending operations, previously carried out under the external lending mandate to the European Investment Bank (EIB).”⁵⁵ The NDICI programming and implementation needs to integrate the Team Europe Initiatives. Team Europe Initiatives should not be seen as a new funding mechanism within the NDICI but a way to deliver and provide visibility to the programmes carried out under the NDICI. Actions in every partner country need to have at least two Team Europe Initiatives stated in the country multiannual indicative programme (MIP). The Team Europe Initiatives are used to create more

⁵² PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, ‘Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), Article 3(1), [AG \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2018/1013/oj)

⁵³ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, ‘Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), 71 and 87, [AG \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2018/1013/oj)

⁵⁴ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, ‘Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), 69 and 70, [AG \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2018/1013/oj)

⁵⁵ PROVISIONAL AGREEMENT RESULTING FROM INTERINSTITUTIONAL NEGOTIATIONS, ‘Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument (COM(2018)0460 – C8-0275/2018 – 2018/0243(COD)), 61, [AG \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2018/1013/oj)

visibility for EU projects and are therefore presented as “flagships”.⁵⁶ The Team Europe Initiatives are created on country level and should lead to coordination and consistency between the EU and its Member States.⁵⁷ There is a sense amongst the institutions and Member States officials that the EU projects and programmes do not receive enough visibility and political return taking into account the economic and financial contributions the EU makes, especially in Africa.⁵⁸ The Team Europe Initiatives with the “flagship” approach should encourage the visibility issue. Team Europe Initiatives will be programmed and implemented by joint initiatives. The programmes should contribute to better coordination and to show that multilateralism works.⁵⁹ It is not exactly clear what the programmes and initiatives will look like as the programme started running since January 2021.

The real impact of the NDICI will be determined in the coming years when the programmes and projects start running on the ground.

Conclusion

The establishment of NDICI has created a new funding envelope for development cooperation. For the first time, all development cooperation programmes are united under one main financial instrument. This means that the European Parliament has for the first time the full democratic scrutiny of the EDF. The NDICI will have a wide range of priorities as it also includes the EFSD+ which focuses on reaching the Sustainable Development Goals and the Paris agreement, and the Team Europe Initiatives that will focus on the visibility of the EU in development cooperation. It will also target amongst others the eradication of poverty and contribute to protection of human rights. These priorities were previously included in the EDF and the DCI. As the NDICI is a new programme the impact, practicality and implementability of the fund will have to prove itself in the coming years.

⁵⁶ Alexei Jones and Chloe Teevan, (2021), ‘Team Europe: up to the challenges?’, [Team Europe: up to the challenge? – ECDPM](#)

⁵⁷ Alexei Jones and Chloe Teevan, (2021), ‘Team Europe: up to the challenges?’, [Team Europe: up to the challenge? – ECDPM](#)

⁵⁸ Alexei Jones and Chloe Teevan, (2021), ‘Team Europe: up to the challenges?’, [Team Europe: up to the challenge? – ECDPM](#)

⁵⁹ European Commission, ‘Capacity4dev’, [WBT Team Europe | Capacity4dev \(europa.eu\)](#)

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