

Background information for the BUDG public hearing on

EU external action and crisis response: is the EU budget fit for purpose?

1. Introduction

The general design of the EU budget seems at odds with a crisis response capacity. Among its distinct purposes the first and primary one has indeed been to provide seed money for **medium to long-term investments through multiannual programming**, as highlighted among others by the High Level Group on Own Resources (HLGOR) in December 2016¹. Moreover the complex **process of adopting and modifying multiannual spending ceilings** ([Multiannual Financial Framework](#), MFF) is a clear disadvantage when it comes to addressing crises. Despite this, according to the HLGOR the EU budget is also supposed to be **sufficiently versatile for trouble-shooting, crisis management and providing security at the appropriate level**, though this purpose has been allocated a relatively minor part of the total resources.

There is thus “always a **tension between the predictability and the responsiveness of the EU budget**, and the balance needs constant re-adjustment”. According to the HLGOR, “the medium-term nature of EU programmes gives stability and fills an essential gap” and “this should not be traded lightly for short-term objectives or crisis management only”. Still, “the flexibility and influence for short-term crisis intervention remains a weakness that must clearly be addressed”. As one [study](#) for the Food and Agriculture Organization of the United Nations put it, “balancing predictability and flexibility is a delicate art”.

In addition, “the EU budget can be a successful ‘lever’ and not only through a financial vision, such as when it offers guarantees to public and private co-funding (...). As a public budget, it can also have a more political dimension in the noble sense” (HLGOR).

How is this reflected in the current capacity of the EU to act beyond its borders with its budget? Is the EU budget for external action appropriate for responding to today’s (and tomorrow’s) crises as they multiply?

This paper examines the evolving notion of crisis response, how it is currently addressed by the EU budget under heading 6 of the 2021-2027 Multiannual Financial Framework (amounts and instruments/programmes) and how it may continue to be addressed in the future.

¹ [Future financing of the EU - Final report and recommendations of the High Level Group on Own Resources - December 2016.](#)



2. What do we mean by crisis response?

In the terms of Article 2 (21) of the Financial Regulation,

(21) '**crisis**' means:

(a) a situation of immediate or imminent danger threatening to escalate into an armed conflict or to destabilise a country or its neighbourhood;

(b) a situation caused by natural disasters, man-made crisis such as wars and other conflicts or extraordinary circumstances having comparable effects related, inter alia, to climate change, environmental degradation, privation of access to energy and natural resources or extreme poverty;

In line with this definition, the Diplomatic Service of the European Union, the European External Action Service (EEAS), states that "**crisis response** implies the **immediate mobilisation of EU resources** to deal with the consequences of external crises caused by **man-made and natural disasters**."

The EEAS [notes](#) further that "Response is [...] complementary to medium- to long term measures and **integral part of a comprehensive approach** that includes conflict prevention and peace building, CSDP missions or development programmes"².

As many other actors, the European Parliament has called for full integration of the humanitarian-development-peace nexus approach in security strategies in third countries. For instance in its [resolution of 6 July 2022 on addressing food security in developing countries](#), in which it underlined **crises interconnectedness** noting that "climate change effects have a critical negative impact on food security" and "food insecurity is often a root cause of terrorism and armed conflict", whereas "food security has a positive impact on the resilience of the general population and helps people to deal better with shocks, extreme events and protracted crises".

In its [conclusions of 28 November 2022](#), the Council requested the Commission, the European External Action Service and the member states to shift to a **proactive and anticipatory crisis response**, stressing the importance of risk-informed development: "Environmental degradation and climate change, Russia's war of aggression against Ukraine and the COVID-19 pandemic have all demonstrated the interconnected and systemic character of today's risks as well as their potential to evolve into disasters with cascading effects."

Published in 2017, the EU's **strategic approach to resilience** in the EU's external action highlighted that "the traditional linear division of labour between humanitarian aid and development cooperation has been changing' in the face of a fluid landscape of protracted crises, global challenges and risks. Pressures on states, societies, communities and individuals 'range from demographic, climate change, environmental or migratory challenges beyond the power of individual states to confront, to economic shocks, the erosion of societal cohesion due to weak institutions and poor governance, conflict, violent extremism, and acts of external powers to destabilise perceived adversaries"³.

² For a critical assessment: [The EU and crisis response - Editors: Roger Mac Ginty, Sandra Pogodda, and Oliver P. Richmond](#), 2 Nov. 2021.

³ Joint Communication of the European Commission and the High Representative to the European Parliament and the Council, 'A Strategic Approach to Resilience in the EU's External Action', JOIN (2017) 21 final.

3. The 2021-2027 MFF: heading 6

EU expenditure for External action, which corresponds to Heading 6 of the 2021-2027 MFF “Neighbourhood and the world”, is the subject of a comprehensive [2021 EPRS briefing](#).

Although defence is typically external and crisis-oriented, it is not covered here, as EU defence expenditure is made either outside the EU budget (due to treaty limitations, Art 41.2 TFEU) or under a distinct MFF heading (Heading 5: Security and Defence). Similarly, the [Union Civil Protection Mechanism \(rescEU\)](#) which finances operations both inside and outside the EU⁴ under heading 2b of the MFF (Resilience and Values), is not covered.

(current prices in EUR millions)

HEADING 6 - Neighbourhood and the World	2021 Budget	2022 Budget	2023 Budget	2024 Financial Programming	2025 Financial Programming	2026 Financial Programming	2027 Financial Programming
Total	15 147,197	17 670,491	17 211,879	15 722,590	15 195,073	14 643,282	15 217,750
Financial framework ceiling			16 329,000	15 830,000	15 304,000	14 754,000	15 331,000
Flexibility instrument			882,879				
Margin			0	107,410	108,927	110,718	113,250
Support administrative expenditure of the 'External Action'	341,001	346,056	350,470	353,928	358,667	363,501	368,431
Total NDICI — Global Europe	12 084,461	12 291,341	11 915,622	11 034,301	10 356,766	9 703,223	10 171,436
NDICI Geographic programmes	8 877,232	9 817,393	9 010,984	8 282,139	7 878,964	7 408,430	7 763,148
NDICI Thematic programmes	2 366,898	1 522,500	1 047,894	990,773	866,298	787,845	826,434
NDICI Rapid response actions	840,331	951,447	461,653	437,812	412,839	386,698	405,426
NDICI Emerging challenges and priorities cushion			1 395,090	1 323,576	1 198,665	1 120,249	1 176,428
Humanitarian Aid	2 157,325	2 430,130	1 765,033	1 649,884	1 682,581	1 716,312	1 751,078
Common Foreign and Security Policy	351,597	361,146	371,217	381,546	392,139	403,004	414,146
Overseas countries and territories	65,671	67,617	68,664	70,047	71,457	72,895	73,970
European Instrument for International Nuclear Safety Cooperation (INSC)	36,115	37,064	38,404	40,222	42,551	45,599	49,278
Pilot projects, preparatory actions, prerogatives and other actions	111,027	144,697	171,399	176,247	181,254	187,095	194,786
Pre-accession Assistance	1 883,803	1 992,439	2 531,071	2 016,414	2 059,657	2 101,653	2 144,626

* The European External Action Service is financed separately under Section X of the EU budget.

Source: Technical update by the Commission of the financial programming for 2021-2027 following the adoption of the 2023 budget, 24 February 2023.

⁴ Any country in the world, but also the United Nations and its agencies or a relevant international organisation, can call on the EU Civil Protection Mechanism for help. The war in Ukraine has triggered the largest emergency operation since the creation of the Mechanism.

3.1 Amounts for crisis response over the period

In a first approach, operational expenditure (excluding support administrative expenditure) foreseen in the EU budget for crisis response in external action during the years 2021-2027 appears to be in the range of EUR billion 3,3 to 4 per year in current prices, according to the latest financial programming⁵ (Table page 3), roughly just over a quarter of the total amounts foreseen under heading 6. This is however taking into account only the funds foreseen for 1°) “Rapid response actions” and “Emerging challenges and priorities” under the Flagship programme Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI–Global Europe), 2°) Humanitarian aid and 3°) the Common Foreign and Security Policy, as described in the next section. A more granular consideration of other budgetary lines and their execution might lead to a different picture and a significantly higher total⁶ (this is briefly looked at in the next section).

With a certain lack of transparency, the EU budget is moreover increasingly used as a lever, including for crisis response in the wide sense, through the use of the External Action Guarantee⁷ for Macro-Financial assistance (EU loans and grants to third countries) and the European Fund for Sustainable Development Fund +, backed by the Common Provisioning Fund⁸. Blending⁹ and guarantees under EFSD+ involve the strategic use of a limited amount of grant resources to catalyse additional financing for development.

This has not gone without criticism as these tools have drawbacks, in particular they involve a financial burden for the recipient, and may increase risks underwritten by the EU budget. For instance the [European Parliament resolution of 6 July 2022](#) “stressed the importance of prioritising grant-based financing as the default option, especially for least developed countries”.

This [analysis](#) published in December 2022 argues that “blended finance is designed to facilitate and structure cooperation with other European and multilateral financial institutions, positioning the European Commission as a central node in international cooperation and increasing its influence in this sphere.” “This ambition is both complemented by and supports the Team Europe approach¹⁰”. The paper argues that “In doing so, [the EU] is mirroring the catalytic state capacities that it built up in the aftermath of the financial crisis and has recently extended in response to the Covid-19 crisis”. It adds: “the complex governance of financial instruments like blending and guarantees (...) render accountability a difficult challenge”.

A recent new development was the launch in December 2021 of the “[Global gateway](#)”, labelled by some [stakeholders](#) as “a Commission-led initiative primarily focused on creating a new brand and not on substantive new funds or initiatives” raising the question of “who will ultimately be leveraging whom?” (see also: [ECDPM](#)).

As underlined by a Policy brief by Institut Jacques Delors¹¹ published shortly after the outbreak of the war against Ukraine, existing EU budgetary tools are subject to eligibility rules and the establishment of new EU instruments takes time, so that “as a general guideline, already available EU funds are very useful to deal with immediate needs.” On this basis the EU external action budget was deemed comparatively better-

⁵ The financial programming provides an orientation for future years but, due to its indicative nature, does not prejudice any decision that the European Parliament and the Council or the Commission may take in the course of the annual budgetary process.

⁶ The calculation of which was not possible in the time and with the information available for elaborating this briefing.

⁷ Provisioned from the NDICI and Instrument for Pre-accession Assistance (IPA) envelopes.

⁸ The 2018 reform of the Financial Regulation introduced a new title (title X) dedicated to budgetary guarantees, financial instruments and financial assistance and optimised the management of provisions to cover contingent liabilities arising from these operations. End 2022, the diversified funding strategy launched with NGEU was generalised to all future EU borrowing and lending operations by inclusion in the Financial regulation “in view of the expected complexity of operations needed to satisfy the urgent financing needs of Ukraine” ([Regulation \(EU, Euratom\) 2022/2434](#)).

⁹ Grants are combined with loans, equity, beneficiary resources or other forms of financing, with the aim of de-risking projects. See Article 2, point (27), of Regulation (EU, Euratom) 2018/1046.

¹⁰ “Team Europe” arose as a policy/political initiative to give visibility and collective weight to European action when COVID-19 struck. (source: [The EU’s capacity for crisis response: A look at the 2022 food crisis, ECDPM Discussion paper n°330](#)). It combines resources from the EU, its Member States, and financial institutions, in particular the European Investment Bank and the European Bank for Reconstruction and Development. For more information see the [workshop and papers](#) that fed the report for the [EP resolution of 24 November 2022 on the future European Financial Architecture for Development](#).

¹¹ [What the EU budget can and cannot do in response to the war in Ukraine](#), Eulalia Rubio, April 2022.

suited to deal with the emergency needs falling in its remit¹² caused by the war against Ukraine than other parts of the EU budget. Whether the amounts available to respond to these needs are sufficient is however an entirely other issue.

In the MFF 2021-2027, the EU budgetary authority can deviate during the annual budgetary procedure up to 15% (previously 10 %, and before that 5%) with respect to the overall financial envelope set up in the legislative act concerning a multiannual programme, without justifying it by new, objective long-term circumstances (point 18 of the budgetary Interinstitutional agreement of 16 December 2020 (IIA)¹³). Since any increase resulting from such variations shall remain beneath the heading ceiling, this provision could help to increase significantly the amounts spent on crisis response in external action only if well funded programmes were under-implemented or sufficient margin existed under the heading 6 ceiling. This is far from being the case and the EP deplored, again in its [resolution of 15 December 2022](#)¹⁴, “the fact that, even prior to the war against Ukraine, funds available under heading 6 were woefully inadequate”.

Point 18 of the IIA was used for financing the new [Union Secure Connectivity Programme for the period 2023-2027](#) to a limited extent from heading 6 (and for the bulk from heading 1, Single Market, Innovation and Digital and heading 5, Security and Defence). The updated financial programming of NDICI-Global Europe was thus decreased by EUR 50 million per year in 2025-2027 in order to create this new programme which aims in particular to ensure worldwide access to secure governmental satellite communication services for the protection of critical infrastructures, surveillance, external actions and crisis management¹⁵.

Flexibility instruments (see next section) allow to mobilise additional funds beyond the MFF ceilings. Their use in the first years of the MFF to finance the response to external crises quickly confirmed that the Heading 6 envelope for 2021-2027 was inadequate.

Finally, as part of EU budget execution, the Commission can transfer autonomously any Heading 6 unused EU budget appropriations to justified crisis management aid and humanitarian aid operations, after 1 December of each year, under Article 30 (2)(b) of the Financial regulation. As a side note, the Financial regulation provides for a number of exceptions to facilitate EU budget spending in external action particularly in crisis situations (e.g. Article 58 -requirement of a basic act-, Article 88-impres accounts, Article 178 (4) external action procurement, etc.).

3.2 Instruments and programmes

NDICI - Global Europe

From 2021, the core programme in Heading 6, the [Neighbourhood, Development and International Cooperation Instrument – Global Europe](#) (NDICI-Global Europe)¹⁶, “streamlines a number of the EU’s external action instruments into one instrument”¹⁷ ([EU Draft budget 2023, Working document I, Programme statements of operational expenditure](#)).

The choice of a **single instrument** with built-in flexibilities matched the fact that challenges and crises are increasingly perceived as global and interconnected. As Commission notes in its Working document: “The

¹² tackling the refugee crisis (partly) and avoiding major humanitarian catastrophes both in Ukraine and Moldova as well as in food import dependent countries in Africa and the Middle East.

¹³ [Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources](#).

¹⁴ European Parliament resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges (2022/2046(INI)).

¹⁵ See e.g.: [Statement of estimates of the Commission -Preparation of the 2023 draft budget - SEC\(2022\)250 - June 2022](#).

¹⁶ Legal basis: [Regulation \(EU\) 2021/947 of the European Parliament and of the Council](#).

¹⁷ including the Common Implementing Regulation, the Development Cooperation Instrument (DCI), the (off-budget) European Development Fund (EDF), the European Fund for Sustainable Development (EFSD), the main part of the External Lending Mandate (ELM), the European Neighbourhood Instrument (ENI), the European Instrument for Democracy and Human Rights (EIDHR), the main part of the provisioning for the Guarantee Fund for external action, the Instrument contributing to Stability and Peace (IcSP), and the Partnership Instrument (PI)).

challenges faced by the EU often cannot be met within geographic and thematic boundaries. To respond to these challenges, a broad instrument would provide a more comprehensive approach, facilitating the implementation of different policies in a trans-regional, multi-sectoral and global way.”

When it absorbed the European Development Fund, NDICI also adopted some of its flexibility features, allowing use and reallocation of unutilised funds on a multiannual basis, which had not been possible before.

NDICI’s Emerging Challenges and Priorities Cushion (EUR 6,2 billion for 2021-2027 in current prices) as well as the Rapid Response Action pillar (EUR 3,9 billion) are non programmable envelopes designed to better equip the EU to respond more rapidly and in a flexible manner to emergencies and new policy priorities. As noted in this [paper](#) written during the negotiation of the current MFF: “In the past, the EU addressed multiple crises by setting up ad hoc instruments such as trust funds. But that left mechanisms with multi-billion euro budgets (for instance, the Emergency Trust Fund for Africa or the Facility for Refugees in Turkey) with very little, if any, democratic accountability. The rapid response pillar and ‘flexibility cushion’ should reduce the need for such ad-hoc instruments. But the NDICI regulation – which is currently not very specific about the oversight mechanisms – must set out a clear procedure and grounds for tapping these funds, or the accountability problem will persist.” The new scale taken by global crises since then and the fast erosion of these two envelopes might however temper the optimism.

On the [performance of the programme](#) by the end of 2021, the Commission indicates:

“Due to the delayed adoption of NDICI–Global Europe, only limited measures made a difference on the ground, namely rapid response measures.

A common feature of the most important achievements in 2021 was the timely delivery of conflict prevention and crisis-response measures [including in eastern Sudan, Myanmar/Burma, Tajikistan, Colombia, Ecuador, Peru, Chad, eastern Ukraine, Moldova].

These interventions were delivered despite COVID-19 restrictions and a tense geopolitical context.

In Mali, on the other hand, developments on the ground made it impossible for the EU to provide the intended support for a peaceful and inclusive transition.”

Most of the relevant multiannual indicative programmes and annual action plans, along with individual and special measures for countries, regions, Erasmus+ and thematic programmes were adopted by the end of 2021.”¹⁸

NDICI geographic and thematic programmes also include actions in emergency and crisis situations¹⁹.

Concerning the food crisis and programming vs flexibility, this [paper](#), coauthored by one of the speakers of the hearing, Mariella Di Ciommo, explains:

“the European Commission assesses that the programming exercise, undertaken before the food crisis and the war in Ukraine, can address the underlying long-term causes of the crisis. Programmed resources under the various geographic and thematic envelopes of the NDICI-Global Europe remain the main vehicle for supporting the development of sustainable food systems (interview 2 August 2022; EC 2022b). Continuity is also envisioned in the plan to build the response “on the existing framework and commitments, such as the EU-AU Summit and agreed investments therein on food systems and the Great Green Wall” (CoEU 2022a: 6). With programming now finished, it would be politically and technically difficult to change geographic plans and allocations for the EU institutions in the short term. This limits adaptability to unforeseen circumstances but it also offers continuity of

¹⁸ [EU Draft budget 2023, NDICI Programme statement of operational expenditure.](#)

¹⁹ e.g. NDICI Regulation Annex II point (2)(o), Annex II point (6)(c), Annex III point (3) (1)(i), Annex III point (4)(A)(2)(a), Annex III point (4)(A)(3)(c).

EU action. In the past, partner countries considered this an added value of the EU, as it offered some cover for the more volatile support from other sources (MacKellar et al. 2017; Bossuyt et al. 2017)."

It estimates further that:

"A key challenge for the EU has been how to balance the commitments around the food crisis with the political attention and financial support to Ukraine. (...) Still, fears that programmed geographic and thematic resources under the NDICI-Global Europe may be shifted away from other priorities due to Ukraine have not materialised yet."

As underlined in a [contribution](#) by the EEAS and European Commission services to the International Migration Review Forum of the Global Compact for Safe, Orderly and Regular Migration (17-20 May 2022), under NDICI:

"10% of the funding is dedicated to actions related to migration and forced displacement. These will support our sustained cooperation with partners towards the SDGs, including through migration partnerships encompassing support to improved migration management, the fight against irregular migration, upholding the rights of migrants and forcibly displaced persons, sustainable solutions for refugees, as well as the direct root causes of migration."

At the [Sixth Brussels Conference on "Supporting the future of Syria and the region"](#) organised on 9 and 10 May 2022 the EU pledged EUR 170 million from the NDICI Southern Neighbourhood and EUR 130 million from the NDICI cushion. On 20 March 2023, the Commission informed the Budgetary authority that EUR 21 million from these amounts were pledged for needs caused in Syria by the recent devastating earthquake, in addition to EUR 10 million as a crisis response exceptional assistance measure under NDICI.

Common Foreign and Security Policy (CFSP)

This is an area where the member states have retained most decision-making powers. However the Commission, through its Foreign Policy Instruments Service, maintains control of the disbursement of CFSP funds from the EU general budget, adopted by the EP and Council as EU budgetary authority.

A 2016 EPRS [paper](#) highlighted that "the complex financing rules governing crisis-management operations, deployed under the EU's Common Security and Defence Policy (CSDP), affect the Union's ability to respond efficiently to crises. While civilian missions fall under the EU budget, the costs of military operations are borne by the participating states. The European Parliament has called for increased flexibility, transparency, and accountability, as well as simpler procedures for the financing of CSDP operations."

In a 2020 Reaction²⁰ to the Commission's Proposals on the Financing of Migration and Foreign Policy, a former Ambassador to the EU estimated that "the creation of the External Action Service and of the position of High Representative-Vice President (HR-VP) of the Commission has improved the visibility of the EU but not modified the intrinsic weaknesses in its Common Foreign and Security Policy."

Commission reports achievements in the [performance of CFSP](#), also noting some difficulties e.g.:

- civilian missions operating in sometimes insecure environments are facing continuous difficulties in recruiting the required number of staff with the necessary skills to carry out the relevant job functions.
- public local tendering procedures in difficult theatres of operation remain challenging, with a potential negative impact on the performance of the missions and the achievements of their mandates, including with respect to budget absorption.

²⁰ in ["EU financing for Next Decade - Beyond the MFF 2021-2027 and the Next Generation EU"](#).

Humanitarian aid

The EU being a lead actor in this area, recent crises have impacted the EU budget sustainability.

[Amending Letter No 1 \(AL 1/2023\) to the draft budget for the year 2023](#) (DB 2023) covered among others:

In the absence of margins or further sources of redeployment in heading 6 the mobilisation of the Flexibility Instrument in accordance with Article 12 of the MFF Regulation, for EUR 150 million, in “reinforcement of humanitarian aid, as an urgent response to the consequences of the Russian war in Ukraine, including for the resulting food crisis.”

“Further reinforcements in the course of 2023 are likely to be needed if the EU is to sustain its 2022 humanitarian assistance and support the sharply increasing number of people in need. Funding mobilisation will depend on availabilities.

This proposal complements the large effort of the EU budget and the European Development Fund, including the additional support of about EUR 750 million to reinforce humanitarian aid for Ukraine and the related global food crisis in 2022. This amount includes the proposed transfer of EUR 395 million from the Solidarity and Emergency Aid Reserve (DEC 18/2022) transmitted on 5 October [2022].”

According to a Commission reply in February 2023, the total amount of EUR 150 million mobilised under the Flexibility instrument covered EUR 75 million to provide further humanitarian assistance for Ukraine and EUR 75 million to address the global food crisis. The EUR 75 million to address the global food crisis have been allocated as follows: EUR 12.5 million to Ethiopia, EUR 12.5 million to Somalia, EUR 20 million to Yemen and EUR 30 million to Afghanistan.

The Solidarity and Emergency Aid Reserve (SEAR)²¹, is an instrument that allows the EU budgetary authority to mobilise extra EU funding to support EU Member States and accession countries confronted with emergency situations or to help third countries with emerging needs stemming from conflicts, the global refugee crisis or worsening natural disasters due to climate change.

The maximum amount that can be mobilised under the SEAR is EUR 1,2 billion (in 2018 prices) per year but the unused amount of the previous year is carried on to the subsequent year. Up to September of each year only 35% of the amount is reserved to provide help to third countries but after September the remaining part of the amount available can be used for any type of assistance (art 9 MFF Regulation). The aid from this instrument is managed by the recipient country. It should be used to rebuild basic infrastructure, fund emergency services, temporary accommodation or clean-up operations, or counter immediate health risks.

A recent new SEAR mobilisation proposal (DEC5/2023) is to allocate EUR 78 million to Turkey and EUR 75 million to Syria for needs following the recent earthquake.

Past performance information for Humanitarian aid is available [here](#).

²¹ replacing both the European Union Solidarity Fund (EUSF), and the Emergency Aid Reserve.

Instrument for Pre-accession Assistance III (IPA III)

Commission proposed to reinforce this instrument with EUR 560 million in 2023 to finance the 2023 component of the Syrian refugees package announced in July 2021. The reinforcement comes from the MFF heading 6 margin (EUR 106,6 million), the Flexibility Instrument (EUR 452,9 million) and (to a much lesser extent) from savings in the MFF heading (EUR 0,5 million), and focuses on transitional support to refugees based in Turkey.²²

A letter from the Commission to the Budgetary authority of 20 March 2023 specifies that EUR 350 million of this package will now be mobilised, based on a request from the Turkish authorities, for specific earthquake related actions in view of the fact that the most affected regions host a large population of refugees.

Furthermore the letter foresees for Turkey following this earthquake:

- Up to EUR 209 million from the IPA II unused funds and IPA III 2023 budget including provisioning of EFSD+ by the EIB;
- Up to EUR 135 million from the IPA III 2024 budget, subject to its adoption by the European Parliament and the Council.

Answering to a COMBUD question, Commission clarified in October 2022 that “The IPA III Regulation sets out specifically the partners covered by it. Adding Moldova and Ukraine to IPA III implies a revision of the Regulation²³, which is a lengthy process.”

Past performance information on IPA is available [here](#).

Macro-Financial Assistance

The European Union’s [Macro-Financial Assistance \(MFA\)](#) supports non-EU countries that face a balance of payment crisis via loans and grants. Current beneficiaries are Albania, Bosnia-Herzegovina, Georgia, Jordan, Kosovo, Moldova, Montenegro, North Macedonia, Tunisia and Ukraine.

In response to the war, payouts to Ukraine were fast-tracked, and the last package at the end of 2022 ([‘MFA+ instrument’](#)) increased the total MFA to Ukraine to EUR 28.2 billion since the invasion started, with EUR 10.2 billion disbursed so far.²⁴

Another example is Moldova, for which EUR 180 Million have been disbursed so far (EUR 155 million in the form of loans, EUR 25 million in the form of grants), with a potential EUR 425 million in total depending on the fulfilment of the relevant conditions under the instrument and on the adoption of the co-legislators for the instrument proposed on 23 January 2023²⁵.

²² [Statement of estimates of the Commission -Preparation of the 2023 draft budget - SEC\(2022\)250 - June 2022.](#)

²³ and is a potential revision triggering ground for the MFF.

²⁴ Source: forthcoming background briefing for the BUDG public hearing on the reconstruction of Ukraine.

²⁵ Source: Background briefing for the Committee on Budgets Mission to Moldova.

4. Outlook for the rest of the MFF

The fact that financing needs rose sharply as a result of multiple crises at the beginning of the MFF 2021-2027 meant that they could, to some extent, be factored in the programming and that EU budget frontloading and flexibility possibilities could be exploited, however, having not even reached mid-term, such possibilities are waning fast.

The [scale](#)²⁶ of the “[Team Europe](#)” [external response](#) that has been necessary for a single pandemic compared with total amounts available in the EU budget for external action in 2021-2027 shows that the EU budget as it stands can hardly address such global crises.

Following a [question](#)²⁷ submitted to the Commission on 23 November 2022 concerning the funding of humanitarian aid, the Commission [answered](#) that it had launched several pilot projects intending to explore the feasibility and added value of private sector involvement (as donor or service provider) in EU humanitarian aid.

As noted in 2018 by the European Court of Auditors²⁸, all scenarios in the Commission Reflection Paper on the Future of EU Finances provided “for greater use of financial instruments and budgetary guarantees in all areas of operational expenditure. Any increase will come on top of the planned threefold increase in the use of financial instruments and guarantees between the 2007-2013 MFF and the 2014-2020 MFF”.

A revival of previously used “hybrid” instruments, increased use of assigned revenues or of possibilities to contribute EU budget to external “pools” of funds²⁹ do not look particularly appealing in terms of simplicity, accountability and sustainability.

Moreover the ECA in its [2021 annual report](#), published in October 2022, noted that the war in Ukraine increased risks to the EU budget, with a higher risk of contingent liabilities to the EU budget being triggered.

In this context the EP considers a revision of the MFF is inevitable and must take place as soon as possible³⁰.

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²⁶ The breakdown can be consulted [here](#) and [here](#).

²⁷ Priority question for written answer P-003817/2022.

²⁸ [ECA - Future of EU finances: reforming how the EU budget operates Briefing Paper February 2018](#)

²⁹ as proposed in the current Financial Regulation recast proposal.

³⁰ European Parliament resolution of 15 December 2022 on upscaling the 2021-2027 multiannual financial framework: a resilient EU budget fit for new challenges (2022/2046(INI)).