

EU Financial Assistance to Africa and Latin America 2021-2027

KEY FINDINGS

This briefing gives an overview of the different kind of EU funding for Africa and Latin America. Short explanations of the different types of funding are given and tables are provided with the different amounts targeting Africa and Latin America.

The main EU budget instrument for funding for Africa and Latin America is the Neighbourhood, Development and International Cooperation Instrument - Global Europe (NDICI). Besides the NDICI there are other funds that address humanitarian aid and emergency responses. Funding is done through different means. For example, grants, loans, investments and budget support. All these different types of funding have their pros and cons and target different issues in the partner regions.

For 2024, the European Commission is planning a midterm revision of the Multiannual Financial Framework (MFF) 2021-2027. It is not yet clear if this will also have influence on the planning and implementation of the NDICI.

Introduction

The EU financial assistance to Africa and Latin America is divided over several funds managed by different Directorates-General (DGs) of the Commission. The main DGs in charge of the different external policies funds are International Partnerships (INIPA), Neighbourhood and Enlargement Negotiations (NEAR) and European Civil Protection and Humanitarian Aid Operations (ECHO). The main fund for external action is the Neighbourhood, Development and International Cooperation Instrument (NDICI) which covers 70% of the funding for external actions under the current Multiannual Financial Framework (MFF). Besides the NDICI there is also funding for humanitarian aid and crisis response.

These funds have different methods to target specific regions or priority topics within the partner countries. Ways of providing funds is through grants, loans, investments and budget support. This briefing will give an overview of the different types of funding and distribution for Africa and Latin America.



NDICI - Global Europe

NDICI-Global Europe is part of heading 6 (Neighbourhood and the World) of the Multiannual Financial Framework (MFF) of the European Union (EU). The overall budget for the Neighbourhood, Development and International Cooperation Instrument (NDICI) is EUR 79 935,970 billion for the period 2021-2027. Table 1 shows the division of funding for external actions through the different instruments in heading 6 of the MFF.

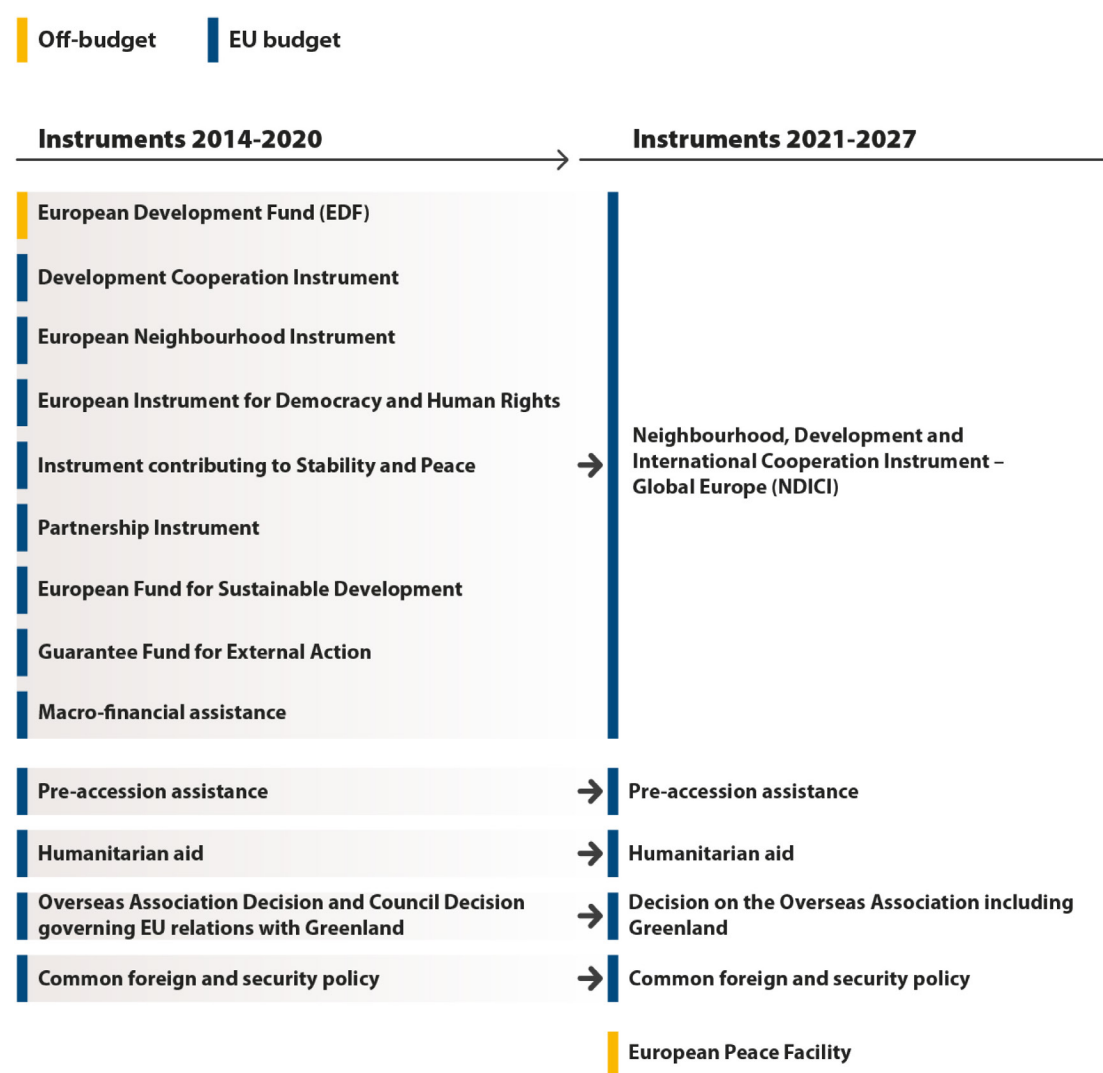
Table 1 - EU external action budget (current price)

Instrument	Amount (million euro)	Share of heading 6
NDICI - Global Europe	79 462	72%
Instrument for Pre-Accession assistance	14 162	13%
Humanitarian aid	11 569	10%
Common Foreign and Security Policy	2 679	2%
Overseas countries and territories including Greenland	500	1%
Other	2 225	2%
Total Heading 6 'Neighbourhood and the World' MFF 2021-2027	110 597	100%

Source: ECA Special report Programming the Neighbourhood, Development and International Cooperation Instrument – Global Europe Comprehensive programmes with deficiencies in the methods for allocating funds and impact monitoring 2023. P. 6

Previous funds with narrow goals have been merged and integrated into the NDICI in the current MFF period in order to achieve more flexibility and efficiency. See figure 1 below for an overview of which different funds were integrated in the NDICI. Figure 1 also shows which other funds are available for external action besides the NDICI.

Figure 1 – EU instruments for external action (2014-2020 versus 2021-2027)



Source: ECA Special report Programming the Neighbourhood, Development and International Cooperation Instrument – Global Europe Comprehensive programmes with deficiencies in the methods for allocating funds and impact monitoring 2023. P 8

The NDICI instrument covers all the cooperation with third countries except for the pre-accession countries and the Member States' overseas countries and territories. Africa and Latin America receive only part of the total funding from the NDICI.

The NDICI is divided in geographic lines and in thematic lines. The geographical regions are divided as follows: Neighbourhood, Sub-Saharan Africa, Asia and the Pacific, and the Americas and the Caribbean. The thematic programmes cover the following areas: Human Rights and democracy, civil society organisations, peace, stability and conflict prevention, and global challenges. The countries in Africa and Latin America both benefit from the geographical funding as well as from the different thematic funds. Africa is in addition divided in the neighbourhood countries and the sub-Saharan countries which both are covered by different instruments. There is also a rapid response line in cases of emergencies and conflict prevention. Finally, there is a cushion of unallocated funds which could be added to the thematic, geographical and rapid response budgets in case of unforeseen events. Table 2 shows the amounts covered by the NDICI funds and which percentage each line receives from the total amount.

The aim of NDICI is to help countries 'to overcome long-term development challenges and will contribute to achieving the international commitments and objectives that the Union has agreed to, in particular the 2030 Agenda and the Sustainable Development Goals (SDGs) and the Paris agreement'.¹

Table 2 - Division of funding under NDICI (in millions)

Geographic programmes	EUR 60 388	76%
Neighbourhood	EUR 1 9323	24%
Sub-Saharan Africa	EUR 2 9181	37%
Asia and the Pacific	EUR 8 489	11%
Americas and the Caribbean	EUR 3 395	4%
Thematic programmes	EUR 6 358	8%
Human rights and democracy	1 362	2%
Civil society organisation	1 362	2%
Peace, stability and conflict prevention	9 08	1%
Global challenges	2 726	3%
Rapid response actions	EUR 3 182	4%
Cushion of unallocated funds	EUR 9 534	12%

Source: ECA Special report Programming the Neighbourhood, Development and International Cooperation Instrument – Global Europe Comprehensive programmes with deficiencies in the methods for allocating funds and impact monitoring 2023. P. 15

Table 3 below gives an overview of the funding for Africa and Latin America by the NDICI overall. It shows the committed funding for the years 2021 and 2022 and the budget for 2023. The biggest share of the NDICI budget is allocated for Sub-Saharan Africa in the MFF. Sub-Saharan Africa is divided in three areas of which West-Africa is receiving the most funding in absolute amounts but so far is in implementing percentage second to East- and Central Africa. In absolute amounts, Latin America and the Caribbean receives just a fraction of funding in comparison with Africa. Latin America has a smaller area to cover and is only divided in two regions. The Americas are receiving therefore the larger amount of funding for the Latin America coverage.

¹ European Commission, European Neighbourhood Policy and Enlargement Negotiations (DG NEAR), Neighbourhood, Development and International Cooperation Instrument – Global Europe (NDICI – Global Europe), https://neighbourhood-enlargement.ec.europa.eu/funding-and-technical-assistance/neighbourhood-development-and-international-cooperation-instrument-global-europe-ndici-global-europe_en

Table 3 - NDICI coverage for the years 2021-2023

Budget Line	Region	MFF	Committed 2021	Committed 2022	Budget 2023	Total 2021-2023	% of MFF
14 02 01 20	West Africa	9.817.925.577	1.689.410.000	950.510.000	1.624.960.134	4.264.880.134	43,4%
14 02 01 21	East and Central Africa	9.176.454.359	1.394.549.507	1.270.877.622	1.584.336.130	4.249.763.259	46,3%
14 02 01 22	Southern Africa and Indian Ocean	5.408.490.250	192.673.352	1.062.986.000	853.104.070	2.108.763.422	39,0%
	Subtotal Africa	24.402.870.186	3.276.632.859	3.284.373.622	4.062.400.335	10.623.406.816	43,5%
14 02 01 40	The Americas	1.842.698.988	258.061.403	272.147.592	340.741.091	870.950.086	47,3%
14 02 01 41	The Caribbean	845.000.00	111.500.000	106.496.899	101.491.378	319.488.277	37,8%
	Subtotal Latin America and Caribbean	2.687.698.988	369.561.403	378.644.491	442.232.469	1.190.438.363	44,3%

Source: Provided by DG INTPA

NB: these amounts do not include a) amounts transferred to EAC/EACEA to implement Erasmus+ for which a general financing from the geographical budget lines was agreed for the whole MFF nor b) contributions from the geographical budget lines to the European Fund for Sustainable Development + which implements world-wide blending activities, guarantees and other financial operations.

European Fund for Sustainable Development Plus (EFSD+)²

The EFSD+ is part of the NDICI framework for investments incorporated in the package for external relations. The instrument covers blending, guarantees and other financial operations world-wide. The goal is that the EFSD+ will raise resources on the financial markets. Hence, part of the money will come from investment by the EFSD+ combined with investments from private investors. The fund has a wide range of areas which it focusses on. For example, job creation, infrastructure, renewable energy, sustainable agriculture and the digital economy.

The status of EFSD+ is the following according to the Commission:

At 31 December 2021 the EFSD+ portfolio only contained one signed and disbursed agreement (COVAX II) for an amount of EUR 200,000,000. The initial EFSD+ provisioning was constituted through the adoption of the Commission Decision on the CPF C(2021)9924 allocating EUR 5,117,619,653 for open architecture. The initial commitments made in 2021 accounted for 1,342,778, 634 while the payments to the relevant CPF compartment will be made in 2022. Formal reporting on provisioning and riskiness of the guaranteed operations as compared to the ex-ante risk appetite will start as of next year.³

² European Commission, International Partnerships, European Fund for Sustainable Development Plus (EFSD+), https://international-partnerships.ec.europa.eu/funding-and-technical-assistance/funding-instruments/european-fund-sustainable-development-plus-efsd_en

³ European Commission, Draft General Budget of the European Union, Working Document Part XI, https://commission.europa.eu/system/files/2022-06/wd_xi_final_web.pdf

The Commission stated in its working document⁴ for the budget of 2023, that the EFSD is still in the early stages of implementation. Therefore, it is suggested to look at the operations that are planned rather than at the operations already carried out before January 2022. Part of the investment platform is the External Action Guarantee.

The total of these two investment platforms is EUR 53.45 billion. The combination of the EFSD+ and the private investment might be good for EUR half a trillion for the period 2021-2027.

Global Gateway

The Global Gateway is an initiative to address global challenges like climate change, improving health systems and increasing competitiveness. The Global Gateway is a cooperation between the EU and the EU Member States to jointly secure EUR 300 billion in investments for the period 2021-2027. The funding should also include the private sector to engage in the investments. According to the Commission:

In terms of new financial tools, the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe), adopted in June 2021, has an overall budget of €79 billion, and a number of tools to enable the EU to leverage our investments, in particular the European Fund for Sustainable Development plus (EFSD+). In addition, the Instrument for Pre-Accession Assistance (IPA) III (with an overall budget of over €14 billion), as well as Interreg, InvestEU and the EU research and innovation programme Horizon Europe, will allow the EU to leverage public and private investments in priority areas, including connectivity.⁵

The first programme is targeting Africa to create 'a strong, inclusive, green and digital recovery and transition'.⁶ This project will be implemented by Team Europe and accounts for EUR 150 billion. Team Europe is a cooperation between the EU, the EU Member States, the European Investment bank (EIB) and the European Bank for Reconstruction and Development (EBRD) to combine resources and expertise in the field of external action. The programme will focus on different policy areas and regions in Africa which are explained on the dedicated Commission webpage.⁷

The Global Gateway also targets Latin America with different initiatives.⁸ So far initiatives have been launched in Latin America but no overall amount has been pledged to the region as is the case for Africa. There are however, 17 programmes in the pipeline or ongoing.⁹

⁴ European Commission, Draft General Budget of the European Union, Working Document Part XI, https://commission.europa.eu/system/files/2022-06/wd_xi_final_web.pdf

⁵ European Commission, Questions and Answers on Global Gateway, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_6434

⁶ European Commission, Global Gateway, https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en

⁷ For more information see the webpage: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway/eu-africa-global-gateway-investment-package_en and <https://international-partnerships.ec.europa.eu/system/files/2023-06/EU-Africa-flagship-projects-may2023.pdf>

⁸ European Commission, Global Gateway, EU-Latin America and the Caribbean flagship projects for 2023, <https://international-partnerships.ec.europa.eu/system/files/2023-05/EU-LAC-flagship-projects-for-2023-v05.pdf>

⁹ European Commission, International Partnerships, Global Gateway in Latin America and the Caribbean, https://international-partnerships.ec.europa.eu/policies/global-gateway/initiatives-region/initiatives-latin-america-and-caribbean_en

Budget support

Budget support targeting Africa and Latin America is coming from the NDICI. It generates direct financial transfers to the treasury of partner countries. The transfers are provisional to policy dialogues, performance assessments and capacity building. Special attention is given to the progress of all 17 SDGs. Budget support is not used as a one size fits all but is tailor made on the basis of assistance that is needed. There are three types of contracts that could be introduced based on the needs and development goals in the partner country.

There is the sustainable development goals contract which has the aim to support the achievement of the SDGs. This contract can only be awarded after the positive assessment of the government's commitment to the EU values. Then there is the sector reform performance contract which focus on specific sectors. This contract can highlight one specific SDG and contribute to the achievement of that specific one. For example women's and children's rights or sustainable growth. The last contract is for state and resilience building which is only used for countries who have a fragile situation. This contract targets countries that are in transition and need help with recovery, development and democratic change.^{10 11}

Budget support for the years 2020-2022 (in billions)¹

Years	Support
2020	EUR 3
2021	EUR 1.2
2022	EUR 1.8
Total	EUR 6
Regions	Percentage of budget support
Africa	35%
Neighbourhood countries	31%
Asia	16%
Latin America	6%
Western Balkans	4%
The Caribbean	3%
Overseas countries and territories	3%
The Pacific	2%

Humanitarian aid

The humanitarian aid (Regulation 1257/96) budget (1.77 billion for the 2023 Budget) is often topped up with the Solidarity and Emergency Aid Reserves (SEAR). This fund is divided in the European Solidarity Fund (EUSF) and the Emergency Aid Reserve. The aim of this fund is to address situations caused by natural disasters or public health crises in both Member States and accession countries. It can also help non-EU countries with problems caused by conflicts, refugee influx or natural disasters due to climate change. The maximum amount in this fund is EUR 1.2 billion in 2018 prices. The funds are managed by the recipient country. It should be used for infrastructure, emergency services, temporary accommodations, clean-up operations or for immediate health risks.¹²

The European Civil Protection Mechanism (ECPM) is a cooperation between the EU Member States and 9 other countries for civil protection. If an emergency occurs in one of the countries the states can ask for assistance through this fund. In 2019, an extra layer of protection was created with the introduction of

¹⁰ European Commission, International partnerships, Budget Support, https://international-partnerships.ec.europa.eu/funding-and-technical-assistance/funding-instruments/budget-support_en

¹¹ For more information on Budget support and trends please find the document prepared by the European Commission of the year 2022 [here](#).

¹² European Commission, Flexibility and special instruments, https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/spending/flexibility-and-special-instruments_en

RescEU. RescEU is completely financed by the EU budget and addresses problems like wildfires, medical emergencies, chemical, biological, radiological and nuclear incidents, shelter needs, emergency transportation and electricity supplies.¹³

Tables 3 shows the amounts for humanitarian aid committed to Africa and Latin America in the period 2021-2023. West and central Africa received the highest absolute amounts of humanitarian aid in this period followed by the Horn of Africa. Humanitarian aid is not split for Latin America and the Caribbean which is seen as one region. In the MFF there is no separation for the different regions as is the case for the NDICI.

Emergency response

The emergency response fund does not only cover partner countries but offers also protection assistance for Europe. This instrument is only used as preparation or in the immediate aftermath of a disaster. The funding is directly paid to the government. Part of this emergency response is the Emergency Support Instrument (ESI).

Table 3 - Amounts committed for humanitarian aid (in millions)

Region	Committed 2021	Committed 2022	Budget 2023	Total 2021-2023
West and Central Africa	252,0	330,1	217,8	799,9
Upper Nile	173,6	210,6	-	384,2
Horn of Africa	170,2	177,5	355,5	703,2
Southern Africa & Indian Ocean	44,5	67,4	50,0	161,9
DRC & Great Lakes	72,5	85,4	88,5	246,4
North Africa	20,0	20,0	16	56
Africa Emergency Toolbox	47,4	9,3	2,5	59,2
Africa-EHRC (no amounts committed only contracted)	0,3	9,8	14	24,1
Total Africa	780,5	910,1	744,3	2.434,9
Latin Americas and Caribbean	144	155,6	116	415,6
Latin America and Caribbean Emergency Toolbox	3,0	2,9	0,3	6,2
Latin America and Caribbean - EHRC (no amounts committed only contracted)	1,6	0,5	-	2,1
Total Latin America and Caribbean	148,6	159	116,3	423,9

Source: Provided by DG ECHO

¹³ European Commission, European Civil Protection and Humanitarian Aid Operations EU Civil Protection Mechanism, https://civil-protection-humanitarian-aid.ec.europa.eu/what/civil-protection/eu-civil-protection-mechanism_en#:~:text=Since%202001%2C%20the%20EU%20Civil,disaster%20prevention%20and%20preparedness%20actions.

Table 4 shows how much has been spend on Emergency response.

Table 4 - Emergency response (in millions)

Region	Heading	Contracted 2021	Contracted 2022	Contracted 2023	Total 2021-2023
Africa Emergency Response	H2 - UCPM	5,9	3,9	0,7	10,5
Latin America and Caribbean Emergency Response	H2 0 UCPM	6,2	1,8	1,7	9,7

Source: Provided by DG ECHO

Conclusion

This briefing shows that there are different kind of funding available for Africa and Latin America. These funds are managed by the different DGs in the Commission. The biggest instrument is the NDICI which covers a wide range of regions and topics. Besides the NDICI there are the humanitarian aid funds.

For 2024, a revision of the current MFF (2021-2027) is planned by the Commission which might also have influence on the execution of the NDICI. In the draft budget 2024 document: Statement of Estimates, the Commission states that ‘the NDICI-GE demonstrates a shift from traditional grant funding to a larger use of financial instruments and budgetary guarantees, thus creating a leverage effect for increased investment’¹⁴. This shows that the mix of implementing modalities like budget support, grants, loans and investments are regarded as positive by the Commission and serve as a basis for the further action.

The revision of the next MFF will show how successful the NDICI and its different mechanisms are in reality and how it could be developed in the future.

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Administrator responsible: Alexandra POUWELS Editorial assistant: Adrienn BORKA

Contact: Poldep-Budg@ep.europa.eu

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¹⁴ European Commission, Statement of estimates of the European Commission, <https://commission.europa.eu/system/files/2023-06/DB2024-Statement-of-Estimates.pdf> P.58